2019

REPORT

FIG LEAF FOR FASHION

How social auditing protects brands and fails workers

Clean Clothes Campaign

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In search of ever-lower production costs, brands moved production to low-income countries with weak labour standards and poor enforcement. This led to a global "race to the bottom", with production countries competing against each other to attract orders.

SUMMARY OVERVIEW

THE EMERGENCE OF A MULTI-BILLION DOLLAR INDUSTRY

The rapid globalisation of the 1980s created a new context for apparel and footwear brands. In search of ever-lower production costs, brands moved production to low-income countries with weak labour standards and poor enforcement. This led to a global "race to the bottom", with production countries competing against each other to attract orders.

As a result, price points, quality, and delivery time were prioritised over human rights and sustainability. In an effort to attract investment, this de facto disincentivised the governments of producing countries from protecting workers rights and led to the fragmentation of production.

Over the past few decades activists, worker rights organisations[1] and journalists have reported extensively on labour abuses, such as child labour, excessive overtime, violence, and poverty wages in factories producing for western brands in countries including India, South Korea, China, Vietnam, Indonesia, and Thailand. Since the 1990s, high-profile sweatshop exposés have uncovered the human costs of this new globalised business model.[2]

Pressure from consumers, worker rights organisations and human rights activists calling for brands and retailers to take responsibility and stop the exploitation of workers in their supply chains, led to brands establishing a voluntary and unilaterally defined system of Corporate Social Responsibility (CSR). Under brands' CSR policies, suppliers were expected to adhere to laudable and aspirational Codes of Conduct – covering basic labour standards pertaining to hours of work, overtime, health and safety, and harassment – and minitored for compliance. Initially, brands used their individually developed unilateral codes, which placed multiple, and sometimes competing requirements on suppliers. However, following criticism of these competing codes, the emphasis soon shifted to common minimum code elements, code convergence, and sector-wide standardised workplace codes. Overseen by business-led or business-dominated social compliance initiatives, these codes have become the central tools through which brands seek to demonstrate to their customers that they are addressing worker rights in their supply chains. The actual supplier assessments are carried out by corporate-controlled, for-profit auditing firms whose priority is mitigating reputation risk.

Today, decades after the first social compliance initiatives were established, the corporate-led voluntary system of social audits and certification has evolved into a multi-billion dollar industry in its own right.

Today, decades after the first social compliance initiatives were established, the corporate-led voluntary system of social audits and certification has evolved into a multi-billion dollar industry in its own right, employing thousands of auditors, trainers and managers and issuing tens of thousands of audit reports and/or compliance certificates for paying clients – manufacturers or brands – every year.[3]

The responsibility of brands to respect human and labour rights in their supply chains is a key expectation since the adoption of the United Nations Guiding Principles for Business and Human Rights (UNGPs) in 2011.[4] Under this authoritative framework, brands are required to carry out human rights due diligence, meaning that they must assess their suppliers, identify, stop, prevent, or mitigate any human rights risks or violations, track, monitor, and report on progress, and remediate any remaining harm. However, brands continue with an oversight system that essentially locates the prime responsibility for code compliance at the factory level, wilfully ignoring the role that their own purchasing practices, design and sourcing decisions play in fuelling worker abuses and constraining the possibility for meaningful remedial action. Under such conditions, the CSR system cannot bridge the regulatory gap of labour rights regulations and enforcement, and, in reality, often deepens it.[5]

THE FAILURE OF CORPORATE-CONTROLLED SOCIAL AUDITING

Although initially designed to address the criticisms raised by the multiple sweatshop exposés of the 1990s, the inherent flaws of the industry-led CSR system – namely a lack of transparency, conflicts of interest, and a weak system for detecting, documenting, reporting, and remedying human rights risks and violations – has resulted in a failure to bring adequate improvement to working conditions.

The industry maintains a high level of secrecy regarding the content of audit reports. Nonetheless, researchers and campaigners have managed to produce a substantial body of evidence which credibly demonstrates that corporate-controlled social audits are not only ineffective as tools to detect, report, and remediate worker violations in apparel supply chains,[6] but can even exacerbate dangerous working conditions and obstruct, delay and/or undermine more credible and effective remedial measures. By relying on inadequate methodologies which produce flawed, unverifiable outcomes, these audits provide false reassurances around worker safety and deflect attention away from the underlying mechanisms and power imbalances (price pressure, time pressure, payment terms, etc.) within brands' supply chains, which often contribute to the violations rather than preventing or mitigating them.[7]

Over the past six years alone, several foreseeable and avoidable disasters have come to exemplify the failure of the corporate-controlled social auditing industry. These include the Ali Enterprises factory fire in Pakistan in September 2012, in which over 250 workers died, unable to escape due to bars on exits and windows; the Tazreen factory fire in Bangladesh in November 2012, where more than 112 workers lost their lives; and, exactly five months later

A typical factory in Ukraine

In an industry operating with impunity there have been few, if any, negative repercussions for the auditing companies and social compliance initiatives involved in these deadly disasters.

in April 2013, the devastating collapse of the Rana Plaza building in Bangladesh, which killed 1,134 workers and left thousands more injured and traumatised. Each of these factories had been assessed and declared safe by several of the prevailing auditing companies, including TÜV Rheinland, Bureau Veritas, and RINA, using the standard, methodology and guidance of leading compliance initiatives such as Amfori BSCI[8] and Social Accountability International (SAI). In the cases of both Ali Enterprises and Rana Plaza, accredited auditors had deemed these facilities safe just weeks or months before they were reduced to ruins. In terms of Ali Enterprises, this assessment was made by auditors who reportedly had never even visited the building.[9]

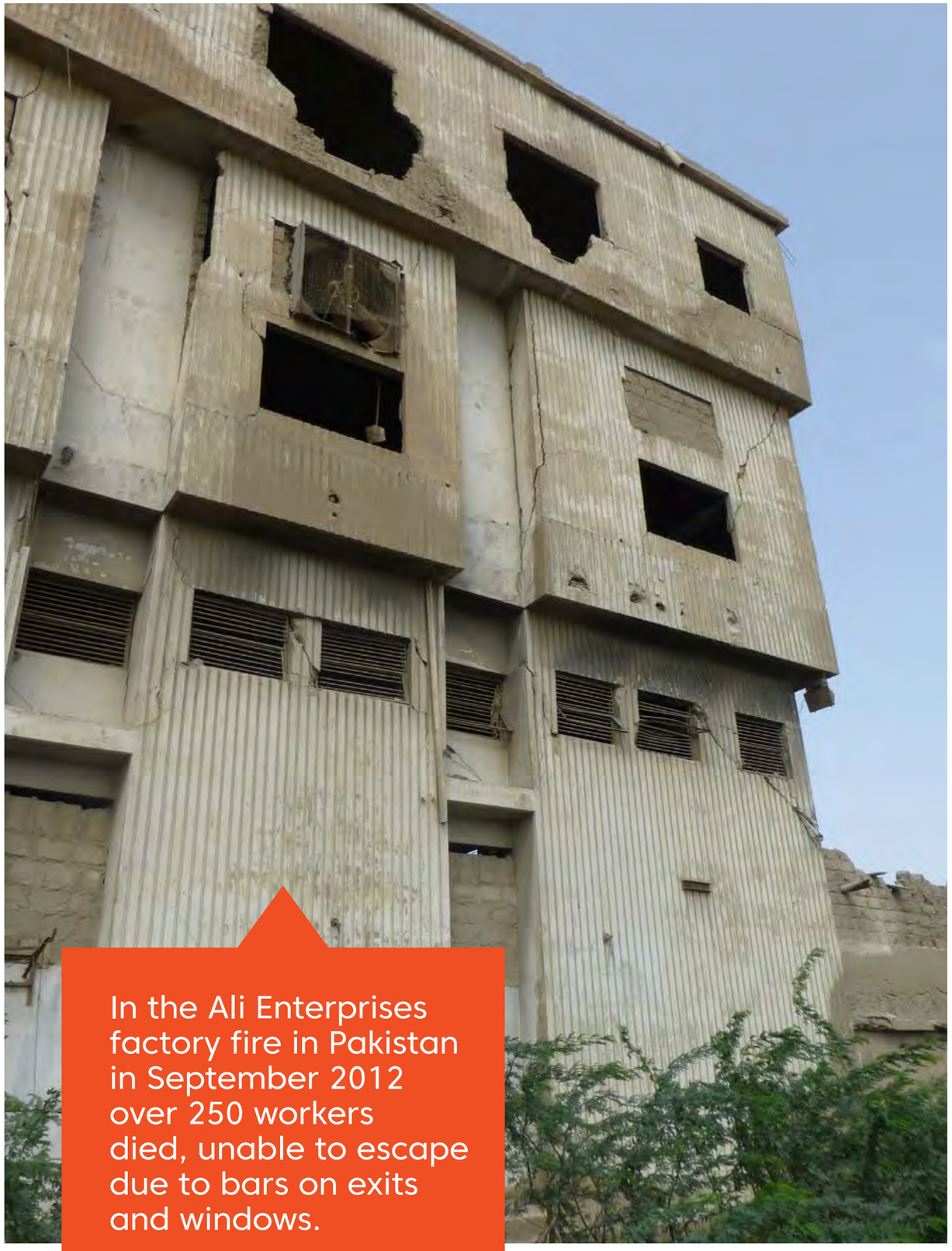
These are glaring examples of corporate negligence. In an industry operating with impunity there have been few, if any, negative repercussions for the auditing companies and social compliance initiatives involved in these deadly disasters. In fact, these initiatives continue to grow, with revenues and profits of the key players increasing over the years, in tandem with the growing number of audited factories.

Evidence clearly shows that the industry has failed spectacularly in its proffered mission of protecting workers' safety and improving working conditions.

AIMS OF THIS REPORT AND RECOMMENDATIONS

This report aims to contribute to a better understanding of the corporate-controlled social auditing and compliance industry. It takes stock of evidence on the effectiveness of the dominant auditing regimes and the auditing firms that are currently active in the apparel industry.[10] The case studies presented in detail in this report illustrate how – far from being an effective tool to detect, report, and remediate violations – corporate-controlled audits often actively aggravate risks for workers by providing misleading assurances of workers' safety and undermine efforts to truly improve labour conditions. By doing so, this report builds upon previous analytical work done by academics, journalists, and labour advocates, as well as on the Clean Clothes Campaigns' (CCC) substantial experience working on remedy in specific instances of human rights violations in factories over the past thirty years. This history provides a rich case base of more than 200 documented instances of auditing failures which serve as the basis for the primary analysis. Evidence clearly shows that the industry has failed spectacularly in its proffered mission of protecting workers' safety and improving working conditions. Instead, it has protected the image and reputation of brands and their business models, while standing in the way of more effective models that include mandatory transparency and binding commitments to remediation.

In order to shift this balance, auditors and monitoring initiatives need to involve workers in a meaningful way. They must be transparent and accountable by adhering to enforceable regulations that provide legal and commercial consequences for auditors and auditing firms that fail to identify essential and foreseeable, and thus avoidable, human rights risks. There must be legal and commercial consequences for the sourcing companies who fail to stop, prevent, or mitigate identified human rights risks and remedy actual human rights violations. Without an enforceable human rights due diligence framework in place, ineffective social audits will continue to be relatively meaningless in terms of ensuring worker safety and promoting humane working conditions. At worst, they could risk further entrenching inhumane working conditions. Addressing the gaps in the identification of human rights risks and violations is vital in order to ensure the industry starts to focus on actual prevention and remediation.



In the Ali Enterprises factory fire in Pakistan in September 2012 over 250 workers died, unable to escape due to bars on exits and windows.

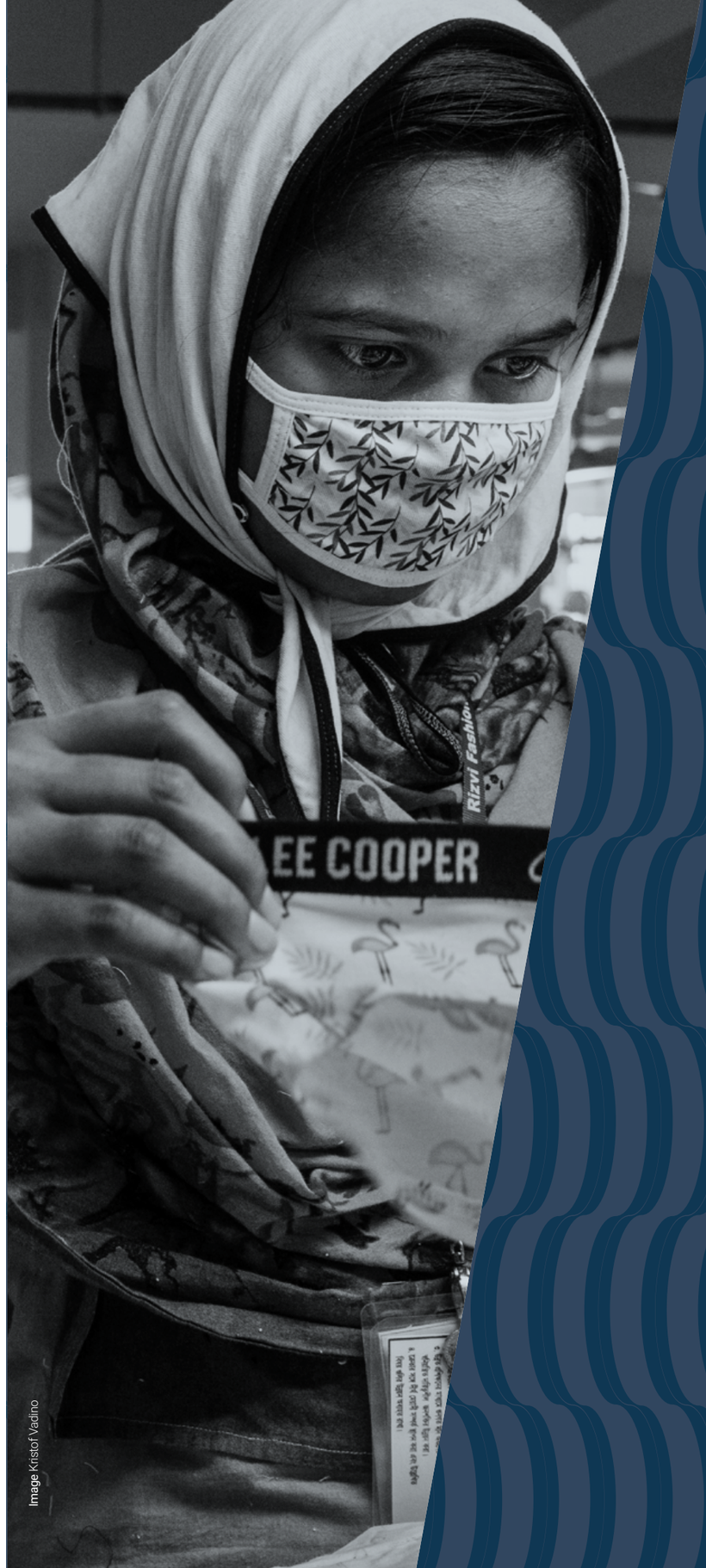


Image Kristof Vadino

INTRODUCTION

SWEATSHOPS AND THE CORPORATE RESPONSE

Deregulation and the liberalisation of rules governing global trade in the 1980s, combined with technological innovations, brought major opportunities for multinational brand-owning corporations ("brands") and retailers looking for ways to increase their profit margins.

1.1 GLOBALISATION IN SEARCH OF LOW PRODUCTION COSTS

Prior to the globalisation of the 1980s, companies had relied on domestic production and/or a vertically integrated production model, often owning the production locations themselves. Trade liberalisation provided them with the opportunity to shift to a globally-dispersed production model, using low-cost locations. This system created fierce competition between low-income production countries, and business was won on the basis of pricing, payment terms, production lead times, and quality, rather than labour rights. Since the 1980s, many brands have rewarded destinations that offer the lowest prices and lax labour regulations by making them their preferred sourcing locations. Brands have de facto signalled to governments that a "good business climate" is defined by the acceptance of extremely low wages and a disciplined and controlled workforce, rather than by healthy labour relations in which workers enjoy the right to organise and bargain collectively for better conditions.[11] Brands have knowingly prioritised profit margins over labour rights.[12]

In order to respond to brands and retailers' desires to have high quality as quickly, cheaply, and with as few strings attached as possible, suppliers structured their production process in such a way as to offer flexibility while limiting additional costs. This meant curtailing wage increases and other payments, imposing excessive overtime, discouraging unionisation and intimidating union members, or relying on migrants and/or contract workers who can be quickly hired and fired and are less inclined to form or join a trade union. Subcontracting orders to other factories is also common, sometimes without informing the buyer.[13]

Garment and footwear companies have extensive bargaining power to demand flexibility and low prices. Compared to heavy and/or capital intensive industries, garment and footwear production is relatively mobile:

As buyers of products in complex and multiple-tiered global production chains, brands and retailers are able to take advantage of extreme exploitation and abuse without consequence.

the start-up investment is low, it needs relatively little fixed machinery nor highly-skilled labour, and is therefore able to cross borders easily in pursuit of lower production costs. Equally, placing one order in a factory does not commit a brand to subsequent orders.

1.2 INTENSE POWER IMBALANCES

As buyers of products in complex and multipletiered global production chains, brands and retailers are able to take advantage of extreme exploitation and abuse without consequence. As supply chains internationalised, the setting and enforcement of labour standards remained almost exclusively national, allowing brands to evade responsibility for the labour conditions within their supply chains. Brands viewed their relationship with their suppliers as one between independent partners, each who had freely entered into a business agreement. As such, brands' logic was that the wellbeing of the workers producing for them was the sole responsibility of their suppliers, i.e. these workers' direct employers. However, this premise ignores the inherent power accumulation on one side of this business relationship, which makes apparel companies into principal employers with decisive influence over their supply chains, rather than mere buyers.

In 2011, the journalist Lucy Siegle described how a system of extreme competition has made the garment brands and retailers, still generally referred to as buyers, into customers who behave as kings: "The conditions created by globalisation do not breed loyalty. In fact, you might say that they allow global fashion brands to play the poorest countries in the world with the fidelity of the average tomcat... always on the lookout for the best deal and the quickest

Image Kristof Vadino

turnaround. The choice is vast, and if one producer isn't supplying you quickly or cheaply enough, you merely look for a more compliant one."[14] Recent research in Bangladesh concluded that the "hyper-competitive structure of apparel global supply chains has contributed to a buyer-driven sourcing squeeze that has pushed prices down, shortened lead times, and contributed to low wages, health and safety concerns, and violations of freedom of association rights".[15] The author of this research, Mark Anner, found that between the Rana Plaza building collapse in 2013 and 2018, the price paid by lead firms to suppliers had, in fact, *declined* by 13%.[16] Similarly, lead times had declined by 8.14%, which increased forced overtime and work intensity. The sourcing and lead time squeeze has worsened working conditions, and led to a drop in real wages of 6.47%, since the wage increase in December in 2013.[17]

Research by Human Right Watch in 2019 and by the International Labour Organisation (ILO) in 2016 similarly showed how brands' purchasing practices, despite fine words to the contrary, directly fuel labour rights abuses in supply chains and that such pressure is more extreme than in other sectors. This has led to suppliers needing to sell products to buyers at below the cost price.[18] According to the ILO study, in the textile, clothing, leather, and footwear sector, no less than 81% of suppliers have sold at below cost price, primarily to secure future orders.[19] This was the highest of all sectors surveyed. When minimum wages have been increased domestically, only 25% of buyers were willing to incorporate this in their prices, and those who did made suppliers wait an average of 12 weeks before incorporating it.[20]

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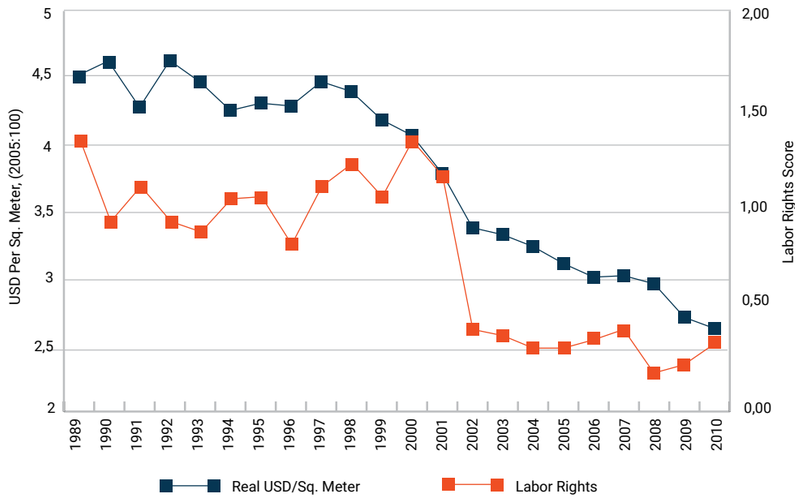


Anner, M., J. Bair, and J. Blasi. 2013. "Towards Joint Liability in Global Supply Chains: Addressing the Root Causes of Labor Violations in International Subcontracting Networks." Comparative Labor Law and Policy Journal, 35(1): 1-43.

The sweatshop exposés revealed to consumers around the world that brands' rising profits were made on the backs of exploited workers.

1.3 CODES OF CONDUCT: THE CORPORATE RESPONSE TO ANTI-SWEATSHOP CAMPAIGNS

Brands' perceived invulnerability was unsettled in the 1990s, when a wave of media and activist investigations began to expose the consequences of brands' "race to the bottom" model by reporting on the relentless suffering of the workers producing their clothes and shoes. From child labour, excessive overtime, poverty wages and wage theft to physical abuse, sexual violence, and forced overtime, reports found abuse to be rampant across factories in producing countries.[21]

The sweatshop exposés revealed to consumers around the world that brands' rising profits were made on the backs of exploited workers. The moral defence deployed by apparel companies was that they were providing workers in garment exporting countries with a way out of poverty, but the reality was that workers (mainly women)[22] earned too little to build decent livelihoods, or even feed their families.

Pointing to the accumulation of power and money at the top of the supply chain, as well as apparel companies' ability to control quality and logistics across their supply chains, worker and human rights organisations rejected brands' argument that as buyers they lacked control over their suppliers. Instead, these organisations demanded that brands and retailers use their leverage over suppliers to improve working conditions in their supply chains.[23]

Brands responded to these factory exposés by ascribing responsibility to factory owners and production country governments, containing the threat of independent investigations by exerting a high degree of control over the supply chain narrative, and making calls for binding legislation seem unnecessary and obsolete.

The narrative adopted by the brands presented abuses in their supply chain not as an outcome of their own purchasing decisions, but as manifestations of cultural differences, weak domestic regulations and the shortcomings of factory managers, all well beyond the knowledge or responsibility of brands. The key challenge in tackling the sweatshop problem, they argued, was to bring factory managers in compliance with international standards of decent work and supply chain management.

In response to pressure from labour rights advocates, brands developed codes of conduct requiring suppliers to respect minimum labour standards, such as working hours, minimum wages, and health and safety. However, these codes were often vague, open to different interpretations, and generally too weak for the job.[24] Crucially, these codes also lacked any meaningful enforcement mechanisms. Initially these codes typically did not require employers to respect freedom of association or pay a living wage. Neither did they include commitments from brands to share in the costs that compliance to their standards might incur, such as renovations, a top-up for wages, or commitments to make information about working conditions or the efforts to improve them public. Furthermore, root causes of workplace violations, such as brands' own purchasing practices, weak state inspection and enforcement, barriers to workers organising, and unequal bargaining positions across the supply chain, were kept totally outside of the scope of codes of conduct.

The task of monitoring compliance with brands' codes of conduct was handed over to voluntary oversight systems, managed by brands themselves and, later on, by social compliance initiatives in which brands had an influential, or even defining say.[25] By setting the rules themselves, reporting implementation on their own terms, and avoiding mandatory transparency about their purchasing practices and business partners, brands made it extremely difficult for independent labour monitoring groups to check, compare and verify their outcomes. As Lucy Siegle summed up in 2011: "The fleets of inspectors and social compliance teams borrow their phraseology and zero-tolerance sentiments from the anti-sweatshop campaigners. But although they may sound alike, there are important distinctions. The auditing offices and business are, in the main, commercial organisations with beating corporate hearts, and have in common with their clients a need to generate and maximise shareholder return."[26]

This report explores this industry by first introducing several of the major players in the field, both in terms of the social compliance initiatives set up by companies, and the auditing firms that they employ. This is by no means a comprehensive overview, but it does include most of the dominant actors in the sector.[27] The case studies that follow will provide evidence of where the industry has failed to detect and remedy labour rights violations. The structural causes of these failings, and the ways in which these should be addressed, are explored in the remaining chapters and the recommendations.

Image Kristof Vadino

The task of monitoring compliance with brands' codes of conduct was handed over to voluntary oversight systems, managed by brands themselves and, later on, by social compliance initiatives in which brands had an influential, or even defining say.

Image Yevgenia Belorusets

As various unilateral voluntary corporate codes flourished, growing concerns around their credibility and inconsistency led to calls for a harmonisation and standardisation of efforts through unified workplace codes.

CHAPTER TWO

THE SOCIAL COMPLIANCE INITIATIVES

Social compliance initiatives are organisations that are responsible for standard setting in the garment industry through the development of codes of conduct and other policies, and/or methodological oversight to ensure the compliance of their members. The systems of oversight and quality control vary between initiatives and often reflect the origin and composition of the organisation.

As various unilateral voluntary corporate codes flourished, growing concerns around their credibility and inconsistency led to calls for a harmonisation and standardisation of efforts through unified workplace codes. To oversee these codes, a number of social compliance initiatives were established in the late 1990s and early 2000s. These included: Social Ac-countability International (SAI) and its SA8000 standard (1997); Ethical Trading Initiative (ETI; 1998); the Fair Labor Association (FLA; 1999); Fair Wear Foundation (FWF; 1999); the Worldwide Responsible Accredited Production (WRAP; 2000); Sedex and its Sedex Members Ethical Trade Audit (SMETA; 2001); the Business Social Compliance Initiative (BSCI; 2003 - recently changed to amfori BSCI); the Global Social Compliance Initiative (GSCP; 2006); the Sustainable Apparel Coalition (SAC; 2009); and, most recently, the Social & Labor Convergence Program (SLCP; 2015).

These social compliance initiatives developed separately in the United States and Europe, but not in isolation of one another.[28] All involved negotiations among brands, industry associations, as well as, in some cases, other stakeholders, and some brands were part of multiple negotiations.

Each initiative established its own governance arrangement, with initiatives such as WRAP and amfori BSCI controlled by business. Other initiatives, like the FLA and SAI, aimed to have broader systems of governance, which included labour and civil society organisations alongside business. In practice, business still retained most if not all power and influence in all structures. Today, all these social compliance initiatives are financed by a combination of membership fees from brands, registration fees from supplying factories, training fees, donor contributions and/or a share of the profit from the audit companies.

Some initiatives, like the FLA, focus on assessing a company's own internal compliance programmes. The FLA performs a limited number of factory assessments itself, which are not intended to replace a company's own audits. However, the majority of factory inspections and audits are

Audits conducted by firms are often carried out by employees with limited labour expertise, often trained in relatively short auditor courses, or by local subcontracted auditing firms, and usually take no longer than a couple of days.

entirely carried out by external auditing companies selected by either brands or factories and are accredited by initiatives such as WRAP and SAI.[29] These include multi-million dollar auditing firms such as UL and RINA, and multi-billion dollar firms SGS, Bureau Veritas, TÜV Rheinland, and ELEVATE. These firms charge the factories or the brands for their services and disclose the audit results only to those commissioning the audit or compliance certificate. Audits conducted by firms are often carried out by employees with limited labour expertise, often trained in relatively short auditor courses, or by local subcontracted auditing firms, and usually take no longer than a couple of days.[30]

For the purpose of this publication, we will focus on four of the most well-known and widely used initiatives, those with the largest membership and coverage: SAI, WRAP, FLA, amfori BSCI. We will also look at the new kids on the block in the social compli-ance landscape: SAC and SLCP.

2.1. SOCIAL ACCOUNTABILITY INTERNATIONAL (SAI)

In 1997, SAI was created by the Council on Economic Priorities, a New York-based NGO established in 1969, with a range of companies, auditing firms, NGOs, and trade union representatives on its advisory board. Subsequently, SAI launched the SA8000 standard, based on International Labour Organisation (ILO) core conventions and UN human rights standards. SAI calls this the "leading social certification standard for factories and organisations across the globe."[31]

Originally, SAI oversaw both the SA8000 standard as well as the accreditation of auditors, who were mostly for-profit corporations. In 2007, SAI separated the accreditation functions and oversight of the auditing and certification bodies, creating Social Accountability Accreditation Services (SAAS), an "independently managed affiliate." [32] Consequently SAAS and SAI presented themselves publicly as separate organisations, with different names and websites. In 2017, SAI and SAAS intentionally and publicly re-integrated, and SAAS is now formally recognised as "a division"[33] or "department"[34] of SAI. Although SAAS claims to have its "own independent decision-making process for its accreditation systems,"[35] SAI's Board of Directors retains oversight of SAAS activities.[36] Tax documents of both SAI and SAAS indicate some overlap in the leadership of both entities.[37]

SAI offers five-day training to auditors, employed mostly by the firms it accredits, to equip them with the skills to monitor factories for compliance to the SA8000 standard. SAI claims to have trained over 20,000 social auditors and representatives of brands, suppliers, trade unions, non-profits, governments, and academics.[38] Accredited audit firms pay SAI an annual royalty fee of 3% of the revenue that they make through SA8000 auditing activities, or, at minimum, $5,000.[39] To become an accredited certification auditing body, SAI charges $7500 as an application fee, and $5000 for re-accreditation. These fees exclude the cost of the actual accreditation audit itself. In addition, (re)accreditation and surveillance audits cost $1,400 per auditor per day, plus $650 per day for travel, with audits taking on average eight to sixteen days.[40]

Research in 2014 found serious labour rights violations in the SAI-certified Jeyavishnu Spintex mill in India.

Obtaining a SA8000 certification is not cheap for a factory or other business. An initial self-assessment costs $300, paid to SAI. To continue, companies must schedule an audit with a SAAS-approved auditing firm, which will perform an initial and full certification audit in three to 12 days, costing $400-$1,500 a day. Accredited auditors (Certification Bodies) include: SGS, ALGI, TÜV-SÜD, Intertek, TÜV-NORD, Bureau Veritas, RINA, and TÜV Rheinland. UL used to be, but is not longer a SAAS-accredited certification body. Once certified, a facility can maintain certified status for up to three years. During this period, surveillance audits may take place. As of 2019, the SA8000 Standard audit procedure requires an annual surveillance audit, supplemented by an annual remote document review or additional on-site audits as needed. Any unaddressed major or critical non-conformance can lead to suspension or withdrawal of certification at any point in the three-year cycle.[41]

The number of SA8000-certified factories has grown significantly from 37 in 2000 to 4108 in July 2019.[42] While the SA8000 standard is not limited to textile and apparel, the sector represented at least 32% of certified facilities in 2017. Two thirds of the certified textile or garment facilities are in India, followed by China, Italy, Vietnam, and Pakistan.[43]

SAAS only publishes a list of its certified facilities online, which includes the name and address of the facility and the firm that certified it.[44] It does not reveal the number of workers per facility. Furthermore, audit reports, including identified and documented risks and any corrective actions taken, are not accessible to the public, workers, unions or labour rights organisations.

The number of SA8000-certified factories has grown significantly from 37 in 2000 to 4108 in July 2019.

Shahida Parveen and her three sons lost their husband and father in the Ali Enterprises fire

Image Amar Guriro

Within the industry, the SA8000 certification is viewed as assurance that factories and workplaces are addressing international labour standards. Labour rights activists, however, are more critical.

Over the last 15 years, SAI has reported revenues ranging between $1.5 million and almost $4 million, with 2012 and 2014 being their most successful recent years.[45] Over 85% of its revenue came from courses and corporate fees, beyond that it has a moderate income from grants and royalties.[46] SAAS reported a more modest revenue of $710,186 in 2008, rising cautiously to over $1.1 million in 2014. In 2016 the revenue was also $1.1 million.[47] SAAS's entire revenue stems from accreditation fees.[48]

Within the industry, the SA8000 certification is viewed as assurance that factories and workplaces are addressing international labour standards. Labour rights activists, however, are more critical. Notably, SAI's practices came under scrutiny in 2012, when over 250 people were killed in the Ali Enterprises garment factory fire in Pakistan. The factory was an obvious death trap, yet nonetheless had managed to obtain the SA8000 certificate just a few weeks before the lethal fire. In addition, the certificate was obtained despite practices of child labour, excessive overtime, and forced labour.[49] Today, RINA, the company responsible for the audit, remains a SAAS-accredited certification body and continues to be an accredited SA8000 course provider, meaning that SAI continues to trust the company with the vital task of certifying facilities and training auditors.[50]

Six years earlier, an SAI-accredited certification body had awarded the SA8000 certificate to the Fibres & Fabrics International factory in Bangalore, India, despite the fact that SAI had been informed that the factory was the site of severe labour rights violations including forced and unpaid overtime, unreasonably high quotas and harassment.[51] Amidst these allegations, the company applied for a SA8000 certificate, and an SAAS-accredited certification body

ignored compelling and explicitly provided evidence and issued the SA8000 certificate to five production facilities. The SAI-accredited certification body only revoked the certificate after 18 months of repeated interventions by labour rights activists.[52]

Also in India, an SAI-accredited certification body certified the country's largest ready-made clothing exporter, Gokaldas Export. Prior to certification, the factory had dismissed workers for engaging in union activities, allowed the sexual abuse and intimidation of workers, and regularly required (unpaid) overtime of between six - 18 hours a week, all while paying poverty wages. The manufacturer also attracted attention when a worker committed suicide after being subjected to particularly intense harassment.[53] These labour rights violations did not impede the company from obtaining SA8000 certification for their management system in 2012.

In 2014, research by the India Committee of the Netherlands (ICN) and Centre for Research on Multinational Corporations SOMO found serious labour rights violations at two spinning mills in Tamil Nadu, India, including the forced labour of young women and girls. The two spinning mills were both SA8000 certified.[54] When subsequently pressed with the omissions, the SAI-accredited certification body withdrew the certification, but failed to provide or contribute to any meaningful and rights-compatible form of remedy.[55] In response to an advance copy of this report, SAI clarified that after extensive study of the allegations, SAI conducted re-education and provided guidance for all auditors on misuse of sumangali (bonded labour) schemes.[56]

The SAI-accredited certification body only revoked the certificate after 18 months of repeated interventions by labour rights activists.

2.2 WORLDWIDE RESPONSIBLE ACCREDITED PRODUCTION (WRAP)

Shortly after the SA8000 standard was launched, the American Apparel and Footwear Association (AAFA) - a coalition of US apparel companies - launched its own certification: Worldwide Responsible Accredited Production (WRAP).

WRAP developed a workplace standard consisting of 12 principles regarding issues such as child labour, hours of work, forced labour and occupational health and safety.[57] Canadian labour rights group Maquila Solidarity Network states that unlike other social compliance initiatives, WRAP limits its efforts to domestic laws, rather than international norms. According to Dara O'Rourke, professor of Environmental and Labor Policy at the University of California at Berkeley, "the WRAP principles are widely viewed as the weakest standards of any of these systems and the least transparent monitoring and certification."[58] One consequence of this approach is that suppliers can be certified in production countries such as China or Vietnam, where domestic law impedes from freely joining or forming a union, even though certification should include the right to freedom of association.

WRAP acts as an oversight organisation offering training courses and certification to factories all over the world. The training arm of WRAP provides three distinct courses: Internal Auditor Training, Lead Auditor Training, and Fire & Safety Awareness. In the first half of 2019 alone, WRAP has conducted 23 training sessions in nine countries, in English, Spanish, Mandarin, and Vietnamese.[59]

The content of the audits, including identified and documented risks and corrective actions, are not accessible to the public, workers, unions or labour rights organisations.

Their certification process has evolved over time. Initially, WRAP-certified facilities for one year. Now WRAP grants six-month, one-year, or two-year certifications depending on the extent to which the audit indicates "full compliance". This translates into silver, gold and platinum levels. Platinum certificates are awarded to facilities that have demonstrated full compliance with WRAP's 12 Principles for three consecutive certification audits, and the certification lasts for two years. Platinum facilities must successfully pass every audit with no corrective actions or observations, and maintain continuous certification with no gaps between certification periods. Gold certification is the standard WRAP certification level, awarded to facilities that demonstrate full compliance with WRAP's 12 Principles. It is valid for one year. A facility may request a Silver certificate, valid for six months, if an audit finds it to be in "substantial" compliance with WRAP's 12 Principles, but identifies minor non-compliances in policies, procedures, or training that must be addressed.[60]

The number of WRAP-certified facilities continues to rise steadily, and currently WRAP claims to cover over 2.4 million workers in over 2,700 WRAP-certified factories.[61] It prides itself on being the "largest independent factory-based social compliance certification program for the sewn products sector" and a "leader in factory fire safety education."[62]

WRAP publishes an online list of its certified facilities that have opted in to have their names made public. The actual audit reports are not published.[63] The content of the audits, including identified and documented risks and corrective actions, are not accessible to the public, workers, unions or labour rights organisations.

Manufacturers make up the majority of WRAP's client base and revenue. Companies that seek WRAP certification are required to pay an application fee of $1,195. If approved, companies must schedule an audit with one of WRAP's approved auditing firms, which include SGS, ALGI, UL, Bureau Veritas, RINA, TÜV Rheinland, among many others. If an inspection is not planned within six months, a period instituted to ensure that all facilities move toward full certification in an expeditious manner, the company must apply again and pay another $1,195. All re-applications for certifications require $1,195. A reduced re-application fee of $895 applies only to facilities that re-apply prior to the expiration of a current Silver level certification. WRAP's revenue has more than doubled since 2006, when it reported a revenue of $1,281,940.[64] More than a decade later, the most recent reported revenue (of 2017) amounts to $3,738,359.[65]

Over the years, WRAP has certified a host of factories with significant health and safety hazards. For example, in the Garib & Garib factory in Bangladesh in 2010, 21 workers died in a fire because failing safety provisions and blocked exits made it impossible to escape. WRC reported this factory as WRAP-certified.[66] The Ali Enterprises factory in Pakistan was also certified by WRAP in 2007, 2008 and 2010, with the last audit in November 2010. Their certification expired in late 2011 and was not renewed by Ali Enterprises. According to WRAP, no violations to their principles were discovered during the audits,[67] yet less than one year later the factory burnt down uncovering glaring safety defects.

Similarly, there is overwhelming evidence that the fundamental rights of workers, including the right to organise, have been violated in facilities under (renewed) certification by WRAP.

Such cases include Avandia in Guatemala, which was WRAP-certified between 2005–2011, despite an ongoing aggressive anti-union campaign.[68] Serious labour rights violations were reported in the WRAP-certified Gina Form Bra Factory in Thailand in 2006, including unfair dismissal of union members, forced overtime and exploitation wages, without any consequence to their certification.[69] In Cambodia, the Zongtex Garment Manufacturing factory practised union-busting, employed children, forced overtime, and underpaid workers, all while enjoying the WRAP certificate, as Worker Rights Consortium uncovered in 2014.[70]

Further documented examples of sweatshop conditions in WRAP-certified factories are: the Alianza factory;[71] the Harvest Rich Factory;[72] the Hangchang Textiles/Oriental Tax Factory;[73] Sam Bridge Factory;[74] Monde Apparels;[75] and Ceasar Apparels.[76] Cases of forced and bonded labour in Tamil Nadu, India, were documented as occurring during the WRAP certification validity in facilities including: the Banner Amman Group, Best Cotton Mills and Sulochana Cotton Mills.[77]

There is overwhelming evidence that the fundamental rights of workers, including the right to organise, have been violated in facilities under (renewed) certification by WRAP.

The FLA is dominated by garment and footwear brands, although it also covers agriculture and other non-garment producing facilities.

2.3 FAIR LABOR ASSOCIATION (FLA)

The FLA was created in 1999 with a broad convening of stakeholders from the apparel and footwear sector. It started from a task force initiated by US President Bill Clinton in 1996, in response to numerous sweatshop scandals. It is a coalition of apparel companies, universities and colleges, and civil society organisations. All three groups are equally represented on its board. There is limited trade union participation (one out 20 board members). Initially union representatives left the organisation during its constitution phase, dissatisfied by the adopted Code of Conduct's lack of stringency, taking some of the NGOs with them. The FLA is dominated by garment and footwear brands, although it also covers agriculture and other non-garment producing facilities.[78]

Unlike SAI and WRAP, the FLA assesses the performance of its member brands. By becoming a member of the FLA, brands commit to requiring their suppliers to comply with local labour laws as well as the FLA Workplace Code of Conduct, which is grounded in ILO Conventions. Although the FLA does not certify production facilities or participating companies, it does accredit companies' "compliance programmes". Participating companies must implement their internal compliance programmes across all tier one facilities before accreditation. The FLA affiliated companies commit to conducting periodic internal monitoring visits of these facilities, reporting on results, and supplying any needed remediation plans. The FLA conducts annual spot-check verification audits of less than five percent of the facilities subject to internal monitoring by the brands. The supplier locations for FLA verification audits are chosen using a random sampling method, and the FLA also has a third-party complaint mechanism including an "at-risk for violations" assessment for following an individual complaint.[79]

The FLA publishes workplace monitoring reports, but members' own assessments are not published. It does not disclose factory addresses yet, but early in 2019 it committed to make supply chain transparency a mandatory membership condition.[80] Corrective Action Plans, created following FLA-conducted audits are published Affiliates' audits are not published by the FLA.

The FLA's 2017 Annual Public Report boasts that 4.6 million workers in 4,750 factories fall under their programme - the total number of workers reportedly employed in their members' supply chain - but their actual inspections cover only a fraction of this number. The FLA reports that since 2002 it has conducted over 1,500 announced factory visits throughout the supply chains of affiliate brands, including 124 factory inspections in 2015 (covering ca. 135,000 workers), and 149 in 2016 (covering 175,472 workers).[81]

The FLA receives the bulk of its income from its corporate members. For example, its revenue for 2017 was $9.68 million of which $5.43 million came from corporate fees. The FLA also received $2.53 million government grants.[82]

In an analysis of over 800 audits, academic Mark Anner concludes that FLA audits have a strikingly low detection rate for freedom of association violations. Anner notes that the Worker Rights Consortium (see text-box on page 34), an independent labour rights monitoring organisation, is six times more likely to find such violations than the FLA. Freedom

of association is fundamental to workers' empowerment and safety, and in countries such as China and Vietnam this right is legally, and often violently, repressed.[83]

A telling example of the shortcomings of the FLA's social auditing is its failure to uncover labour rights violations in the Russell Athletic case in Honduran factory Jerzees de Choloma. The factory closed in 2008 because of unionisation, yet two initial FLA-commissioned investigations concluded that the factory had closed due to normal business reasons and failed to take into account workers' perspectives.[84] In another case in 2010, when Indonesian factory PT Kizone closed without paying its 2,800 workers severance, the FLA stated it encouraged its members to have severance programmes in place but could not compel them to comply. The clear references to severance in the FLA's code of conduct therefore fail to have a practical meaning for workers on the ground.[85] In 2016, a journalist uncovered a range of violations in FLA-covered Pou Chen factory in Vietnam. This included wage penalties, which go against the FLA's regulations. The organisation had either failed to uncover or neglected to ensure the issue was properly remedied.[86]

2.4 AMFORI BSCI

The Business Social Compliance Initiative (BSCI), located in Brussels, Belgium, was founded in 2003 by the Foreign Trade Association (FTA), a body of European retailers and importers. Rebranding in 2018 as amfori BSCI and distancing itself from the FTA, it is now an organisation encompassing three products: amfori BSCI - working on social compliance;

Amfori BSCI membership has mushroomed over the past decade, from 23 members in 2004, to around 400 in 2009, to over 2412 in 2018, and it has a combined annual turnover of over $1.5 trillion.

Even though amfori BSCI claims it does not provide a formal certificate, the factory profiles and audit results are kept in a database, which its members are encouraged to utilise when making supplier decisions.

amfori BEPI - working on sustainability; and amfori Advocacy - meant to serve its members. The entirety of amfori BSCI's operations are business-controlled. Its members are retailers, importers and brands, not only in the garment sector but also in industries such as agriculture. Its membership has mushroomed over the past decade, from 23 members in 2004, to around 400 in 2009, to over 2412 in 2018, and it has a combined annual turnover of over $1.5 trillion. This makes amfori BSCI the largest social compliance initiative.[87]

In contrast to systems like WRAP and SA8000, the amfori BSCI audits are not part of a certification scheme. Suppliers are audited every two years and audits do not lead to certification. Instead, the amfori BSCI approach is so-called "development-oriented."[88] Even though amfori BSCI claims it does not provide a formal certificate, the factory profiles and audit results are kept in a database, which its members are encouraged to utilise when making supplier decisions, as amfori BSCI claims that sharing auditing results is beneficial for its members. The German retailer ADLER confirmed that amfori BSCI participants rely on the data provided by the database in the following statement in which they explain their decision to accept products from a factory in Rana Plaza: "ADLER only accepted the ready products in a special case, because the factory could present the BSCI certificate. This was provided by TÜV Rheinland in 2012."[89]

Its Code uses 11 core principles that are based on ILO Conventions, UN declarations, and OECD Guidelines.[90] Working with largely the same audit firms as SAI and WRAP, amfori BSCI oversees a growing number of audits, from approximately 5,000 in 2008, to 21,220 reported for 2017-2018.[91] Up until 2017, members were only responsible for involving their direct suppliers in the auditing programme and bringing a mere 2/3rds of their suppliers located in "risk" countries under the programme in the first 3.5 years of membership. Currently "participants identify the business partners that shall be included in the amfori BSCI monitoring process to promote the necessary changes towards improving working conditions." In 2018, amfori BSCI also launched a Country Due Diligence Tool, providing access to country-specific data on social, environmental and trade topics, supporting members in mapping and managing risks, indicating to what extent amfori BSCI prioritises risk management.[92]

The initiative's revenue amounted to over €11 million in 2017, up from €9 million two years before. 80% of this revenue came from member contributions, ranging between several thousand to €10,000 per year. Almost €2 million of its revenue came from audit upload fees.[93]

Amfori BSCI prides itself on being "the only organisation on the market" with an audit integrity programme.[94] It has the option to expel auditing firms. From 2015 to 2019 amfori BSCI has reduced the number of approved auditing partners from 21 to 13. In the period between 2017 and 2019 it issued seven suspensions, including auditing companies or individual auditors at global, regional or country level, one suspension extension, and seven warning letters. However, at the time of writing, there is no public information about the identity of the suspended entities, the grounds and the scope of their suspension. amfori BSCI explicitly professes its belief "in incremental progress over rigid rules that punish mistakes."[95] This, despite a formal complaint being lodged against TÜV Rheinland following the Rana Plaza collapse.[96]

Clear mistakes have been made in the past. In 2012, an amfori BSCI-sanctioned audit of the Rosita Knitwear factory in Bangladesh failed to identify widespread worker harassment, which led to worker unrest only ten months later.[97] When pressed about the Rosita Knitwear case, representatives of the auditor, SGS, pointed to the amfori BSCI audit protocol. A newspaper article on the case reported: "Effie Marinos, sustainability manager at SGS, defended her company's findings. She said SGS had followed the inspection protocol developed by the Business Social Compliance Initiative, [...] Ms. Marinos said the protocol for Rosita did not require interviewing workers outside the factory."[98]

Amfori BSCI audits were conducted by TÜV Rheinland in one of the Rana Plaza factories prior to the building collapse. Four years later, an amfori BSCI-sanctioned audit of the Multifabs Ltd factory in Bangladesh also failed to acknowledge major safety risks that were already documented and available in the public domain.[99] Amfori BSCI members were sourcing from the Tazreen factory at the time of the 2012 fire, which killed at least 112 workers.[100] Amfori BSCI members were also co-owners of Russell Athletic in Honduras, which closed due to union activity.[101]

Clothes in the rubble after the Rana Plaza collapse.

Amfori BSCI audits were conducted by TÜV Rheinland in one of the Rana Plaza factories prior to the building collapse.

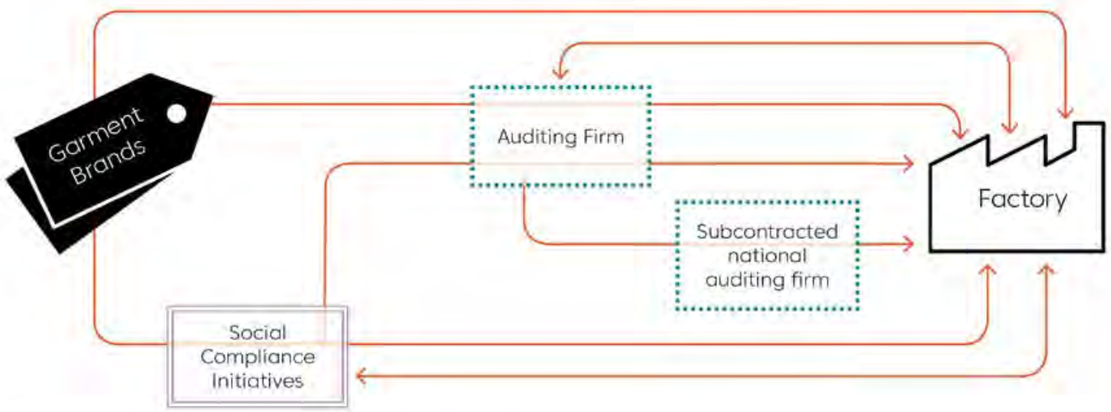
SAC set out to realise its original vision through the development of the Higg Index, which focuses on social and environmental performance.

2.5 THE SUSTAINABLE APPAREL COALITION (SAC) AND SOCIAL & LABOR CONVERGENCE PROGRAM (SLCP)

Launched in 2009, the Sustainable Apparel Coalition (SAC) began as an initiative by executives at Patagonia and Walmart, who jointly invited the chief executives of other industry giants to join together and create "a single approach for measuring sustainability in the apparel sector."[102] Part of the pitch emphasised and offered "the unique opportunity to shape policy and create standards for measuring sustainability before government inevitably imposes one."[103] The founding companies were deliberate and selective with their choice of partners at first.[104] However, SAC has grown substantially since its official founding in 2010 and enjoys a much broader scope now. It currently boasts over 240 members, representing

How social auditing works

Brands conduct social audits to uncover labour rights violations in complex supply chains. Social auditing chains themselves are however equally complex. They can take many different forms, from direct monitoring to complex structures that might further deflect responsibility.



To address risks of labour rights violations in their supply chains **brands** have come together in **social compliance** initiatives to set common standards. These **initiatives**, as well as brands directly, turn to **auditing firms** to assess whether these standards are being implemented on the ground.

	SAI/SAAS (1997)	WRAP (2000)	FLA (1999)	AMFORI BSCI (2003)
What do they do?	Development and maintenance of SA8000 standard. Accreditation of auditors (SAAS) Training (SAI) Projects on working conditions (SAI)	Certification of factories; training of auditors	Development and accreditation of compliance programmes for brands and suppliers in garment and footwear sectors	Auditing on compliance with amfori BSCI code of conduct; Training of auditors; Other services to members
Coverage	- 67 countries - 4108 factories - 2m workers - various industries - social standards only	- 38 countries - 2722 factories - 2.4m workers - apparel & footwear only - social standards & environment	- 84 countries - 4750 factories - 4.6m workers - various industries - social standards only	- 42 countries - 62,564 factories -amount of workers unknown - various industries - social standards & environment (BEPI)
Revenue	3,086,781 USD (2017)	3,738,359 USD (2017)	9,681,596 USD (2017)	13,844,000 euro (2019)
Transparency	Public factory list here, no public auditing reports.	Public factory list here, no public auditing reports	Assessments, no factory information yet	No transparency
Members	SAI has a corporate membership unrelated to SA8000	No membership	59 brands, 1000s of licensees	2,414 members (companies & associations)
Notable cases of negligence	Ali Enterprises (2012); Fibre & Fabrics (2006); Gokaldas (2012)	Garib & Garib (2010); Ali Enterprises (2012); Avandia (2005-2011); Gina (2006); Zhongtex (2014)	Hansae (2015-2016); Jerzees de Choloma (2008); PT Kizone (2010); Pou Chen (2016)	Rosita Knitwear (2012); Rana Plaza (2013); Tazreen (2012); Multifabs (2017)

Although the SLCP is branding itself as an assessment framework, the convergence initiative does not extend to standards, but instead it aims to be "judgement free."

"every link in the global supply chain," who have "combined annual apparel and footwear revenues [that] exceed $500 billion."[105]

SAC set out to realise its original vision through the development of the Higg Index, which focuses on social and environmental performance. This set of seven online tools, meant to measure the social and environmental impact of brands, manufacturing facilities, and products, was launched in 2012. The Index offers companies a tool for self-assessment. It enables companies to collect information about their operations and suppliers, which is then stored in a database that SAC members can use to evaluate themselves and their suppliers. SAC markets the Higg Index as a tool that provides companies with areas of improvement, benchmarks to assess how they are doing against their peers, and creates a common framework for where companies should invest.[106] By 2016, 6,000 factories had provided information about their social and environmental impact for the Higg Index.[107]

None of the information and data collected by the Higg Index is publicly available and companies are not permitted to release their own Higg Index data.[108] Similarly, in terms of the Higg Index, no entity outside SAC can authenticate the data and it remains unclear how the information is being independently verified. Jason Kibbey, former CEO of the SAC, stated in November 2018: "Consumers can start gaining access to this information later in 2019". In 2019, SAC published for the first time a research report about consumer facing (Higg Index) transparency, however at the time of writing consumers and workers do not yet have any access to the Higg Index's data.[109] It remains unclear to what extent the public will be able to access Higg Index data themselves, or whether the public must rely on the information selectively shared by companies.[110]

The part of the Higg Index directly pertaining to working conditions in garment factories, the Higg Facility Social and Labor Index Module, was built directly upon the outcomes of another project facilitated by the SAC: the Social & Labor Convergence Programme (SLCP).[111]

The SLCP is the result of a convergence initiative that was first initiated by the Sustainable Apparel Coalition (SAC) and was six years in the making. In 2015, 33 brands, retailers, and other stakeholders signed up to SLCP's idea of developing an industry-wide assessment framework to "replace current proprietary tools and in turn eliminate audit fatigue by avoiding duplications and reducing the number of social & labor audits" as well as enabling the comparability of data.[112] According to SLCP, this should allow for the redirection of "facility resources previously spent on compliance audits to the improvement of social and labor conditions,"[113] while remaining mute about how and where exactly these brand and retailer resources are being redirected and how this is being monitored.[114] SLCP might be a new initiative, but it does not lack ambition. It is, for example, aiming to reach 25,000 verified assessments per year by 2023.[115]

Although the SLCP is branding itself as an assessment framework, the convergence initiative does not extend to standards, but instead it aims to be "judgement free."[116] Abandoning the goal of a common normative framework, instead stakeholders using the SLCP framework add their own normative framework to the data points and can use it as the reference point

for their individual efforts on remediation and transparency. SLCP thus redirects the choice for a human rights standard for their due diligence to individual companies, although the tool does indicate non-compliance with local law.

SLCP has three "accredited hosts," third party service providers approved by SLCP to store SLCP-verified data on their platform and provide additional data analytics and sharing services to their customers. Although SLCP now functions as an independent programme, the SAC remains the organisational host for its secretariat and functions as one of the accredited hosts. SLCP has a governance structure in which council members are elected from and by the 200+ signatories to the programme and is therefore heavily enterprise-dominated with no active trade union representation.[117] Among the signatories of SLCP are over 60 social auditing firms, including all those featured in this report. A great number of them have also been officially recognised as SLCP-verifying bodies, including Bureau Veritas, SGS, RINA, and TÜV Rheinland.[118] This raises the question of how to ensure the quality, reliability, and veracity of the data that is gathered by the SLCP tool. The SLCP's main source of information is data provided by factory management, which can stand in the way of identification and documentation of labour rights risks and violations. SLCP has developed a verification oversight system, but it remains unclear to what extent this mechanism will be capable of preventing the same mistakes as made by similar mechanisms in the past.[119] Although the SLCP professes transparency and data comparability as one of its aims, thus far it only makes its databases accessible to members.[120]

SLCP has a governance structure in which council members are elected from and by the 200+ signatories to the programme and is therefore heavily enterprise-dominated with no active trade union representation.

In an overview from May 2018, the WRC stated it had helped over 250,000 workers directly, including winning over $25 million in back pay by addressing wage theft, and helped reinstate 1,500 worker leaders who had been wrongfully fired.

THE WORKER RIGHTS CONSORTIUM (WRC)

The Worker Rights Consortium (The WRC) was established in 2000, resulting from a call by students and universities for credible enforcement of fair working conditions in the making of university apparel. Unsatisfied with what it considered to be a too-low bar and brand dependency in the FLA, the United Students Against Sweatshops (USAS) movement called for a more independent alternative, capable of investigating and remediating worker complaints. The WRC was established to enforce university codes of conduct to protect workers in the supply chains of brands licensed to create college apparel. At its founding 44 universities supported the WRC, which has since grown to almost 200.[121] the WRC's 15-member board includes representatives of universities, USAS and the WRC Advisory Council, which consists of human and labour rights experts. It has, by design, no industry representatives on its board, as a way to remain independent from the apparel industry, and similarly it maintains financial independence from licensees, for-profit corporations and trade unions. About 45% of its budget, which fluctuates between $1 - $1.5 million per year, comes from college and university affiliation fees, which pay 1% of their previous year's gross licensing revenues, with a minimum of $1,500 and a maximum of $50,000. The rest of the budget is covered through government and foundation grants. It does not accept funding from for-profit companies or labour unions. The WRC highly values its organisational and financial independence from licensees as safeguard to its independence, which it views as granting it credibility and access to information that commercial auditing firms lack.[123]

The WRC has permanent field representatives in 10 countries and has done work in over 30 countries. It hires additional consultants or local organisations where specific expertise is needed, or when the WRC does not have a representative in the relevant country. The WRC's investigations are typically driven by complaints from workers. It strictly uses off-site worker interviews and explicitly excludes factory management from these talks– a practice often dismissed as unrealistic by other compliance and auditing organisations. Beyond worker interviews, an investigation may include interviews with management, an inspection of the factory and its records, as well as research into outside sources, such as government and legal documents. The WRC publishes all investigations. Workers' complaints usually reach the WRC through its network of labour organisations but can also be submitted to the WRC directly. If violations are found, the WRC explicitly advises licensees to stay in the factory to help solve the issue and will develop recommendations to do so, actively cooperating to seek improvements.[123]

In an overview from May 2018, the WRC stated it had helped over 250,000 workers directly, including winning over $25 million in back pay by addressing wage theft, and helped reinstate 1,500 worker leaders who had been wrongfully fired.[124] WRC's investigations have played an important role in illuminating how ineffective the audits from business-led counterparts are, as the WRC often finds worker abuses in factories that had been favourably audited by other programmes – examples of which are the Hansae and Russell Athletics cases.[125]

The WRC's investigations are typically driven by complaints from workers.

Image Kristof Vadino

The same corporate-controlled social auditing firms repetitively audit the same factories for different buyers and initiatives, repeating each others' efforts and outcomes.

CHAPTER THREE

CORPORATE-CONTROLLED AUDITING FIRMS

The social compliance initiatives through which the sector publicly showcases its efforts to improve conditions in supply chains are largely catered for by the same corporate-controlled social auditing firms. These firms repetitively audit the same factories for different buyers and initiatives, repeating each others' efforts and outcomes.

This social auditing industry emerged in response to the garment industry's growing demand for external parties to carry out factory inspections all over the world. The firms that dominate the industry seized this opportunity from different backgrounds. Many of the large companies now offering a wide range of services in supply chain management originated as safety inspection organisations in specific national contexts in the late 19th century - specialising in shipping or other industries. Many of these accidental highlight responded to the globalisation of the industries their clients stemmed from by extending their own scope to other industries, such as apparel. A growing demand for risk management in complex supply chains grew in the aftermath of the scandals exposing exploitative working conditions in the 1990s. This new market quickly commercialised existing safety inspection organisations and created new enterprises. Monitoring the freshly formulated codes of conduct in supply chains spanning the globe was a new and profitable business opportunity.

The background in public safety inspection work of many of these firms soon took second place to the new profitable paradigm. Contrary to the social compliance initiatives they work for, such as SAI, amfori BSCI or WRAP, these auditing firms openly state that their first priority is mitigating reputational damage and business risks. This leads to auditing firms providing buffers between supply chain issues and brands reputations, rather than actually exposing and solving workplace violations. The industry has created an image for itself that it is "more interested in 'covering their backs' than in improving workers' welfare."[126] An article in *The New York Times* in 2012 pointed out: "in the battle for market share, profit-making inspection firms are often tempted to be less rigorous because that makes them more attractive to apparel manufacturers eager for certification."[127]

The annual reports of auditing firms are filled with language about risks and company image rather than workers' rights or labour law compliance. One of the largest players, Bureau Veritas, for example, illuminated the drivers behind its success in its 2016 annual report, as follows: "Trust in a brand can be very quickly lost in today's connected work. Social

The auditing firms are primarily providing a service to their clients, namely the brands or factories who have commissioned the audits.

media has empowered consumers and workers to report on their experiences instantaneously. A chorus of complaints, especially regarding consumer safety or workplace environments, can quickly erode trust in a brand. While various tools can help protect a company's brand during a crisis, taking proactive steps to build and maintain trust is important to securing a brand's reputation against an array of threats."[128] After all, the auditing firms are primarily providing a service to their clients, namely the brands or factories who have commissioned the audits.

The prioritisation of corporate reputations over workers' rights and safety within the social auditing model goes a long way to explain why, several decades after the system was created, nearly all audit reports generated by this system remain confidential. Even though auditing companies might sing the praises of transparency, they rarely actively profess it themselves, refusing to share auditing reports beyond their immediate clients. For example, auditing firm UL wrote in its 2016 annual report: "For brands to inspire trust, they must be transparent in the way they share supply chain information with regulators, investors, consumers and other stakeholders."[129] UL is exemplary of the industry in that it promises to provide brands with the information they need for transparent reporting towards governments, consumers, and shareholders, but does not practice what it preaches by refusing to make its own reports publicly available, for the benefit of workers and others. There is no oversight of the industry by independent organisations, worker rights organisations, or researchers. The few reports that have leaked over the years have revealed deeply alarming flaws.

Obtaining a full picture of the profitability of these services in the textiles and garment sector is complicated by the industry's notorious and strategic lack of transparency. Nevertheless, the following section tries to provide insight into some of the key players in the industry.

3.1. BUREAU VERITAS

Like many other corporate auditing firms, Bureau Veritas emerged in the 19th century. It began with a focus on shipping safety, before moving into supply chain management in the 1990s.[130] Supplier audits are, however, only one of the many testing, monitoring, and certification services that Bureau Veritas offers its clients, covering industries that include transport, consumer goods, oil and gas, agriculture, and heavy industry. Certification amounts to just 8% of its activity. With 75,000 staff in 2018 (increased from 69,000 in 2016), Bureau Veritas is one of the largest multinationals carrying out social audits in the garment industry and continues to grow in both revenue and personnel.[131] According to one financial analysis, Bureau Veritas represents more than a quarter of aggregate sector revenue in the broader certification market.[132] Bureau Veritas has experienced significant growth, reporting a ten-fold expansion in the decade before 2017, and it expects considerable growth in the area of certification and consumer products, the branch responsible for apparel and textile audits.[133] Bureau Veritas reported a €4.8 billion revenue in 2018, up from €4.69 billion revenue in 2017 and €417 million adjusted net profit.[134] Certification is a small part of this: only 8% of the 2018 revenue was made in certification. The company has expressed confidence that it will be able to significantly increase its revenue over the coming years, aiming for an eight-ten percent annual increase as a medium to long-term goal.[135]

Bureau Veritas states that CSR is "part of our DNA" and "the core nature of our 'raison d'être'."[136] It therefore considers itself particularly well-placed to provide "CSR-services" to other companies, offering a wide range of sustainability and social measures. However, its social and sustainability efforts appear, to a large extent, to be fuelled by risk management and the aim of maintaining competitiveness. In its sustainability white paper, the company writes: "Managing risks while securing consistent business results means staying ahead in all facets of sustainability...For our clients, everything is about staying competitive. Bureau Veritas delivers risk assessment and verifies good social and environmental practices to mitigate new risks arising from a globalised and fast-moving economy...Due to its network and expertise, Bureau Veritas is uniquely placed to assist clients and ensure that their business addresses current environmental and social concerns while maintaining a profit so as to meet the needs of the present world without compromising the ability of the future generations to meet their own needs."[137]

A key driver for socially responsible and sustainable conduct, as termed in the company's white paper, is to avoid business risk by non-compliance with national legislation or consumer interest.[138] This risk has recently become decidedly more tangible for Bureau Veritas, because as a French company it is subject to the French *Devoir de Vigilance*/Duty of Care Law,[139] at the time of writing Bureau Veritas has not published a vigilance plan, as required by the law.

The most notable failure in Bureau Veritas' due diligence constitutes the $1,200 assessments it conducted for the Canadian garment company Loblaws of New Wave, one of the factories in the Rana Plaza building, in February 2011 and April 2012. The audits failed to recognise the severe problems in the structural integrity of the building.[140] One newspaper article, written following the Rana Plaza building collapse in 2013, reported that Bureau Veritas audits were seen by critics as a "rubber stamp for corporate agendas."[141] Another well-documented

The prioritisation of corporate reputations over workers' rights and safety within the social auditing model goes a long way to explain why, several decades after the system was created, nearly all audit reports generated by this system remain confidential.

In April 2013, the devastating collapse of the Rana Plaza building in Bangladesh killed 1,134 workers and left thousands more injured and traumatised.

Image Pieter van den Boogert

TÜV Rheinland claims to be a leading international provider of technical services, focused on developing solutions to ensure safety and quality. However, this claim is in sharp contrast with its connection to some of the worst factory incidents in the history of the garment industry, including the collapse of the Rana Plaza building in Bangladesh in 2013.

omission is its award of a SA8000 certificate to Super Spinning Mills in India. In 2014, a SOMO and ICN report documented serious labour rights violations at the facility including: the absence of employment contracts or any other form of agreement between employer and employee; excessive and forced overtime; limited freedom of movement and the absence of any process to express or discuss grievances.[142]

Bureau Veritas also did not manage to identify abuses at the Hansae facility in Vietnam, despite repeated visits (see case study below) nor the forced labour abuses in the Top Glove, Malaysia, case (see case study below).

3.2 TÜV RHEINLAND

TÜVs (Technischer Überwachungsverein, Technical Inspection Association) originated in the late 19th century in Germany in order to create and oversee safety standards as a response to increasing factory accidents since the industrial revolution. By the end of the 20th century many TÜVs had become competitive for-profit multinational enterprises. TÜV Rheinland established its first foreign subsidiary in 1970 and in 1993 founded its holding company, TÜV Rheinland Holding AG.[143] The company has since grown exponentially in both number of employees and in revenue and profit, now boasting a global presence in over 500 locations,[144] with nearly 20,000 employees.[145] In 2018, TÜV Rheinland generated €2 billion in revenue, of which €85 million was net profit.[146]

TÜV Rheinland professes that it aims "to make lives safer" and that "[f]or many people, 'TÜV' is rightly synonymous with neutrally tested quality and safety."[147] As a global provider of technical services for testing, inspection, certification, consultation, and training, TÜV Rheinland offers a wide range of services to clients. These include conducting ethical and social audits, promoted as a way for companies to help "prove...and ensure [its] clients and partners...are doing business in a responsible and ethical way, which in turn allows [the company] to gain a competitive advantage."[148] It is an accredited auditor for many social compliance initiatives including WRAP, amfori BSCI, and SAI' s SA8000 certification, among others.[149] TÜV Rheinland also claims to have "long-term relationships" with many notable international institutions, including: SAAS, Supplier Ethical Data Exchange (Sedex), Fair Wear Foundation (FWF), ETI, and the ILO.[150]

TÜV Rheinland claims to be a leading international provider of technical services, focused on developing solutions to ensure safety and quality.[151] However, this claim is in sharp contrast with its connection to some of the worst factory incidents in the history of the garment industry, including the collapse of the Rana Plaza building in Bangladesh in 2013. In June 2012, less than a year before the Rana Plaza tragedy, TÜV Rheinland was contracted by a member company of amfori BSCI to perform an audit of Phantom Apparel, a garment factory located on the third floor of the Rana Plaza building. TÜV Rheinland described the building as having "good construction quality."[152] It has since successfully defended itself against any responsibility for the Rana Plaza disaster, claiming that any building "construction defects" were outside its scope because its "audits concern compliance with fundamental labour rights, work organisation and working conditions, not building services, technology or structural design."[153] Such a limited understanding of the purpose of an audit, and related auditor expertise, seems wholly inconsistent with the amfori BSCI standards that TÜV Rheinland was auditing on, as well as the information contained in the audit report. If, in fact, TÜV Rheinland's claims were true, then the auditor should never have explicitly commented on the building construction in their report, as that represents a blatantly misleading statement for the benefit of stakeholders.

In 2017, TÜV Rheinland was once again connected to a deadly factory incident in Bangladesh when a boiler exploded at the Multifabs Ltd factory, killing at least 13 people and injuring dozens more. This was after the company conducted an amfori BSCI audit and failed to identify a series of documented and publicly-available safety risks.[154]

Remarkably, despite these significant social auditing failures, TÜV Rheinland has yet to suffer any negative consequences and remains in the pool of amfori BSCI auditing firms. TÜV Rheinland also continues to maintain its reputation as a credible expert in the field of social and ethical audits, and thereby, retains its position as a leader in the industry.

Despite these significant social auditing failures, TÜV Rheinland has yet to suffer any negative consequences.

UL makes it clear to its customers that risk mitigation is a central part of its business, stating that "navigating today's global market is riskier and more complex than ever before."

3.3 UL

Like the German TÜVs, the American UL (Underwriters Laboratories) was originally founded in the late 19th century as a safety inspection organisation. It later developed into an all-round safety, compliance and testing firm, offering services such as auditing, certification, and testing of product quality and safety. It registered as a for-profit company in 2012.[155]

According to its own data, UL conducts nearly 20,000 audits annually of factories, farms, processing plants and warehouses, in over 140 countries worldwide. UL audits and certifies factories for a range of organisations, including amfori BSCI, SAI, SEDEX, the FLA, and WRAP.[156] UL is growing rapidly, and in 2018 it reported to have opened or expanded 17 new testing laboratories and acquired or invested in six existing firms in the last year alone.[157] It has regional offices around the world.[158] UL reported a revenue of over $25 million in 2016, rising to $29.7 million in 2017.[159]

UL makes it clear to its customers that risk mitigation is a central part of its business, stating that "navigating today's global market is riskier and more complex than ever before."[160] It continues, "Trust in a brand can be very quickly lost in today's connected work. Social media has empowered consumers and workers to report on their experiences instantaneously. A chorus of complaints, especially regarding consumer safety or workplace environments, can quickly erode trust in a brand. While various tools can help protect a company's brand during a crisis, taking proactive steps to build and maintain trust is important to securing a brand's reputation against an array of threats."[161] It offers a broad package of "responsible sourcing" audits, including social compliance, sustainability, risk assessment, capacity building and brand protection. Its "responsible sourcing workplace assessment" explicitly includes labour practices, such as freedom of association, health and safety - including an electrical check and checks on accidents and emergencies - and environmental issues.[162]

UL has inspected a number of factories in which large-scale violations were later discovered. These include the Tazreen Fashions factory in Bangladesh, where a fire killed at least 112 workers in 2012, the Ali Enterprises factory in Pakistan, in which over 250 workers were killed in a 2012 fire, and the Hansae factory in Vietnam, where numerous harassment and health violations were uncovered in 2015-2016 after multiple auditing firms, including UL, had inspected it.[163] Especially salient is the fact that all these incidents involve safety violations, which is where UL's roots lie. In 2013, Gus Schaefer, the company's Public Safety Officer, refused to acknowledge any responsibility for creating a false sense of security in two factories in which, during a three-month period in 2012, over 350 workers died, stating: "At the end of the day, the responsibility lies with the folks that operated the business, employed the people, maintained the buildings and so on."[164]

3.4 ELEVATE

ELEVATE, founded in 2013 (with the merger of social auditing firms Level Works and INFACT Global Partners) and headquartered in Hong Kong, is a much younger auditing company but nevertheless has over 20 offices around the world, 13 of which are located in Asia.[165] ELEVATE works across a range of industries, of which garment and footwear are a considerable part. According to its website, it conducts 15,000 assessments annually in over

Image Yevgenia Belorusets

In the Tazreen factory fire in Bangladesh in November 2012 more than 112 workers lost their lives.

ELEVATE further believes that better transparency, trust, and stronger partnership are needed between buyers and suppliers, but their practices leave out any assessment of buyers' purchasing practices or influence.

110 countries. 4,500 were carried out in the apparel and footwear sector alone, covering three million workers, in 2016. It prides itself on being "the leading business risk and sustainability solutions provider" and boasts that "in terms of audits performed annually, we are the fourth biggest company overall."[166] ELEVATE calls itself "the global leader for independent social compliance audits"[167] and uses the strapline "business-driven sustainability."[168] The company works with amfori BSCI, the FLA, Sedex, and SAC, among other partners. Its audits and assessments are "adjusted to meet client objectives, unique country challenges, and any work site history that may be available" and include document reviews, meetings with management, visual/physical inspection of the factory, and "confidential worker interviews". ELEVATE describes its 'worker sentiment survey' as covering six topics: grievance mechanism, work atmosphere, wages and hours, production efficiency, workforce stability, and demographics.[169]

The company's narrative is heavily focused on worker engagement, including using worker surveys, training, and worker-management dialogue as tools to find out worker concerns and to help..."factory management realise that workers are an asset and not a commodity."[170] ELEVATE makes clear that it sees bad factory management and limited government enforcement of labour laws in producing countries as the key reason for workers' rights violations. ELEVATE further believes that better transparency, trust, and stronger partnership are needed between buyers and suppliers, but their practices leave out any assessment of buyers' purchasing practices or influence. The company states that "too few suppliers have established proactive programs to drive social performance,"[171] meaning that they focus on ad hoc responses to poor

Image Bangladesh Accord

New fire-rated doors, installed in a factory covered by the Bangladesh Accord.

audit results. ELEVATE states on its website: "Building failures and fires are severe risks to those who source from developing countries—these countries often cut corners on proper factory inspections and follow-up."[172]

ELEVATE was the management firm responsible for developing the local operation and managing inspections, remediation, factory support, training programmes, helpline, and worker surveys for the Alliance for Bangladesh Worker Safety (2013-2018). This safety initiative was established, mainly by US companies, following the Rana Plaza disaster to address safety concerns without having to comply with the higher degree of transparency and worker participation demanded by the Bangladesh Accord on Fire and Building Safety (Accord). In its fifth and final annual report in December 2018 the Alliance reported completion of 93% of remediation across Alliance-affiliated factories.[173] Labour rights groups, including CCC, have criticised the Alliance for its lack of transparency and rosy reporting that has disregarded glaring safety issues in factories under scrutiny. A 2016 report by the witness signatories to the Accord identified 175 factories which were covered by both the Accord and the Alliance. In more than half of these factories the Accord showed concerning delays in remediating serious safety hazards in factories that the Alliance designated as "on track."[174] ELEVATE states it takes pride in its "relentless focus on transparency,"[175] which the company defines as factory management being transparent about wages and working hours. However, ELEVATE keeps its auditing reports, as well as other essential business information, confidential, including for relevant third parties such as workers.

Although ELEVATE still professes to believe that auditing has been a "catalyst for driving sustainable change in the global supply chain,"[176] it has recognised that in the cases of Rana Plaza and Tazreen auditing failed and that the industry has placed too much trust in auditing alone. It has responded to this conclusion through the development of what it calls the "beyond audit, or audit plus model," which promises a more holistic approach with more attention for capacity building and workers' voices.[177] However, despite these fine words and intentions, since 2013 ELEVATE has carried out audits that failed to uncover working violations in the field of harassment and safety, for example in the Hansae case in Vietnam between 2015-2016.[178]

3.5 RINA

Among the oldest auditing companies in the world, RINA began in 1861 as *Registro Italiano Navale* (Italian Naval Registry) in Genoa, Italy. It focused on maritime classification and certification.[179] RINA has since significantly expanded its certification services to other industries, and today offers both technical and social auditing and certifications across the garment, energy, marine, certification, transport, infrastructure, and industry sectors.[180] With over 3,700 employees in 170 offices around the world, RINA has grown to be a notable and globally-recognised certification company, with over €14 million operating profit in 2017.[181] In 2018 its revenues amounted to €440 million.[182]

RINA claims to be a leader in the certification industry, asserting it is "the third international player" in corporate social responsibility "for number of certificates issued in the world with an average growth over the last 3 years of over 27%."[183]

Labour rights groups, including CCC, have criticised the Alliance for its lack of transparency and rosy reporting that has disregarded glaring safety issues in factories under scrutiny.

RINA is the company that issued a SA8000 certificate, a standard that explicitly includes provisions on fire safety, to the Ali Enterprises factory a mere three weeks before it was destroyed in a fire in 2012.

RINA offers audits in the area of social and ethical accountability, including assessments of company codes of conduct, such as WRAP and SA8000.[184] RINA has been accredited to carry out SA8000 certification since 2001, and currently promotes SA8000 as a way for companies to improve their reputation internationally among consumers on the basis of ethical and social principles.[185] RINA also offers a SA8000 Basic Auditors course, which provides participants with an accreditation to "perform third party Audit according to SA8000 Standard or second party supplier audit."[186]

RINA claims its inspection, assessment, and certification services are in compliance with national and international standards.[187] However, RINA is the company that issued a SA8000 certificate, a standard that explicitly includes provisions on fire safety, to the Ali Enterprises factory a mere three weeks before it was destroyed in a fire in 2012.[188] An independent investigation in 2017 by Forensic Architecture, a specialist agency linked with Goldsmith University in London, revealed that the Ali Enterprises factory did not comply with the SA8000 standard, contrary to the certificate RINA issued.[189] The tragically lethal outcome was the result of the factory not having a functioning alarm system, insufficient fire-fighting equipment and not enough useable fire exits for the approximately 1,000 workers.[190] Following the Ali Enterprises disaster, RINA has continued its certification services without consequence.

Another omission by RINA is the award of a SA8000 certificate to Jeyavishnu Spintex in India. In 2014, a report by SOMO and ICN documented serious labour rights violations at the facility, including the absence of employment contracts or any other form of agreement between employer and employee; limited freedom of movement; and the absence of any process to express or discuss grievances.[191]

3.6 ALGI

Unlike many other major auditing firms, from the outset ALGI was set up as a business corporation and is relatively young, having been established in 1994. Since then it has expanded into performing audits under WRAP, SAI, and amfori BCSI. Paradoxically, it cites "Transparency" right next to "Confidentiality" as some of its core values, yet the company itself shares very little public information about its business, giving no insight into revenue, profits, or auditing reports. Auditing is its core business, with 13 offices worldwide, covering over 60 countries,[192] and it follows the codes of conducts and audit cycles of the social compliance initiatives it works for.

A notable auditing failure for ALGI was the Russell Athletics case in Honduras in 2008 where the company, hired by the FLA, failed to recognise the union-busting origins of a factory closure, which were clearly identified in a simultaneous investigation by the WRC. ALGI reported that there were no violations on freedom of association and stated that the closure had happened because of normal business reasons. This is particularly salient as the FLA claims to have "carefully considered the choice of auditor" and decided on ALGI "because of its strong record on freedom of association in previous investigations in the region."[193] Following complaints by unions and labour groups, the FLA investigated the company's methodology and noted inadequate worker interviews, a focus on documentary evidence from the company rather than worker testimonies, and a discounting of evidence that showed that the presence of a union played an important role in the closure. Despite these outcomes, the FLA initially went on to conclude that the closure had been based on economic reasons.[194]

3.7 SGS

SGS was founded in 1878 as a grain inspection house company in Rouen, France. It moved to Geneva, Switzerland during the First World War. Since then, SGS has grown into one of the largest auditing organisations in the world and remains headquartered in Geneva. SGS originally focused on the verification of freight, and later expanded into the inspection and testing of raw materials, machines, and goods, as well as offering more general quality services such as auditing, monitoring, consulting, and training services to clients. In the late 1980s, SGS started offering social auditing and certification of factories as part of its services portfolio. Today, SGS employs more than 97,000 people and has offices in nearly every country across the globe.[195] Its revenue for 2018 was CHF 6.7 billion (€6 billion), around one billion of which was derived from the consumer and retail department.[196]

The social sustainability division of SGS provides social responsibility services to clients including training and factory inspections. SGS offers SAI and WRAP certification, and social audits against standards created by amfori BSCI, ICS, SEDEX, and ETI. In addition to using these third party standards, SGS offers its own "SGS Code of Conduct Solution" and assists clients in developing or auditing against client-specific code of conducts.[197] SGS calls itself "the world's leading inspection, verification, testing and certification company" and claims it is "recognized as the global benchmark for quality and integrity."[198]

Paradoxically, it cites "Transparency" right next to "Confidentiality" as some of its core values, yet the company itself shares very little public information about its business, giving no insight into revenue, profits, or auditing reports.

SGS has a track record of weak audits that failed to pick up on significant issues.

Despite this confidence, SGS has a track record of weak audits that failed to pick up on significant issues. At the turn of the century, SGS was employed by Disney to inspect factories in which it missed a series of violations that were subsequently exposed.[199] SGS also audited the Spectrum Sweater factory in Bangladesh, which collapsed in April 2005. The tragic collapse killed 64 workers and injured hundreds more. Prior to the collapse, the factory had undergone a "quality audit" carried out by SGS.[200]

SGS came under further public scrutiny for its poor performance at the Rosita Knitwear factory in Bangladesh. In February 2012, just 10 months after SGS had certified the factory as amfori BSCI compliant, disgruntled workers who had been victims of harassment, abuse, and stolen wages ransacked the factory. A different auditing company, Verite, was subsequently called in to inspect the factory and found a litany of violations, none of which were identified by the SGS audit.[201] At the GP Garments Avissawella factory in Sri Lanka, management terminated the contracts of hundreds of employees, including the entire union delegation. This resulted in a lengthy legal case over discrimination and unpaid wages. During the unresolved dispute, SGS certified the facility as a "Garment without Guilt" factory, further raising questions about the quality of SGS audits.[202]

Finally, more recently SGS was one of the companies who audited the Hansae factory in Vietnam and failed to uncover working violations in the field of harassment and safety between 2015-2016.[203]

An overview of which social compliance initiative works with which auditing firm, for the main players mentioned in this report.

	SAI	WRAP	FLA	amfori BSCI
Bureau Veritas	X	X		X
TÜV Rheinland	X	X		X
UL	(X) [204]	X		X
Elevate			X	X
RINA	X	X		
ALGI	X	X		X
SGS	X	X		X

Image: Kristof Vadino

This focus on revenue and the needs of the client, rather than on the rights and welfare of garment workers, has led to an industry which is notoriously opaque and which gives false assurances.

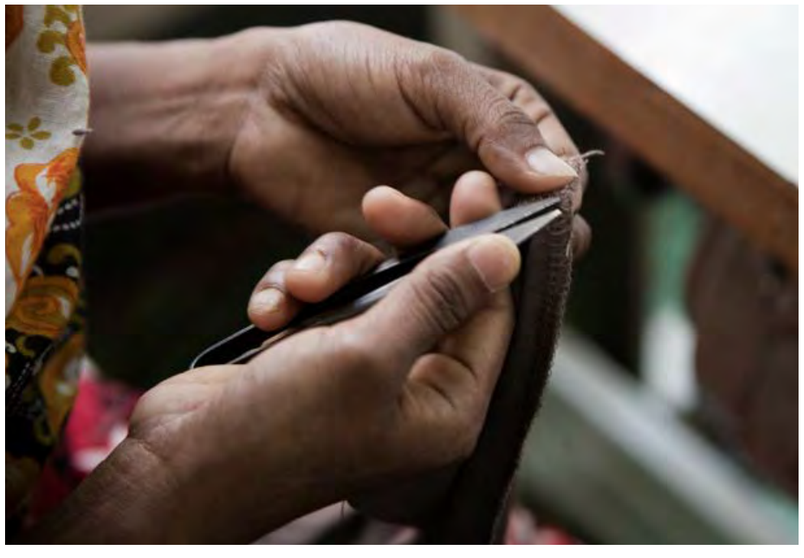
In a competitive market, the urge to keep clients and to continue to maximise profit for shareholders creates perverse incentives that run counter to the goal of improving working conditions in supply chains.

3.8 A PROFITABLE BUSINESS

The switch from non-profit safety inspectorates to commercial enterprises catering to the needs of multinationals has served the companies well; the trust and reputation business has proven to be a highly lucrative one. Social auditing has become a multi-billion dollar industry that has experienced considerable growth in the last decade and continues to do so. In 2013, *The New York Times* reported that the share prices of three of the largest publicly traded monitoring companies, SGS, Intertek, and Bureau Veritas, had increased by approximately 50% in the two preceding years.[205] In a competitive market, the urge to keep clients and to continue to maximise profit for shareholders creates perverse incentives that run counter to the goal of improving working conditions in supply chains.[206]

A 2018 research report by Barclays clearly highlights that the industry's growth is driven by the complexity of supply chains and the growing availability of immediate news and social media, which leaves companies vulnerable to reputational damage.[207] The Ethical Trading Initiative (ETI) estimated that the total third-party audit industry is worth around $50 billion, with "companies typically devoting up to 80% of their ethical sourcing budget on auditing alone," money that could have been invested in practical measures such as improvements in fire and building safety in supplier factories.[208]

This focus on revenue and the needs of the client, rather than on the rights and welfare of garment workers, has led to an industry which is notoriously opaque and which gives false assurances, rather than detecting labour violations and contributing to remedy. Several particularly painful examples of this are the focus of the next chapter.



THE ACCORD ON FIRE AND BUILDING SAFETY IN BANGLADESH

The collapse of the Rana Plaza building in Bangladesh, the most deadly example of the failings of corporate-controlled social auditing in the history of the garment industry, led to a landmark agreement: The Accord on Fire and Building Safety in Bangladesh (Accord). The agreement was signed by global and Bangladeshi unions, garment brands and NGOs, including Clean Clothes Campaign, within weeks of the collapse and was eventually signed by over 200 brands. This swift response was possible because of the extensive work on proposals for factory safety that had already taken place, conducted by global and Bangladeshi unions and well as labour rights NGOs, following the deadly fire in Garib & Garib in 2010.[209]

Several of the elements in the Accord were deliberately included in order to address some of the failures of corporate-controlled monitoring systems. The agreement ensures a high level of transparency, publishing all inspection reports (both in English and Bangla, with photos) and corrective action plans online, and tracking progress publicly. This was in response to previous disasters where a lack of transparency meant the outcomes of audits were not shared between brands or with factories and workers, thus perpetuating rather than solving unsafe situations. The inspections done under the Accord are conducted by highly trained and specialised local engineers, hired by the Accord. These qualified engineers work under an independent inspector who can report publicly on the findings and issue remediation orders, an approach that is meant to circumvent flaws in the corporate auditing system.[210]

Furthermore, the Accord actively involves workers in the process of guarding their own safety, through worker trainings, all-staff meetings during which workers are explained their right to refuse unsafe work and how to reach the Accord if they see unsafe situations, and lastly a complaints mechanism that is accessible to workers and has managed to resolve direct threats to worker safety, as reported by workers themselves.[211]

Most importantly, the Accord is not just a verbal commitment by brands, but rather a binding contract between brands and unions with a legally enforceable dispute resolution process meant to work as an incentive for brands to take their obligations under the contract seriously. Twice the global union signatories have initiated arbitration against brand signatories for not requiring their supplier factories to meet the Accord's deadlines and their failure to negotiate financial terms with the factories that allow them to make the required remediations - another crucial element of the Accord. Both cases were settled for considerable sums of money.[212]

The Accord has actively tried and managed to circumvent some of the most pressing pitfalls of the corporate-controlled social auditing system: its non-committal nature; and, the perverse financial incentives in which companies want to keep the brands happy.

The Accord actively involves workers in the process of guarding their own safety.

Social auditing:
a complex web of responsibility

Factories are audited, certified and overseen by an amalgam of auditing firms and social compliance initiatives. Even a simplified representation of the four case studies featured in our report shows the complexity of relationships in the social auditing chain and how many actors appear to have looked away in factories with clear labour rights violations

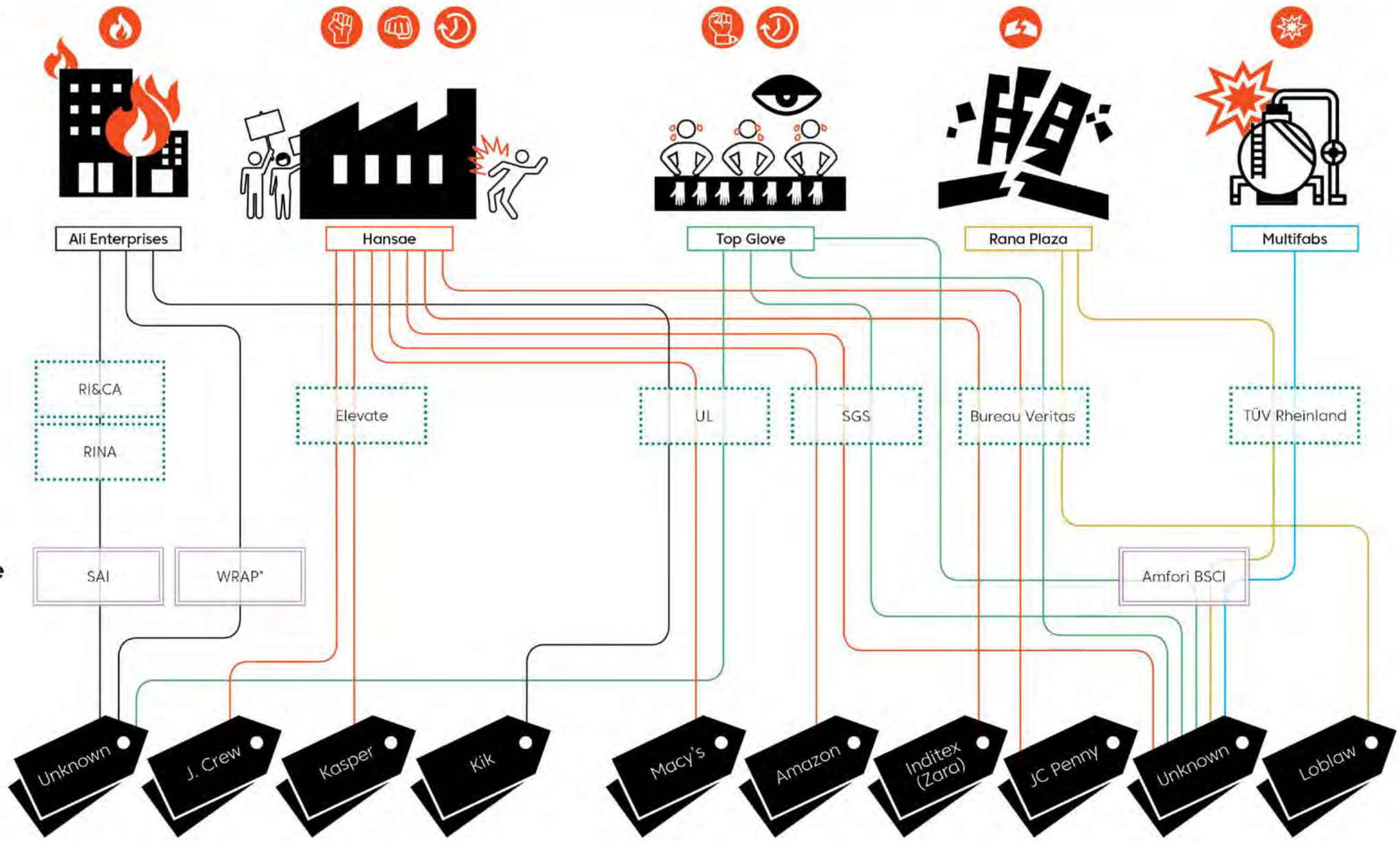
Kind of violation/ disaster

Factory

Auditing firms

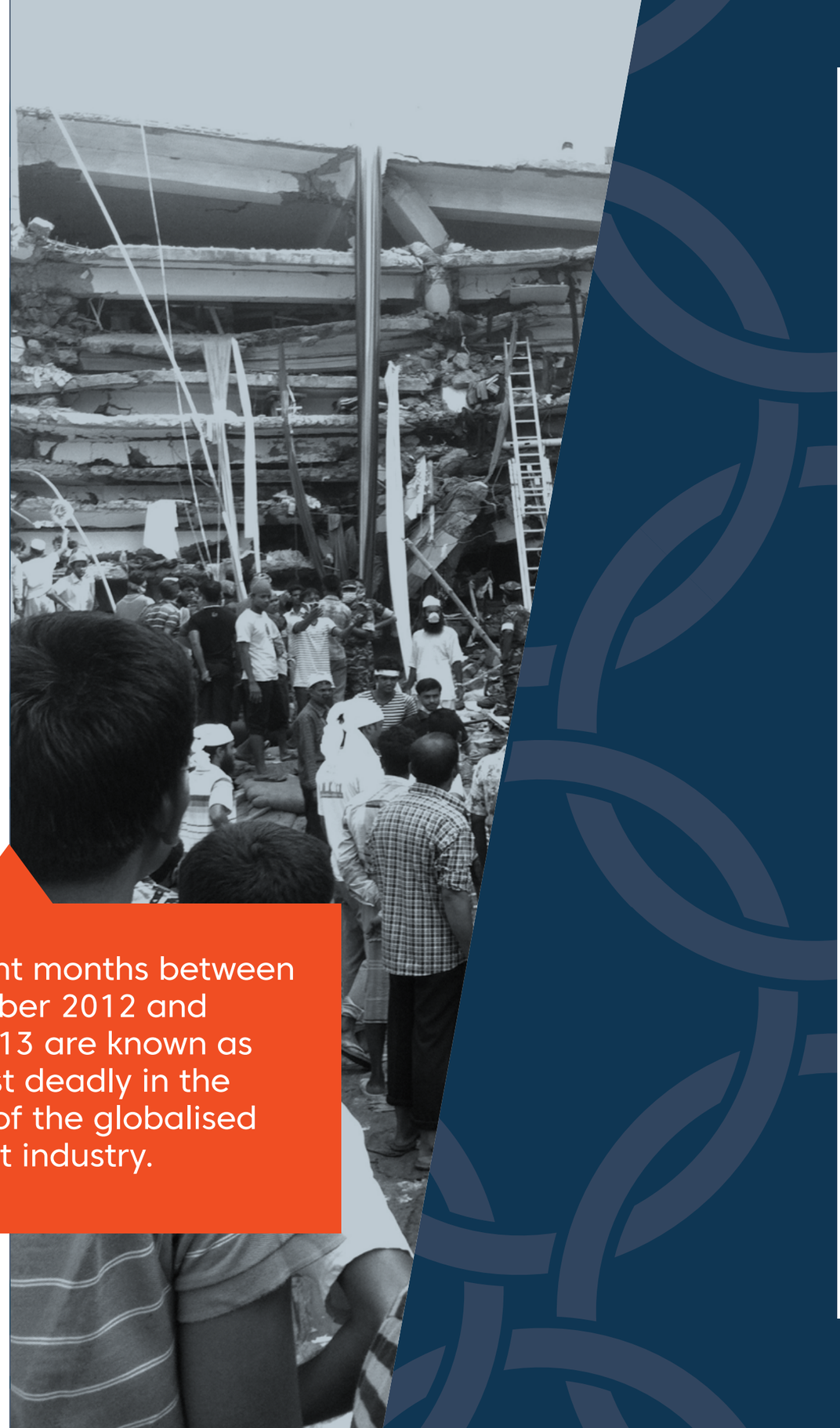
Social compliance initiatives

Brand



This infographic shows a simplified version of auditing relationships in the the four case studies featured in our report. Because inclusion of all involved brands and auditing firms would make this infographic unreadable it leaves out several actors. The omissions do not indicate diminished responsibility. Due to the lack of transparency and governmental oversight of the garment industry, it is impossible to know all the brands and other actors involved in these social auditing failures.

*WRAP's certification of Ali Enterprises expired a year before the fire, the last certification audit took place in November 2010.



The eight months between September 2012 and April 2013 are known as the most deadly in the history of the globalised garment industry.

CHAPTER FOUR

DEADLY CONSEQUENCES OF AN UNACCOUNTABLE SYSTEM

The eight months between September 2012 and April 2013 are known as the most deadly in the history of the globalised garment industry. On 11 September 2012, only three weeks after it was awarded the SAI-owned SA8000 certificate by RINA, the Ali Enterprises factory in Pakistan burned down killing at least 250 workers and injuring hundreds more.

On 24 November 2012, the Tazreen Fashion building in Bangladesh caught fire and more than 112 workers died. Tazreen had been audited less than one year before the fire by Walmart's auditing programme and given poor ratings. This was confirmed by the refusal of the Bangladeshi authorities to renew its safety certification. Despite the bad rating and the absence of certification, it was allowed to continue production and was not admitted to Walmart's programme to improve poor performing factories.[213]

Exactly six months later, on 24 April 2013, the Rana Plaza building in Bangladesh collapsed, killing at least 1,134 workers and leaving thousands more injured and deeply traumatised. Prior to the collapse, Rana Plaza had been audited by numerous companies including TÜV Rheinland and Bureau Veritas under the oversight of compliance regimes such as amfori BSCI.[214]

These tragedies share common themes: all factory buildings were visibly unsafe, with locked fire doors, illegally constructed floors, and failing emergency exits; all were producing clothes for major international brands; and all three were extensively checked under prevailing international auditing and compliance regimes.

The following case studies explore in more detail the failings of prevailing auditing and social compliance initiatives. The Ali Enterprises and Rana Plaza cases reveal how auditors and social compliance systems ignored known (and thus foreseeable) risks to life. The Multifabs case happened after Rana Plaza, and demonstrates that even after the heightened attention paid to occupational health and safety in general, and fire and building safety in particular, not that much has changed in auditors' practices. The Hansae case illustrates how broader occupational health and safety issues, beyond fire and building

The question remains as to whether RI&CA ever set foot in the building that would eventually burn down.

safety, and more classical labour management issues remained undetected by brands, third party auditors, and corporate-controlled auditing systems. Similarly, the Top Glove case indicates how forced labour, a well-known issue, remains largely undetected by prevailing auditing and compliance systems.

4.1 CASE STUDY: ALI ENTERPRISES, PAKISTAN

On 20 August 2012, only three weeks before the deadly Ali Enterprises fire, the factory was awarded SA8000 certification by RINA Services S.pA.[215] The audit was approved by RINA's technical committee on 3 August 2012, however the actual audit was performed by RINA's subsidiary, the Pakistani firm RI&CA (Regional Inspection & Certification Agency), known for its high rate of positive certifications.[216] According to SAI, two RI&CA auditors "conducted 2 on-site audits for this factory, with a total of 10 audit days spent on-site."[217] However, the audit report does not accurately describe the factory at all: it mentions one unit instead of three and fails to identify the dangerous wooden mezzanine on which many workers died and which was immediately visible when entering Block A. Adding to that, the report did not contain pictures of this part of the factory. Therefore, the question remains as to whether RI&CA ever actually set foot in the building that would eventually burn down.[218]

The audit report found the health and safety requirements to be satisfactory.[219] However, the auditors failed to identify glaring safety defects, in violation of both Pakistani safety regulations and SAI's own guidelines. These included locked fire escapes; blocked windows; a defunct fire alarm system; a wooden mezzanine; piles of garments blocking exits; unsafe escape routes; and a lack of measures to keep a fire from spreading, including insufficient fire-fighting equipment. The auditors stated that there were two exits on each floor, however following the fire it appeared that the first and the second floor only had one emergency exit. The fire safety trainings claimed in the report had actually not taken place. RINA provided an evacuation training certificate, while SAI acknowledged that the respective training also could not have taken place.[220]

In a reconstruction of the fire, researchers from Forensic Architecture, an independent research agency based at Goldsmiths, University of London, analysed the course of the fire and the worker's evacuation paths. The research shows that - contrary to RINA's certificate - the factory did not comply with the SA8000 standard or Pakistani Law.[221] Forensic Architecture convincingly demonstrated that a few minor improvements to the factory's safety infrastructure could have saved hundreds of lives and might have actually prevented any fatalities from occurring.[222]

After the fire, and despite growing criticism, SAI and RINA both refrained from sharing vital information, including the identity of the buyers, the actual audit reports, or information on the investigations carried out following the fire. Such information could have benefited workers and activists' efforts to secure access to remedy. SAI claims it was restricted by both a lack of information and confidentiality clauses, claiming that it did not have information about

the buyers.[223] In a report released less than a year after the fire, the American trade union federation AFL-CIO concluded that "[f]ar from enabling major multinationals to ensure safe conditions and respect for workers' rights, SAI appears to have problems with its own supply chain in delivering credible corporate accountability services."[224]

According to SAI, it took measures to protect its own credibility by temporarily halting the issuing of new SA8000 certificates in Pakistan pending an investigation, making unannounced safety visits obligatory – although only in Pakistan – and limiting RINA's activities in the country. Certification bodies were required to re-evaluate health & safety at all SA8000-certified organisations during 2013. SAI also reviewed its code, which was - unsurprisingly - later expanded with more detail on fire and building safety. SAI considered a ban on the subcontracting of auditing tasks, and implemented this in high-risk countries.[225] However, at the time of writing, RINA enjoys full authority to award facilities the SA8000 certificate with the exception of Pakistan. When pressed on the matter, SAI disputed that the Ali Enterprises fire discredited the social auditing industry in general, stating: "Social standards, auditing and associated training programs have improved conditions at thousands of workplaces, but they are not a guarantee against poor management, accidents or corruption."[226]

When pressed on the matter, SAI disputed that the Ali Enterprises fire discredited the social auditing industry in general, stating: "Social standards, auditing and associated training programs have improved conditions at thousands of workplaces, but they are not a guarantee against poor management, accidents or corruption."

After the catastrophic collapse of the Rana Plaza building on 24 April 2013, it was apparent that the building had been manifestly unsafe.

However, the failures of RINA and its subcontractor cannot be so easily dismissed. RINA was a well-established player in the field and in the region[227] - entrusted by SAI to conduct its SA8000 basic auditor training, including in South Asia.[228] Research by *The New York Times* indicates that warnings over the credibility of RI&CA, the Pakistani auditing firm subcontracted by RINA, were ignored by SAI, and that factory owners had used the SA8000 certification to negate any safety concerns.[229]

4.2 CASE STUDY: RANA PLAZA, BANGLADESH

After the catastrophic collapse of the Rana Plaza building on 24 April 2013, it was apparent that the building had been manifestly unsafe. It had not been designed or built for industrial use with heavy machinery, and the additional top floors violated its original design and building regulations.[230] At least 29 international apparel brands sourced from the five factories housed in Rana Plaza, and several brand and third-party audits were carried out yet none adequately alerted buyers to the severe yet foreseeable safety issues in the building. Had they received this information, brands could have used their leverage to ensure workers' safety.

Image Shutterstock/Sk Hasan Ali

For example, a three-day audit conducted in June 2012 – and valid for three years[231] – was carried out by TÜV Rheinland India. The audit at Phantom Apparel factory, on the third floor of Rana Plaza, was conducted on the basis of the 2009 amfori BSCI standards and involved three so-called "mandays" onsite and half a "manday" of offsite work. The audit was initiated by an amfori BSCI member. TÜV Rheinland claimed that social audits do not cover building safety, but focus on social issues such as child labour and freedom of association.[232] However, the amfori BSCI 2009 standard did include health and safety measures, stipulating the obligation for factories to provide a "safe and healthy workplace."[233] Its Framework Contract required auditors to possess "competence regarding industrial safety," and its implementation guideline called upon factories to regularly inspect buildings.[234]

Despite the fact that TÜV Rheinland claimed that building safety was beyond the scope of its mandate, its audit report stated that: "the building and machine layout is process based, good construction quality" and that legal approvals had been obtained "as required by law." [235] These statements were dangerously reassuring in the context of Bangladesh's history of factory collapses and, moreover, patently false. Further testament to the negligent nature of this particular audit is the fact that it failed to uncover several of the "workfloor" issues TÜV Rheinland claimed to monitor, including instances of child labour.[236]

Following Rana Plaza's collapse, amfori BSCI, which oversaw the Phantom Apparel Ltd audit, promised to strengthen its system. However, it did not investigate the specific audits carried out in the building, nor did it sanction the auditing company or decide to meaningfully strengthen the coverage of occupational health and safety in its future audits.[237] In fact, amfori BSCI had previously made similar commitments following the Spectrum factory collapse in Bangladesh in 2005, in which 64 workers were killed and 80 injured. At that time, amfori BSCI stated: "Although the control of the construction of a factory building goes beyond the responsibilities of buyers and also the contents of social audits, BSCI members have increased their efforts to improve the situation."[238] The Rana Plaza collapse tragically shows that this commitment was not implemented, as audit forms for amfori BSCI covering the factories in the building did contain comments on building safety, thereby falsely reassuring buyers that building safety was covered and not a concern.[239]

Another example is the Bureau Veritas audit conducted in New Wave, one of the other Rana Plaza factories. The audit was commissioned by the Canadian company Loblaws. Bangladeshi garment workers filed a class action suit against Loblaws and Bureau Veritas for their failure to protect workers. The submissions of the different parties and the ruling itself detailed many flaws in the auditing system and showed Loblaws' failure to adequately follow up on problems detected in the audits. However, the case was dismissed on procedural grounds in 2017.[240]

4.3 CASE STUDY: MULTIFABS LTD, BANGLADESH

On 3 July 2017, an unsafe and uncertified boiler exploded at Multifabs Ltd, a factory in Dhaka, Bangladesh. The boiler was located on the ground floor of the factory and the explosion was

Despite the fact that TÜV Rheinland claimed that building safety was beyond the scope of its mandate, its audit report stated that: "the building and machine layout is process based, good construction quality" and that legal approvals had been obtained "as required by law."

The boiler was located on the ground floor of the factory and the explosion was so forceful that it blasted out the room's walls, leading to a partial collapse of the building.

so forceful that it blasted out the room's walls, leading to a partial collapse of the building. Thirteen people died and dozens more were injured.

Before the fatal explosion, TÜV Rheinland conducted a one-day amfori BSCI audit of the factory's fire and building safety on behalf of Lindex, and deemed the factory safe. Multifabs Ltd scored a B overall, which means that no follow-up was needed. Furthermore, it was awarded an A for freedom of association and collective bargaining, despite the absence of a union presence in the factory, and it was awarded a B for health and safety. According to media reports, at least one worker at Multifabs Ltd expressed concerns about the state of the boiler shortly before it exploded, but his concerns were dismissed.[241]

The auditors' decision to assign Multifabs Ltd the second highest status for health and safety was rooted in a comprehensive risk assessment, according to the amfori BSCI audit summary report.[242] The audit reportedly covered "the entire processes of the factory" and found that the facility met all health and safety requirements at the time of the audit. Yet, in the summary report, the auditors provide remarkably little evidence to back up their reassuring optimism. Quite the contrary, the integrity of the plant's machinery, for example, appears to have been evaluated not on the basis of an actual inspection by the auditors, but on the presence of a maintenance schedule - which in itself is not enough to establish the integrity of such machines, especially in Bangladesh. The diesel generators were even found to lack "permission from concern authority".[243]

Overview of the amount of safety violations found (total issues), those verified as corrected and those reported as corrected or in progress during several accord inspections of Multifabs Ltd.

		TOTAL ISSUES	CORRECTED ISSUES	PENDING VERIFICATION	IN PROGRESS
May 2016 **(Follow Up Inspection)**	**Structure**	8	0	3	5
	Fire	78	37	0	41
	Electrical	45	31	0	14
June 2016 **(Self Reporting)**	**Structure**	8	0	8	0
	Fire	78	37	14	27
	Electrical	45	31	13	1
August 2016 **(Follow Up Inspection)**	**Structure**	8	0	8	0
	Fire	81	53	0	28
	Electrical	54	33	0	21

The audit reportedly covered "the entire processes of the factory" and found that the facility met all health and safety requirements at the time of the audit. Yet, in the summary report, the auditors provide remarkably little evidence to back up their reassuring optimism.

In addition to a poor identification of risks, the TÜV Rheinland audit team failed to review all of the available safety documents associated with the factory.

Comparison between TUV/BSCI Audit and Accord Inspections on Safety

TÜV / amfori BSCI of Multifabs Ltd	BANGLADESH ACCORD (month before TÜV audit)
Well maintained facility	Factory is behind schedule
Well kept	Still 63 life threatening safety issues: • problems with structural integrity • problems with electricity • no sprinklers • no regulated fire doors • no fire stairs • no fire alarm • no signalisation • ...
Responds to all expectations on safety	
No visual defects on this building	
Only 9 issues: • No permit for machines • Workers don't know the evacuation plan • ...	
CONCLUSION B - no follow-up required	**CONCLUSION** life threatening and needs urgent follow-up.

Eight other safety hazards were identified in the summary report, including insufficient awareness amongst workers about fire fighting procedures, inadequate noise protection and the absence of a record of work injuries. The report also notes that "[m]ost of the workers doesn't understand the evacuation plan and not aware to use it from their standpoints". These concerns notwithstanding, the auditors deemed a follow-up audit unnecessary. The audit summary report presents no evidence of remediation.[244]

In addition to a poor identification of risks, the TÜV Rheinland audit team failed to review all of the available safety documents associated with the factory, which were extensive, and which is a requirement of amfori BSCI. Parallel and publicly available inspections had taken place by the Accord on Fire and Building Safety in Bangladesh (Accord). The Accord's initial inspection at Multifabs Ltd took place between 9-14 April 2014 and resulted in the identification of 73 unique fire safety risks, 22 unique electrical safety hazards and 7 unique structural risks.[245] Identified fire safety hazards ranged from unsafe and inadequate fire fighting and sprinkler systems to unsafe exit stairs and fire doors, as well as the absence of fire-rated separation shafts.

These findings necessitated numerous follow-up visits by the Accord in order to monitor the effective remediation of these safety hazards within a specified timeline.[246] The Accord publishes all of its inspection reports (both initial and follow-up) and as such all of the reports pertaining to Multifabs Ltd remain publicly available and were so at the time TÜV Rheinland conducted its audit. The Accord's reports on Multifabs Ltd document a gradual improvement, however safety concerns remain a constant throughout.

The far more damning and publicly available Accord inspection reports appear to have been neglected by TÜV Rheinland auditors and disregarded by amfori BSCI's audit quality protection. In short, amfori BSCI failed to ensure that all of its own audit requirements were fulfilled, thus invalidating its function as a watchdog on auditing quality.

The contrast and contradictions between the Accord reports and the amfori BSCI audit summary report are deeply troubling. The safety codes of the Accord and amfori BSCI are rooted in the same domestic and international safety standards and, for that reason, should align and be mirrored in their reporting.[247] Indeed, where amfori BSCI's 2009 Guidelines already arguably included fire and building safety, the updated amfori BSCI Code of Conduct of 2014 clarifies that the health and safety requirement includes that "[b]usiness partners shall take all appropriate measures within their sphere of influence, to see to the stability and safety of the equipment and buildings they use including residential facilities to workers when these are provided by the employer as well as to protect against any foreseeable emergency."[248]

However, the amfori BSCI report omits nearly all of the safety hazards raised by the Accord. Compared to the extensive technical details offered by the reports of the Accord, the language of the amfori BSCI summary is disconcertingly vague. The inspection reports of the Accord convey great concern about the safety at Multifabs Ltd, yet the summary report by amfori BSCI, in contrast, stated that the facility was "well maintained with safety devices," and found "no visible defect" in the building.[249]

While the Accord inspections did not include boiler inspections, which were monitored by the Bangladesh government as per the terms of the Accord, the safety of the boiler did fall under the mandate and responsibility of the TÜV Rheinland auditors and amfori BSCI. Ultimately, the amfori BSCI audit gave a dangerously misleading signal to buyers and other stakeholders that the safety of people working in and around the Multifabs Ltd facility was assured.

4.4 CASE STUDY: HANSAE VIETNAM CO. LTD, VIETNAM

Between 2015–2016, the Hansae Vietnam Co. Ltd garment factory complex, employing nearly 8,500 workers and producing for Nike, among other international brands, was the subject of an investigation by the Worker Rights Consortium (WRC).[250] The investigation was initiated following two worker strikes protesting their mistreatment by Korean factory managers and hazardous working conditions.[251]

The far more damning and publicly available Accord inspection reports appear to have been neglected by TÜV Rheinland auditors and disregarded by amfori BSCI's audit quality protection.

Comparison of temperature findings in different inspections of the Hansae factory

WORLD HEALTH ORGANISATION (WHO)

24°C

VIETNAMESE LEGISLATION

32°C normal work

30°C heavy work

NIKE AUDITS

UNKNOWN

Testimony of workers in May 2016

37°C

FLA inspection

6 out of 7 buildings above

32°C

WRC/Maquiladora Health and Safety Support Network inspection

Between 28,9°C and 35,7°C

Nike initially refused to grant WRC access to the factory. This prevented WRC from conducting a comprehensive occupational health and safety assessment at Hansae during their initial investigation in October 2015. Nevertheless, WRC conducted a substantial fact-gathering investigation through detailed, off-site worker interviews.[252] WRC published the preliminary report of its investigation in May 2016, which identified a number of serious labour rights violations including: reckless management practices endangering workers' health; verbal harassment and abuse of workers; degrading restrictions on workers' use of the factory toilets; denial of legal entitlement to sick leave; forced overtime; and the firing of pregnant workers.[253] In response to a third party complaint by an affiliated university, the FLA launched a broad investigation and released a new report in June 2016, confirming a range of violations.[254]

Following a public campaign by American university students, Nike eventually granted labour rights organisations access to the factory. A multi-stakeholder convening led the parties to agree that the FLA and WRC would conduct a joint investigation, which resulted in reports by both organisations.[255] This investigation confirmed WRC's preliminary findings and documented further violations to Vietnamese law, international standards, and corporate codes of conduct. These included: extensive wage theft; illegal recruitment fees for workers, extorted by managers; chronic verbal abuse and instances of physical abuse of workers; pregnancy discrimination; forced overtime; illegal restrictions on workers' access to toilets; installing factory managers as leaders of the factory labour union; dozens of health and safety violations including factory temperatures in excess of the legal limit of 32°C; unsafe use of toxic solvents; and the chronic problem of workers collapsing due to heat and overwork.[256]

The case of Hansae Vietnam Co. Ltd reveals violations that, although serious, are worryingly common in the garment industry. The Hansae factory had, however, been regularly audited for more than a decade prior to WRC's investigation.[257] For example, in 2015, the same year that WRC initiated its first investigation, 26 separate audits took place at the Hansae Vietnam Co. Ltd garment factory complex.[258] These audits were conducted on behalf of global brands by a number of leading auditing companies including: Bureau Veritas, ELEVATE, SGS, and UL.[259] While it is impossible to verify the findings of these audits as they remain confidential, it is obvious that the audits failed in their function to ensure that buyers and factory owners were made aware of workers' rights violations and took immediate remedial action.

4.5 CASE STUDY: TOP GLOVE, MALAYSIA

The world's leading supplier of medical and rubber gloves, Top Glove, provides yet another example of the serious failings of the social auditing and certification industry. It is one of the biggest employers in Malaysia, and 80% of its workforce, constituting over 11,000 people, are migrant workers from countries including Nepal, Bangladesh, Myanmar, and India.[260] Top Glove produces 60.5 billion gloves a year, equating to one pair in every four sold worldwide, and exports them to over 195 countries, including supplying the UK's National Health Service.[261] This, in itself, highlights the danger of using corporate-controlled social auditing in public sector procurement.

Overview of social audits in 2015 prior to the WRC assessment, Brown (2017).

AUDIT NUMBER	BUYER (BRAND OR RETAILER)	AUDIT COMPANY	NUMBER OF THE INSPECTED FACTORY	NUMBER OF DAYS ON SITE	AUDIT TYPE
1	Pink/VSS/VSD	IPS Hong Kong	10 & 12	2	Annual
2.	Costco buyer	ITS	1	2	WRAP initial
3.	Canadian buyer	SGS	2	1	Initial
4.	Hanes	SCSA	1 & 6	2	Initial
5.	The Children's Place	Omega	1 & 6	1	Initial
6.	MGF	MGF	1, 6, 9 & 11	1	
7.	Amazon	SGS	11	1	Initial
8.	Express	IPS Hong Kong	1, 6, 9 & 11	1	Initial
9.	Macy's	UL	6	1	
10.	Polo	ITS	9 & 11	1	Initial
11.	Hanes	Hanes	1 & 6	1	Follow-up to #4
12.	Nike	Nike	All 12 factories	2	Annual
13.	Polo	ITS	6	1	
14.	Kohl's	Li & Fung	M	1	
15.	Zara/Inditex	Bureau Veritas	6	1	Pre-audit
16.	Aero	ITS	M	1	
17.	JC Penny	Bureau Veritas	6 & 11	1	Annual
18.	Nike	ITS	3, 5 & 12	1	Annual
19.	Gap, Nike, Target, Walmart	Better Work	All 12 factories	2	Annual
20.	Gap	Gap	2, 3, 5, 7, 8, 9, 10 & M	1	
21.	Canadian buyer	SGS	7	1	Initial
22.	Kasper	Elevate	9 & 11	1	Initial
23.	Gill	Gill	9 & 11	1	Pre-audit
24.	Express	MGF	11	1	Visit
25.	J-Crew	Elevate	M	1	Initial
26.	Gill/Ascena/Dressbarn	Elevate	9 & 11	2	Annual

Excessive overtime appears to be the norm in Top Glove production facilities, with payslips showing workers doing between 120-160 hours overtime a month.

Public procurement represents a significant share of the total global economy, with the International Learning Lab on Public Procurement and Human Rights estimating that globally public procurement has a value of €1000 billion per year.[262] This spending power can be used to ensure human rights are upheld in public sector procurement supply chains, yet relying on corporate-controlled social auditing as a means to do so is a patently flawed approach.

Reports of human rights abuses in Top Glove's 40 factories include excessive overtime, forced labour, debt bondage, exorbitant recruitment fees, and the systematic confiscation of passports. A 2018 investigation found that migrant workers producing for Top Glove work seven days a week, a minimum of 12 hours a day, with only one day off per month, in conditions that meet the ILO's criteria for modern slavery.[263]

Excessive overtime appears to be the norm in Top Glove production facilities, with payslips showing workers doing between 120-160 hours overtime a month. This exceeds the 104 hours maximum permitted by Malaysian law. Double pay, as expected for working overtime on a Sunday, was paid for only four out of the 12 hours regularly worked, effectively robbing workers of thousands of ringgit in wages each year. Top Glove itself has admitted that overtime hours remain an issue and released a statement declaring: "lengthy working hours are our main concern and we continue to explore every possible way to address the issue of our workers' excessive daily OT [overtime]."[264] Unreasonably high production targets fuel the need for excessive overtime, and workers claim they have to package up to 15,000 gloves per day. One worker said his daily target had increased 400% over the course of one year, and that if he did not meet his targets then deductions were taken from his wages.[265]

Migrant workers report having paid very high recruitment fees, worth months if not years of their salary, in order to secure a job at Top Glove. This results in workers being trapped by debt, with fees deducted from their wages each month. Payslips show workers earn a basic hourly wage of 4.8 ringgit (€1), with a monthly minimum of 1,000 ringgit (€213).[266] Reports on recruitment fees vary from 5,000-20,000 ringgit (€1067- €4267), although Top Glove does not deny the existence of the fees, it denies that such fees exceed 20% of a workers' salary.[267] Other fees, including for canteen meals, accommodation and transport to and from the factory, are also deducted from workers salaries at source. Again, Top Glove has stated that this does not equal more than 20% of workers salaries, as stipulated by Malaysian law, yet workers have no ability to opt out and retain their salary instead.

The passports of migrant workers are routinely taken and held securely by factory management. This is done under the guise of "safekeeping", however workers claim the systematic confiscation of passports is involuntarily, and effectively holds migrant workers captive.[268]

The list of further violations at Top Glove factories includes fears over worker safety, and reports of workers losing limbs in accidents. Alongside poor safety practices, worker exhaustion is likely to exacerbate the rate of accidents. Workers report living in overcrowded dormitories with 22 workers to a room, and limits to freedom of association.[269] Factories deliberately tried to paint a better picture for visiting auditors. During an investigation by the Guardian newspaper, one worker stated that they had been temporarily handed locker keys and made to sign a consent form when an auditor had visited the factory.[270]

None of these human rights abuses, however, were enough to deny Top Glove factories certification.

None of these human rights abuses, however, were enough to deny Top Glove factories certification. Top Glove's manufacturing facilities have been issued certificates from firms including Intertek, TÜV SÜD, UL, Bureau Veritas, SGS, and others.[271] Its facilities undergo numerous social auditing inspections on an annual basis, and in 2017 and 2018 alone, 28 social responsibility audits were conducted including SA8000, SMETA, and amfori BSCI.[272] Top Glove has been inspected by local and foreign authorities and third party auditors, yet such certification obviously has little to no meaning when it allows the continuation of human rights abuses.

The social auditing and certification industry has failed Top Glove's workers, allowing the company to turn a profit of €1.16 billion in 2018 on the back of what amounts to slave labour.[273] Top Glove's response to allegations of human rights abuses is to state that its "human/labour rights and health initiatives exceed those of the glove industry average."[274] Far from exonerating it, this merely damns the industry as a whole and shines a light on the failings of social auditing to protect workers.

Image Kristof Vadino

Workers pay for corporate negligence with their lives, yet the companies and compliance initiatives themselves suffer only minor blemishes to their reputations and continue to turn profits based on dangerous and remiss practices.

CHAPTER FIVE

THE FAILINGS OF PREVAILING CORPORATE-CONTROLLED SOCIAL AUDITING PRACTICES

Far from being unavoidable tragic accidents or exceptional aberrations, the cases above demonstrate how foreseeable human rights risks and violations were not identified by corporate-controlled auditing. The prevailing auditing and compliance mechanisms failed to identify, document, and report on vital safety issues, which is a poor basis to remedy these risks.

Workers pay for corporate negligence with their lives, yet the companies and compliance initiatives themselves suffer only minor blemishes to their reputations and continue to turn profits based on dangerous and remiss practices.

For example, SAI was awarded a major United States grant to provide training on the UN Guiding Principles on Business and Human Rights throughout corporate supply chains just days after the Ali Enterprises fire. In the years after, it continued to receive large US government contracts and funding.[275] RINA continues to be an approved auditor and course provider for SAI and was recently invited by the European Commission to become part of the Technical Advisory board developing its Product Environmental Footprint (PEF) and Organisation Environmental Footprint (OEF) methods.[276] TÜV Rheinland, despite having audited Rana Plaza and Multifabs, continues to maintain its reputation as a credible expert in the field of social and ethical audits, and continues to audit for WRAP, SAI, and amfori BSCI, as well as train for SAI. Its past failures were no impediment to joining the executive board of the Association of Professional Social Compliance Auditors (APSCA), a new initiative that has recently emerged to enhance "the professionalism and credibility of individuals and organisations" performing social compliance audits.[277] SAI, Bureau Veritas, SGS, UL, and ELEVATE also have representatives on the executive board, while amfori BSCI, SAI, Sedex, and WRAP representatives sit on

One auditor confessed to researchers: "we go as far as the brands want us to go."

the stakeholder board.[278] None of the social compliance initiatives or auditing firms involved in the flawed and often deadly auditing described above have suffered any long-term effects.

The evolution of corporate-controlled social auditing programmes and their structural flaws - namely a lack of transparency, accountability and worker participation; profit-based competition and incentives; poorly skilled auditors; failure to assess the root causes driving labour rights' violations - illustrates that, in practice, the system prioritises company image over worker welfare. Although well-intentioned programmes do exist, they remain a key part of an opaque system that has created complacency and a false sense of security. Ultimately, it is garment workers who are paying a high price for this.[279]

Due to the intrinsic flaws in the system, a number of former auditors are now criticising the model.[280] One auditor confessed to researchers: "we go as far as the brands want us to go."[281] In a 2013 interview with *The New York Times*, a longstanding former auditor described the system as having started "as a dream, then [it became] an organisation, and it finally ends up as a racket."[282]

In response to an advance copy of this report ELEVATE "acknowledges that social audits are not designed to capture sensitive labor and human rights violations such as forced labor and harassment." They also claimed "that the ELEVATE Worker Sentiment Surveys combined with audits reveal that a high percentage of workers have witnessed or experienced sexual harassment 0-30% in Bangladesh, 28% in India and 6% in China in 2018. During the same period, auditors could identify cases of inhumane treatment (a category that includes sexual harassment and other verbal and physical abuses) in 0.18% of audits in Bangladesh and 0.8% of audits in India."[283]

5.1 FRAUD

Not only is the system proving to be ineffective at protecting workers and highlighting labour rights issu, it is also being willingly manipulated, with audit fraud on the rise. Audit fraud is wide-ranging and well-documented,[284] and can include: factory managers bribing inspectors; coaching workers on what to say to auditors during their visit; producing fake records detailing incorrect wages and working hours; and even installing safety equipment solely for the duration of the audit.[285] In a show of transparency on audit fraud in 2010, FLA disclosed in its annual report that "fake records on wages were found at 40% of suppliers."[286]

The current practices of the corporate-controlled social auditing model make it nearly impossible for it to deliver on its promise to identify and report on rights violations and risks. In a critique of the corporate-controlled audit system, the ETI highlighted the prevalence of fraud and recognised that audits were "ineffective at identifying many of the most serious labour problems" and were therefore "poor value for money."[287]

5.2 CHALLENGES OF DETECTION OF OCCUPATIONAL HEALTH AND SAFETY VIOLATIONS

Poor understanding of occupational health and safety hazards to workers is common among auditors. This is due to a lack of even basic training and field experience in occupational health and safety. This leads to known safety hazards being disregarded or a reluctance to include health and safety aspects in the auditing process, resulting in false assurances that workers' rights regarding a safe and healthy workplace – which is commonly evaluated with a brief, incomplete checklist by unqualified auditors – are being upheld, and that national safety regulations and international standards are being met.[288]

The context of the notoriously unsafe Bangladeshi garment industry before the Rana Plaza collapse provides a telling example. The construction of illegal extra floors in buildings that were structurally unsafe was not uncommon and posed a considerable risk. Furthermore, it was widely known that regular supervision on building safety by the Bangladeshi government was wanting and the country had an insufficient number of building inspectors. The Rana Plaza collapse was foreshadowed by earlier incidents such as the Spectrum factory collapse in 2005. Both were located in Savar, an area of Dhaka that was once swampland. The Spectrum factory collapsed after five illegal floors were added to a four-storey building, and 64 workers were killed. The factory had been repeatedly audited, including by amfori BSCI and SGS. The illegal construction of extra floors was underway in Rana Plaza at the point of the TÜV Rheinland audit of the Phantom Apparel factory on the fourth floor. Other collapses in the years in between should have alerted brands, compliance initiatives, and audit firms to these country-specific risks. In 2006 a building housing the Phoenix Garments factory collapsed after unauthorised renovations of the top floors, killing 22 people;[289] and in 2010, a five-storey building in Begun Bari, Dhaka, collapsed after illegally adding floors. This should have warranted further scrutiny on building safety and an auditor familiar with the Bangladeshi context should have been attentive to these aspects.

Not only is the system proving to be ineffective at protecting workers and highlighting faults, it is also being willingly manipulated, with audit fraud on the rise.

amfori BSCI itself has even stated: "It's very important not to expect too much from the social audit."

After the Spectrum collapse, amfori BSCI issued a statement saying "BSCI members have increased their efforts to improve the situation" in relation to building safety in Bangladesh. Nevertheless, eight years after the Rana Plaza collapse, BSCI had to admit the situation had not improved and stated it was still working "To find a solution which prevents such tragedies from happening again." At the same time amfori BSCI has deflected responsibility after both collapses by stating that "The control of the construction of a factory building goes beyond the responsibilities of buyers and also the contents of social audits," after the Spectrum collapse and reiterating that its audits "Do not cover building construction or integrity," after the Rana Plaza collapse.[290] The Rana Plaza audit forms, which commented on building safety, demonstrate that individual auditors interpreted this differently.[291] Following Rana Plaza's collapse, amfori BSCI, which had commissioned the audit, again promised to strengthen its system. However, it did not investigate the specific audits carried out in the building, nor did it sanction the auditing company, even when pressed to do so. It did promise to include coverage of occupational health and safety in its future audits, which did not happen, as proven by the Multifabs boiler explosion. Social auditing has manifestly failed to prevent fatalities in the garment sector. Amfori BSCI itself has even stated: "It's very important not to expect too much from the social audit, BSCI and other initiatives contribute to improve the situation. ... But it's a long way we have to go."[292]

5.3 CHALLENGES OF DETECTING VIOLATIONS OF FREEDOM OF ASSOCIATION

An often poor understanding among auditors of what freedom of association means leads to misleading assurances that these rights have been respected, when they may even be forbidden from being exercised, as is the case in countries such as China and Vietnam.[293] As AFL-CIO noted in 2013: "Particularly after the 2011 UNGPs [United Nations Guiding Principles on Business and Human Rights] clarified the responsibility of states to protect rights, the idea that corporations and MSIs [Multi-stakeholder Initiatives] can affirm that rights like freedom of association are being respected in countries where their exercise is prohibited by the state is at best naïve, and at worst a cynical redefinition and truncation of these broad enabling rights."[294]

Codes of conduct are particularly ill-equipped to improve enabling rights, such as freedom of association and collective bargaining; these cannot be easily measured, yet are fundamental to workers rights.[295] Most codes of conduct of social compliance initiatives accept "parallel means of organising" to unions, such as worker councils, which make it even harder for auditors to identify whether a workers' representative is, in fact, representing workers, rather than the management.[296] Worker councils and worker committees do not necessarily always undermine unions, and may be in place in countries where independent and representative trade unions are outlawed.[297] However, there is a real danger that they can become obstacles to workers forming or joining their own organisations and that they may represent the management's views far more than they advocate for workers' rights.

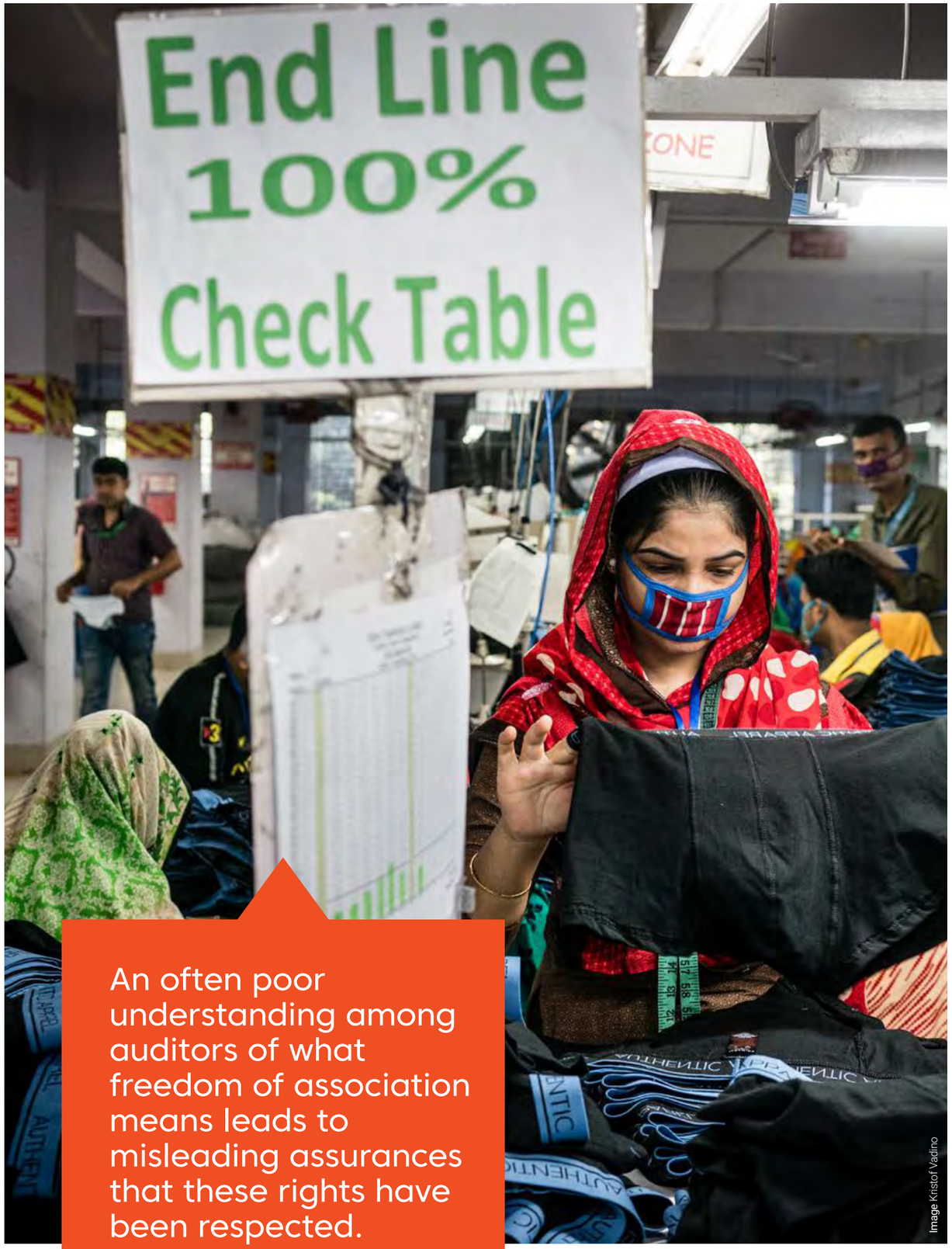


Image Kristof Vadino

An often poor understanding among auditors of what freedom of association means leads to misleading assurances that these rights have been respected.

Workers and their representatives continue to be marginalised in the design, monitoring and follow-up of labour compliance initiatives.

In response to an advance copy of this report Carolina Gómez of ALGI pointed out that "auditing companies are mandated to follow ISO 17021 standards, with a procedure where it is paramount to base findings on [article] 4.2 Impartiality: '4.2.3 To obtain and maintain confidence, it is essential that a certification body's decisions be based on *objective evidence* [emphasis CG] of conformity (or nonconformity) obtained by the certification body, and that its decisions are not influenced by other interests or by other parties'."[298] The ISO 17021 standard contains principles for the competence, consistency, and impartiality of bodies providing audit and certification of management systems. However, violations of freedom of association can be complex and the evidence is often partial, needs to be verbally confirmed by those involved, and workers and management will have different accounts. For the purpose of identifying risks and violations of freedom of association, as laid out in ILO conventions 87 and 98, seeking document-based objective evidence might be too high a threshold.

5.4 LACK OF MEANINGFUL WORKER ENGAGEMENT

Workers and their representatives continue to be marginalised in the design, monitoring, and follow-up of labour compliance initiatives. As a result, social auditing initiatives and auditors continue to fail to meaningfully involve workers and their representatives in the actual auditing process. Meaningful engagement with workers is further eroded by tight time-constraints, allowing auditors typically two or three days to carry out an audit and using a checklist approach to audits. Time pressures are the result of strong competition and a low price per audit, which makes identifying meaningful risks and violations challenging, especially in areas that are more difficult to detect, including freedom of association, sexual harassment and gender-discrimination. Social auditors may identify non-compliance issues, such as wage violations or the absence of sprinklers, yet they lack the trust that workers own organisations, present on-site throughout the year, have, and are therefore often unable to capture workers' actual concerns.

Image Nora Brønseth

Union power, NGWF, Dhaka

Most of the cases evaluated in this report did not include off-site interviews as standard practice, but only in exceptional situations or during follow-up audits, even though it is common knowledge that workers cannot speak openly when on factory grounds, and instead often give coached answers or lie to keep their jobs.[299] This understanding, however, has not led to a change in the system.

For example, UL's audit methodology consists of a document review, interviews with management and employees, and a factory walk-through, lasting at least two days and up to four for the largest facilities. The company presents detailed guidelines regarding worker interviews, explicitly mentioning the option of choosing employees randomly and interviewing them privately without the presence of management, stating that management interference would lead the audit to be characterised as "partially denied."[300] However, conducting interviews on-site means that workers may still feel pressurised and may not be able to talk freely. The management will be aware which workers were interviewed and, as a summary of the audit will be shared with management, speaking openly about concerns may put workers' jobs and safety at risk. The auditing company can refrain from sharing information with the factory that could endanger workers,[301] an element that shows consideration towards workers, however the result is that both the factory management and the workers can remain unaware of important findings, as a large part of the audit report is only accessible to the buyer. Off-site interviews and full transparency would be more fitting solutions.

5.5 LACK OF TRANSPARENCY

Lack of transparency is a key characteristic of the business-led social compliance industry. Audit reports make claims about the workplace that include safety, wages, abuse, and overtime; and yet when problems are found – from construction defects and fire hazards to sexual harassment or abuse – corporate-controlled auditing firms and social compliance initiatives do not inform the workers themselves. The reports remain inaccessible to key stakeholders, and findings are shared only with the brand or factory that commissioned the audit. This provides no opportunity for workers to comment on or identify any omissions to the report. Subsequently, workers are excluded from all discussions and decisions on possible remedial measures to address the identified risk and/or violation. Under the current corporate-controlled system, whenever issues are identified in an audit, brands are free to simply continue or withdraw orders from a non-compliant factory without notifying anyone beyond the manufacturer. Other buyers in the factory, and the government, remain unaware, leaving the workers at the mercy of the factory owner. The manufacturer, in turn, can easily reject remediation plans and seek certification from a less stringent auditing scheme instead.

Audit reports make claims about the workplace that include safety, wages, abuse, and overtime; and yet when problems are found – from construction defects and fire hazards to sexual harassment or abuse – corporate-controlled auditing firms and social compliance initiatives do not inform the workers themselves.

Auditors look at human rights violations yet are not mandated to question whether the factory has sufficient resources to duly respect worker rights.

5.6 QUICK AND CHEAP AUDITING

Our case research shows that the time spent in each facility is extremely short, with a limited number of "mandays", which are often reduced to a single one-day visit. This should include preparation time, interviews, meetings, a thorough inspection of the factory including specific and highly-specialised areas, and drafting of the final report. Although compliance initiatives mandate a number of days according to factory size, the allotted time frequently proves to be insufficient. Price competition between auditors means that often factory assessments are only allocated the minimum required "mandays," as mandated by the relevant compliance initiative. This results in auditors dropping or shortening activities, thereby affecting the quality of the audit. For example, off-site interviews are typically neglected due to the short amount of time available.

5.7 NARROW FOCUS ON FACTORY LEVEL IGNORES BUYERS' RESPONSIBILITIES

As mentioned in the introduction, factory managements struggle to improve working conditions while being subjected to pressure over short lead-times and ever-decreasing price points. Auditors look at human rights violations yet are not mandated to question whether the factory has sufficient resources to duly respect worker rights. Indeed, as a recent Human Rights Watch report notes, the approach of brands to sourcing and purchasing represents more than a threat to a factory's financial bottom line. Low purchase prices and short lead times for manufacturing products, coupled with poor forecasting, unfair penalties, and poor payment terms, exacerbate risks for labour abuses. An ILO survey of 1,454 suppliers globally found that 52% of apparel suppliers stated that brands paid prices below that of production costs. The prices brands pay to suppliers can undercut the ability of factories to ensure decent working conditions. Suppliers are asked not to subcontract to parties that have not been audited, to pay fair wages to their workers, and to not allow unreasonable and unpaid overtime. However, the buyer may change their requested order at late notice while demanding the same quality and delivery time, which inevitably results in issues such as forced overtime and subcontracting. It is not just about buying practices: product design and unclear technical specifications also play their part in delaying the process and unnecessarily complicating work for suppliers.[302]

The research by Human Rights Watch indicates that prevailing purchasing practices actually incentivise suppliers[303] to engage in abusive labour practices and risky subcontracting with unauthorised suppliers as a means of cutting costs. Often, bad purchasing practices directly undermine the efforts brands are making to try to ensure rights-respecting conditions in the factories that produce their wares. By financially squeezing suppliers to their limit, suppliers may cut costs in ways that exacerbate workplace abuses. Therefore, brands' purchasing practices actually heighten their exposure to human rights risks.[304] Of the auditors who acknowledge that improvements in factory working conditions do not go far enough, some highlight that the low prices paid by brands leaves no room to support the remediation of non-compliant practices.[305] However, the limited parameters of an audit usually do not provide space for such observations.

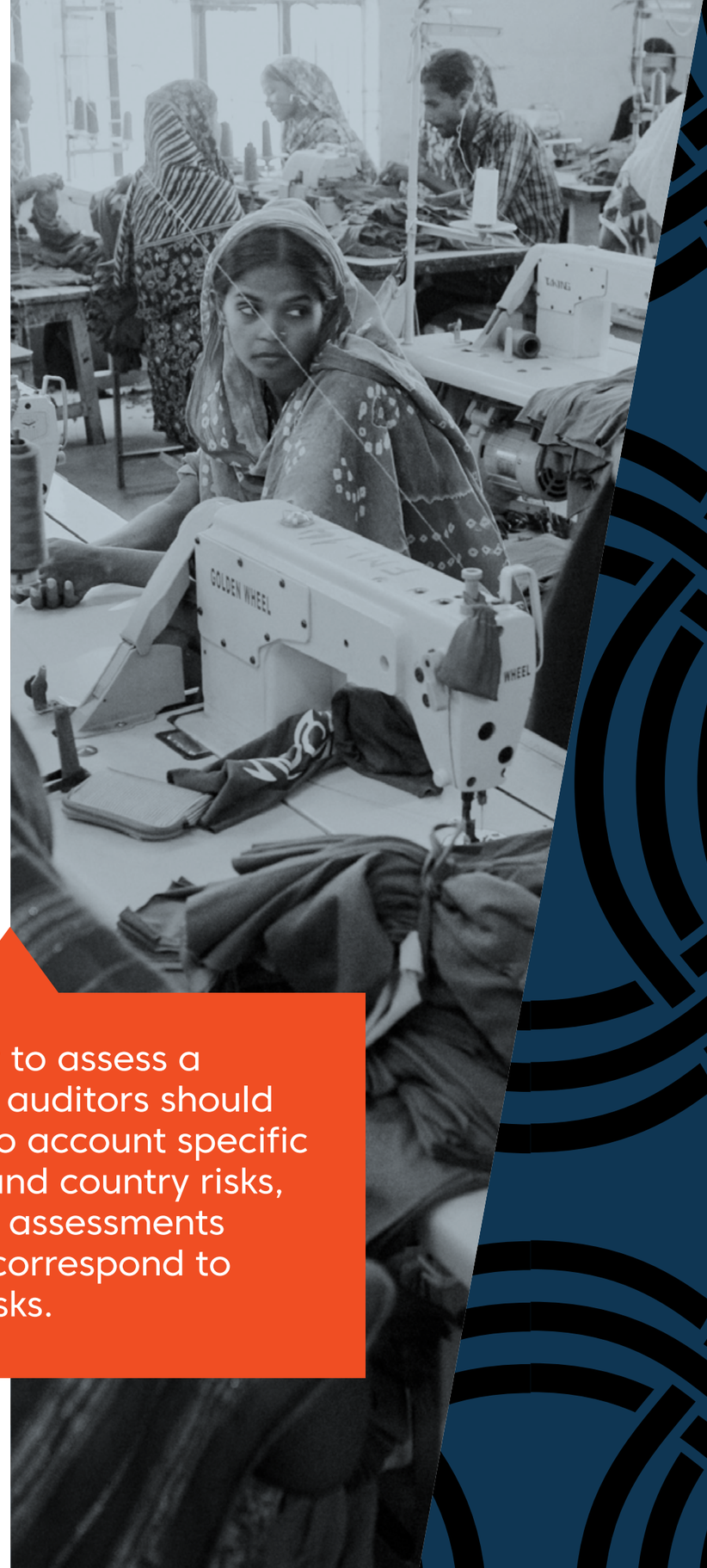
5.8 STRUCTURAL LIMITATIONS

The inherent flaws of the corporate-controlled auditing system are well known, and not just among activists and academics but also among the business and human rights community at large. A growing body of research highlights that the information provided by these audits is "by its very nature incomplete, biased and often inaccurate and thus cannot serve as the basis for well-informed and reasoned decisions and strategies aimed at remediating poor working conditions in the supplier factories."[306] Researchers from the European Centre on Constitutional and Human Rights, Carolijn Terwindt and Miriam Saage-Maaß, argue that while "it is possible to differentiate between better and worse forms of social auditing by looking at the methodological design, caution is warranted when trying to improve their quality" due to their structural limitations and function.[307]

As Human Rights Watch noted in 2013: "[v]oluntary initiatives all face the same limitations: they are only as strong as their corporate members choose to make them, and they don't apply to companies that don't want to join."[308] By giving the "impression that monitoring processes are continuously improving, without fundamentally changing the transparency and accountability problems at the heart of the model, the regime actually reinforces endemic problems in supply chains [and] deflects pressure for stricter, state-based regulation and legitimises unsustainable global production models."[309] As such, the corporate-controlled social audit regime has not strengthened state-based monitoring but has instead led to a decline of state oversight in many production countries. US trade union federation AFL-CIO has argued that, at worst, the regime "supplants the role of government inspection and enforcement in ensuring basic standards and rights have been respected by replacing state regulatory action with private corporate initiatives."[310]

Social auditing regimes such as SAI, WRAP, the FLA, and amfori BSCI distort consumers' understanding of the root causes behind violations. The global nature of the garment industry, where low labour costs and short lead times take precedence over proximity of suppliers, has created a governance and regulatory gap. The narrative built around social auditing focuses on incidentally uncovered and solved cases of child labour or safety issues in countries that fail to inspect and enforce themselves, while obscuring the fact that it is only through mature and effective industrial relations, and workers self-empowerment via unions, that state enforcement will be pressured into respecting workers' rights and conducting credible inspections. Twenty years of CSR has failed to improve labour conditions, and brands have proven time and again that they cannot be trusted to regulate themselves. Therefore, binding regulations and the threat of sanctions must be in place to ensure that their responsibilities are taken seriously, that due diligence is performed and that workers' lives are protected.

Twenty years of CSR has failed to improve labour conditions, and brands have proven time and again that they cannot be trusted to regulate themselves.



In order to assess a factory, auditors should take into account specific sector and country risks, and the assessments should correspond to these risks.

CHAPTER SIX

SOCIAL AUDITING AND HUMAN RIGHTS DUE DILIGENCE EXPECTATIONS

Most of the states where garment companies are domiciled have repeatedly expressed their expectations for companies (whether brands, social compliance initiatives, or auditors) to perform human rights due diligence. This is the process through which they should identify, prevent, mitigate, and account for how they address their actual and potential adverse impacts on human rights.[311]

The UN Human Rights Council has unanimously endorsed the UN Guiding Principles on Business and Human Rights and the OECD Member States have aligned their core instrument, the OECD Guidelines on Multinational Enterprises, with the UN Guiding Principles. According to the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector (OECD Garment Guidance), a multinational enterprise should conduct a scoping exercise to identify the most significant risks of harm in its own operations and across its supply chain,[312] and carry out risk-based due diligence. The extent of due diligence is determined by the likelihood and severity of the enterprises' adverse impacts.[313]

According to the OECD Garment Guidance, the effectiveness of due diligence is measured by the extent to which actual and potential harm is prevented and mitigated.[314] In this Guidance, the term "risk"[315] is understood as any adverse impact on human rights, labour rights, and the environment.[316] The OECD Garment Guidance explicitly recommends "supplier assessments"[317] for the identification of each risks, a critical step for any effective due diligence process. In order to assess a factory, auditors should take into account specific sector and country risks, and the assessments should correspond to these risks. For the garment sector, the OECD defines risks as including: child labour; excessive overtime; forced labour; occupational health and safety;[318] and country-specific risks, such as fire and building safety in Bangladesh or the use of short-term contracts in Cambodia.[319] The OECD Due Diligence Guidance for Responsible Business Conduct, adopted in May 2018, further specifies that when enterprises are performing supplier assessments, both the nature and methodology of these assessments should correspond to the human rights risks that can be expected in that supply chain. In cases where the

Given the serious risks present in the garment sector auditors and compliance initiatives should ensure comprehensive due diligence.

actual findings do not correspond to the risks that were expected, based on country or sector-specific risk assessments, the methodology needs to be adapted.

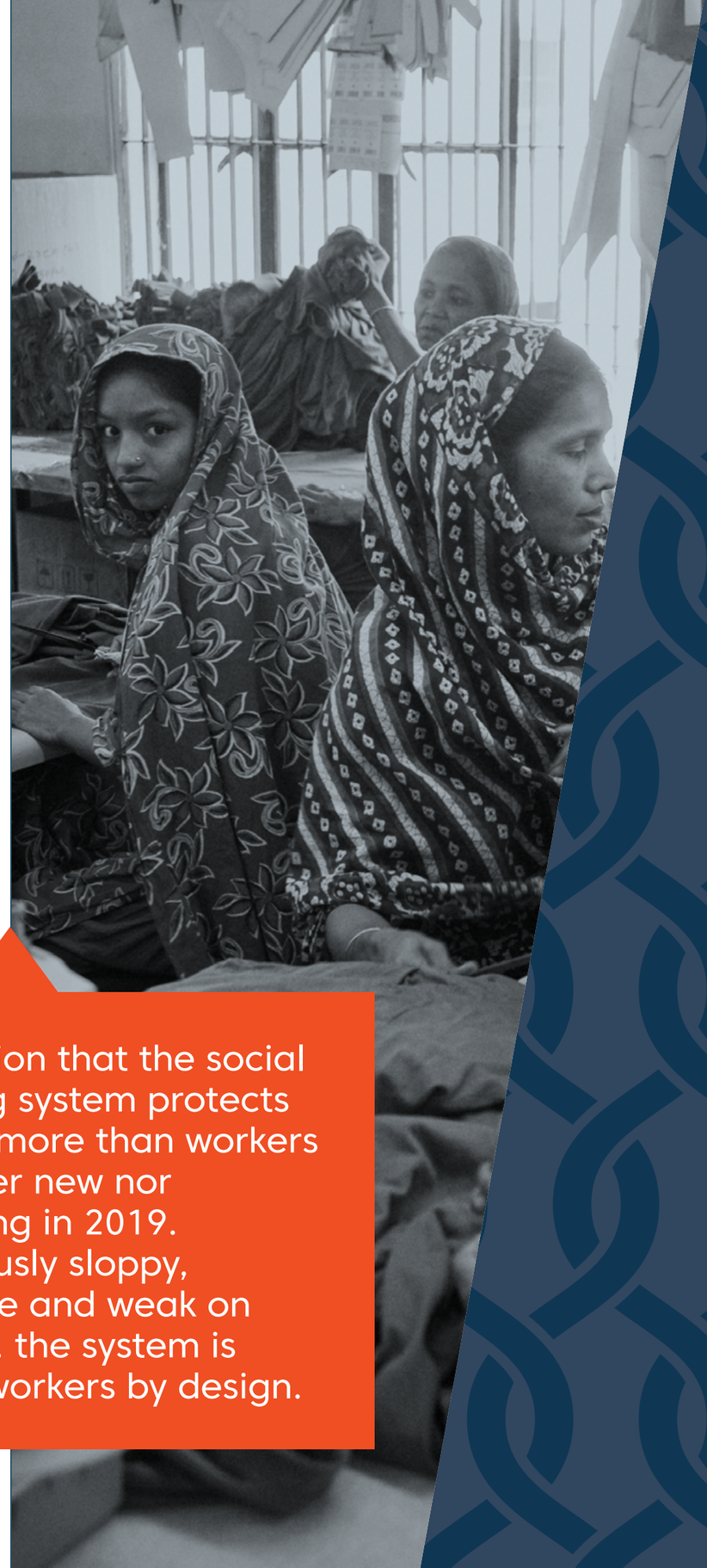
Given the serious risks present in the garment sector (see the cases studies above) auditors and compliance initiatives should ensure comprehensive due diligence. The nature and extent of appropriate due diligence will be affected by factors such as the size of the factory, the context of its operations, the specific recommendations in the OECD Guidelines, and the severity of its adverse impacts.[320]

The potential severity, judged by the scale and the scope of an adverse human rights impact, is the most important factor in determining the complexity of the due diligence processes the enterprise needs to have in place in order to know and show that it is respecting human rights.[321]

Social compliance initiatives and social auditors, such as those mentioned in this report, are contracted by brands to implement part of their human rights due diligence obligations. This report argues that the prevailing system of corporate-controlled social auditing does not constitute due diligence, and it is a mistake for brands and retailers to equate social auditing with human rights due diligence. Furthermore, the OECD Garment Guidance covers "all enterprises operating in the garment and footwear supply chain,"[322] meaning that compliance initiatives and auditors themselves also have a responsibility for human rights due diligence for any negative human rights impacts that relate to the services they provide.

There is a long and deadly history of social compliance initiatives and social auditors failing to properly identify known and prevalent sectoral and geographic risks in their assessments. In the case of fire and building safety in South Asia, for example, well-documented risks have often been overlooked or ignored within the scope of supplier assessments, with initiatives and auditors basing themselves on the perimeters of a code of conduct (either the code proposed by themselves or the one mandated by their client). In the class action suit against Bureau Veritas following the Rana Plaza collapse, the company stated that fire and building safety was simply not in their assignment from Loblaws,[323] yet given the history of building collapses in Bangladesh it should have been part of their human rights due diligence.

The prevailing system of corporate-controlled social auditing does not constitute due diligence, and it is a mistake for brands and retailers to equate social auditing with human rights due diligence.



The notion that the social auditing system protects brands more than workers is neither new nor surprising in 2019. Notoriously sloppy, secretive and weak on remedy, the system is failing workers by design.

CHAPTER SEVEN

CONCLUSION

Obtaining a full and in-depth picture of the corporate-controlled audit industry is notoriously difficult, complicated by the lack of transparency and governmental oversight. This report provides an overview of some of the largest players in the field, including the most well known business-driven social compliance initiatives, such as SAI, WRAP, the FLA, and amfori BSCI, and the largest corporate-controlled auditing firms, including Bureau Veritas, TÜV Rheinland, UL, RINA, and ELEVATE.

The snapshots of these key players illustrate how the voluntary regulation system of social audits and certification has evolved into a self-serving multi-billion dollar industry, employing thousands of auditors, trainers and managers and issuing tens of thousands of audit reports for their paying clients – manufacturers and brands – every year. Yet this is also an industry that operates with impunity, and one in which key players face few, if any, repercussions when their safety certifications are proved to be negligent and lives are lost.

The notion that the social auditing system protects brands more than workers is neither new nor surprising in 2019. Notoriously sloppy, secretive and weak on remedy, the system is failing workers by design. This report shows how the industry evolved as a function for brands to better manage reputational risks in the face of growing public concern about worker abuse and exploitation, without undermining their business model or bargaining position.

The voluntary regulatory systems that brands now employ are ones in which they have set the rules themselves and report on implementation on their own terms, avoiding mandatory transparency and an obligation to remedy. Brands' codes of conduct are often vaguely formulated and fundamentally too weak to prevent labour abuses and ensure decent working conditions. Business-driven social compliance initiatives, which emerged to address the credibility gap inherent in voluntary oversight systems managed by brands themselves, currently exist in a vacuum, largely absent of any government oversight and regulation. As a result, the numerous and diverse conflicts of interest that exist due to the financial relationships between social compliance initiatives, brands, factories, and corporate-controlled auditing firms, remain unchecked. Companies that certify and declare factories as safe, where they are subsequently shown to be anything but, are allowed to continue turning high profits while putting the safety of workers at risk.

Effective alternative models of worker-centred monitoring and brand accountability are possible if the political will exists to make them a reality.

It is important to make the distinction between corporate-controlled auditing and business-driven social compliance initiatives on the one hand, and credible, transparent models for factory inspections on the other. In the aftermath of the Rana Plaza tragedy, when global pressure for industry reform was at an all time high, a number of international brands were finally willing to commit to a credible and transparent model for factory inspections, resulting in the Accord. In addition to improving the safety of approximately two million factory workers in Bangladesh, the Accord plays another important role: it shows that transparent, enforceable brand agreements are a far more effective alternative for improving working conditions in the garment industry than the pervading social auditing model. Similarly, the hundreds of factory investigations conducted by the WRC, an independent labour monitoring organisation, prove that more credible inspections alternatives do, in fact, exist. These examples demonstrate that effective alternative models of worker-centred monitoring and brand accountability are possible if the political will exists to make them a reality.

Government regulation and oversight on auditing practices is the only mechanism through which the social auditing industry can be held accountable when its negligence leads to human suffering and death. Therefore, a crucial step towards addressing the inherent flaws in the current corporate-controlled social auditing system is to address existing limitations, such as the lack of genuine worker involvement or transparency, and prioritise developing public regulatory systems. This includes building capacity, such as states earmarking more funding towards training enough inspectors to fulfil the need, and bolstering the political will of governments to ensure effective auditing with state enforcement of existing labour and employment standards.

Image Bangladesh Accord

Workers in an Accord-covered factory in Bangladesh practice to safely leave the factory in case of emergency.

There is an urgent need for mandatory due diligence and enforceable agreements that make remedy obligatory and have commercial consequences built-in if remedy is not delivered. There must be binding accountability structures, as there are in the Accord, whereby companies are obligated to deliver on worker safety, and an end to the initiatives that continue to rely on a defunct system that prioritises profit over people. Corporate-controlled auditing in its current state is unable to deliver on its promise to protect workers and, without any legal mechanisms in place to ensure otherwise, will continue to put workers' lives at risk. It is a poor and ineffective human rights due diligence strategy for brands and retailers, and it simultaneously fails to respond to growing due diligence expectations from governments and consumers. At the core of it all, workers ultimately continue to pay the price with their lives for inadequate due diligence in this global race to the bottom.

There is an urgent need for mandatory due diligence and enforceable agreements that make remedy obligatory and have commercial consequences built-in if remedy is not delivered.

SYSTEMIC CHANGE IS NEEDED

The responsibility of brands and retailers to respect human and labour rights in their supply chains is supported by key international instruments, such as the United Nations Guiding Principles for Business and Human Rights (UNGPs 2011) and the updated OECD Guidelines for Multinational Enterprises (OECD Guidelines for MNEs). Under these frameworks, brands, retailers, and governments are required to carry out human rights due diligence, meaning they must assess their supply chain, identify, stop, prevent, or mitigate any human rights risks or violations, and monitor and report on progress. Social auditing can be a part of this due diligence process, but is, in its current form, not effective in detecting, let alone preventing, human rights violations. Moreover, social auditing serves as a cover-up to make governments and consumers believe that the risks of human rights violations in garment supply chains have been minimised, and may distract them from state labour inspections and other more effective measures, such as regulations on mandatory human rights due diligence.

In order to effectively address and prevent labour abuses in the garment industry, social auditing needs to undergo radical and comprehensive reforms. The following fundamental principles must be accepted and implemented by all actors in the industry, and by policymakers.

STATES MUST PROTECT WORKERS AGAINST CORPORATE HUMAN RIGHTS ABUSES

According to the UN Guiding Principles on Business and Human Rights, states have the duty to protect citizens against human rights abuses within their territory and/or jurisdiction by third parties, including business enterprises. Moreover, states should set out clearly the expectation that all business enterprises domiciled in their territory and/or jurisdiction respect human rights throughout their operations.

Instead, states have let companies take the initiative. Companies have used this space to create ethical facades, embracing CSR goals and social auditing as an opportunity to

Workers are experts in terms of understanding the key drivers of labour violations in the industry and must be given a central and meaningful role in establishing long-term solutions.

preserve their business model.[324] While ineffective as tools to actually detect, report and remediate worker violations in apparel supply chains, corporate-controlled social audits have been highly effective in creating the illusion that corporations were taking care of labour rights whereas governments were not.

Governments should, preferably at supranational level, adopt regulations on mandatory human rights due diligence for companies. Sanctions for companies that are not living up to their obligations should be an integral part of this regulation, as well as access to remedy for victims of human rights violations. Garment brands and retailers of any size, as well as audit firms and social compliance initiatives, should be subject to this regulation.

Mandatory due diligence regulations should also entail radical transparency. Supply chain information must be publicly available, including essential factory information such as names, addresses and numbers of workers employed. Companies should be required to regularly publicly report on the risks of labour abuses in their supply chains, the efforts they have made to mitigate and address them, and how effective these efforts have been. Significant efforts need to be made to prevent companies from cherry-picking data and manipulating audits in order to mislead the public about labour conditions in their supply chains.

Social auditing can never replace government requirements for companies to respect human rights. It can, however, serve as a tool for companies to verify compliance with those requirements, provided that it undergoes radical and comprehensive reforms. Even then, social audits can only be effective if they are integrated into policies and programmes of mandatory due diligence, with enforceable commitments and broad transparency.

WORKERS AND THEIR REPRESENTATIVES SHOULD PLAY A CENTRAL ROLE

Workers are experts in terms of understanding the key drivers of labour violations in the industry and must be given a central and meaningful role in establishing long-term solutions. Genuine worker participation and protection from retaliation, so that workers may organise and collectively bargain without fear, must be at the forefront of establishing ethical auditing programmes. Workers and their representatives should also play a central role in state labour inspections. It is through such a paradigm that effective factory monitoring can take place.

Workers in the global garment industry are often deprived of freedom of association, which is vital in order to effectively improve labour conditions in the industry. Multiple garment production countries are notorious for their violations of freedom of association, both in law and in practice. Social auditors must be skilled in detecting violations of or barriers to freedom of association, which can be difficult to recognise. It is essential for workers to be involved and engaged in negotiated solutions, and they must do so without management interference.

SOCIAL AUDITING SHOULD BE GENDER-SENSITIVE

The majority of workers in the garment industry are women. Therefore, collecting gender-disaggregated data and identifying specific gender-related violations is fundamental.

The low prices that companies at the top of the supply chain pay for production is a core driver of labour abuses in the garment industry.

Systematic gender-sensitive audits will raise awareness of gendered issues among brands and suppliers and pinpoint the areas where action is needed. Social auditors must be trained to detect and identify gendered issues, such as gender-based violence, discrimination against pregnant women or sexual harassment, which are commonly underreported at present. The absence of policies concerning gender discrimination or sexual harassment are gender-specific issues that could be easily identified by auditors. Engaging female auditors on auditing teams might be key in terms of gathering and processing information regarding gender-sensitive topics. Additionally, gender-sensitive issues should be included in audit manuals and audit contracts.

IRRESPONSIBLE PURCHASING PRACTICES MUST END

The low prices that companies at the top of the supply chain pay for production is a core driver of labour abuses in the garment industry. These companies retain a disproportionate share of the profits, while the margins for production are squeezed and factory owners cut costs to generate revenue. Therefore, companies must stop purchasing garments at the lowest possible price and instead instil cost-sharing mechanisms to ensure the adequate remediation of labour rights violations. Unethical purchasing practices keep workers trapped in a vicious cycle of poverty, making them more vulnerable to exploitation and abuse and perpetuating the labour rights violations that costly audit programmes unsuccessfully aim to expose and remediate.

Brands must conduct root cause analysis of violations, and how pricing, purchasing and sourcing practices contribute to violations.

RECOMMENDATIONS TO GARMENT INDUSTRY STAKEHOLDERS

All stakeholders in the garment industry must examine how social auditing can be restructured to incorporate and prioritise the fundamental principles as described above. To that end, we have outlined below specific actions stakeholders should take to support this aim.

Brands

- Develop a robust due diligence process, including a policy statement, to assess their supply chain and identify, stop, prevent or mitigate any human rights risks or violations, and monitor and report on progress. Robust site assessments should be a part of this due diligence process. Prioritise the most significant risks or impact, wherever they occur in the supply chain.

- Conduct root cause analysis of violations, and how pricing, purchasing, and sourcing practices contribute to violations.

- A robust due diligence process includes paying a fair price for products through a price premium, negotiated higher prices, and/or other financial inducements that enable suppliers to afford the additional cost of compliance with the agreed labour standards. This will enable factory owners to pay workers a living wage, while incorporating costs for the adequate remediation of labour rights violations.

- Ensure that audits are conducted by independent third parties, and that off-site worker interviews are conducted.

- Ensure there is no conflict of interest (e.g, the financial incentive that auditors have to produce reports that keep the brands happy, and therefore ensure their further contracting).

- Regularly review auditing methodologies used by auditing firms, especially when violations are not identified. Ensure that the methodologies and composition of the auditing teams are gender-sensitive and adapted to the local context in order to identify violations that are often overlooked, such as union busting, discrimination and sexual harassment.

- Adopt supply chain transparency[325] and publish all audit reports, time-bound corrective action plans, complaints and progress reports shortly after completion. Link them with the individual factories and regularly update this information. Review all contractual arrangements with auditors and suppliers in order to remove all barriers to the public disclosure of site assessment reports. Additionally, inspection reports should be translated into local language(s) and include pictorial material, to make them accessible to all workers and factory-level trade unions (if present). This enables workers and unions to challenge the auditors' conclusions directly with the brands, if issues were overlooked or not properly assessed.

- Transparency of audit reports should also allow for public monitoring of the remediation efforts of any issues identified in the auditing report.

- Create and strengthen effective, time-bound, and transparent operational-level grievance mechanisms in line with the OECD Guidance for Responsible Supply Chains for the Garment and Footwear Sector.

- Develop and implement a proactive strategy on freedom of association, and assess suppliers for barriers to workers forming or joining a union of their choosing. If producing in Indonesia, join the Freedom of Association Protocol.

- Require suppliers to allow independent inspectors complete access to the workplace for regular announced and unannounced inspections and make sure that management does not interfere with the process of selecting workers for interviews, and that they allow for confidential interviews with workers.

Social Compliance Initiatives and Auditing Firms

- Publish all audit reports, time-bound corrective action plans and progress reports shortly after completion. Link them with the individual factories and regularly update this information. Review terms of reference and contractual arrangement to remove all barriers to the public disclosure of site assessment reports.

- Transfer auditing results and progress reports to national labour inspectorates, to allow for public monitoring of the remediation efforts of issues identified in the auditing report.

- Create a safe, transparent, and time-bound grievance mechanism in line with the OECD Guidance for responsible supply chains for the garment and footwear sector, enabling workers to challenge the auditors' conclusions, if issues were overlooked or not properly assessed.

Social compliance initiatives and auditing firms must publish all audit reports, time-bound corrective action plans and progress reports shortly after completion.

Social compliance initiatives and auditing firms must make worker interviews integral to the process and a part of every audit.

■ Improve the quality of social auditing reports by ensuring that factories are assessed by skilled auditors with knowledge and understanding of a broad spectrum of labour rights and legislations. Develop proper training schemes with respect to business and human rights and ensure that the complex skill set needed to assess the different risks is present in a factory (e.g. engineers to assess structural safety, a specialist in organising with knowledge of the local context, etc.). Auditors need to have expertise and local understanding of violations that are notoriously difficult to capture. Given the context in the overwhelming majority of production countries, reasonable doubt regarding freedom of association and the right to collectively bargain is justified and should be the starting point, unless there are demonstrable reasons indicating that workers do have the right to join or form a union of their choosing. Recognising that the majority of workers in the industry are women, all auditing procedures must be gender-sensitive. Special attention must be given to the specific risks that migrant workers are faced with.

■ Make worker interviews integral to the process and a part of every audit. Such interviews need to include the following criteria at a minimum:

- Involve trade unions where present;
- Involve a non-biased selection of workers;
- Conducted in a comfortable space, off-site from the factory;
- Questions need to take gender, class, and language sensitivities into consideration, and auditors must be trained accordingly. The time spent interviewing workers (off-site) needs to be at least as long as the time spent to check compliance at the factory itself;
- Involve workers in the remediation of identified and reported issues through genuine worker participation.

■ Lift audits above tick-box exercises. Increase a sector-wide minimum floor price for audits, under which quality is not guaranteed. Detail the minimum number of days needed for factories of a certain size and complexity, a minimum cost per day, the skills required for different types of factories, and the elements needed, such as off-site worker interviews, unannounced visits, and stakeholder involvement.

■ Remove conflicts of interest in the payment structures for audits.

■ Include third-party beneficiary rights for factory workers into standard contracts. In this way, a simple and direct legal remedy may be provided to those factory workers that social audits are meant to benefit. This is enabled by including a clause in the contract that auditing companies sign prior to performing an audit, allowing workers to claim for damages if they suffer harm even though an audit failed to identify relevant safety risks.

Recommendations only applicable to Social Compliance Initiatives

■ Develop and implement mechanisms to sanction auditing firms whose auditing practices are not in-line with the social compliance initiatives' own guidelines or who repeatedly oversee or under-report violations.

Investors

■ Ask brands for robust due diligence processes, including a policy statement and site-assessments (including public disclosure of assessment reports), in order to stop, prevent, and mitigate any risks, and track and communicate about them.

■ Make investments contingent on auditing procedures that are transparent, allow for worker participation and access to grievances, and effectively address identified issues in line with the other recommendations in this report.

■ Ask brands to sign and implement at least minimum standards of transparency[326], publish all audit reports, time-bound corrective action plans, complaints and progress reports shortly after completion, and link them with the individual factories and regularly update this information.

Governments of Brand Home Countries/Regions

■ Adopt and strengthen mandatory human rights due diligence legislation that makes brands, social compliance initiatives and auditing firms responsible for workers' rights violations in their international supply chains, in line with the United Nations Guiding Principles on Business and Human Rights. Require audit firms, social compliance initiatives and brands to publish audit reports and incidences of labour violations. Audit reports need to be comprehensive and complete – for example, they must include all legal requirements, both national and international – so that companies do not report selectively.

A multi-storey garment factory in Bangladesh.

Governments of brand home countries/regions must adopt and strengthen mandatory human rights due diligence legislation that makes brands, social compliance initiatives and auditing firms responsible for workers' rights violations in their international supply chains.

Governments of production countries must require audit firms and social compliance initiatives that are active on their territory to publish audit reports and incidents of labour violations.

■ Legislation should include governance mechanisms to ensure brand, auditor, and certifier liability, including:

- Minimum standards for social auditing and certification, similar in scope to government standards that regulate financial auditing, against which social auditors can be held accountable.
- Holding auditing firms and certifiers accountable for inaccurate information, inaccurate expectations and negligent practices.
- Governmental oversight of social auditors and certifiers, by accrediting them and, if necessary, revoking their license.
- Policy coherence, for example linking export credit guarantees and other forms of incentives to brands, including auditing firms, that meet the OECD Guidelines and respect criteria as laid out in these recommendations.

Governments of Production Countries

■ Require audit firms and social compliance initiatives that are active on their territory to publish audit reports and incidents of labour violations. Audit reports need to be comprehensive and complete – for example, they must include all legal requirements, both national and international – so that companies do not report selectively.

■ Ratify ILO Labour Inspection Convention No. 81 and bring their own legislation in line with this Convention. Strengthen national and local inspectorates through training and incorporating techniques and methods of social auditing, particularly focusing on preventative and regular inspections.

■ Stop subsidising factory certification and instead invest in proper, independent and well-functioning public inspectorates

Public Procurers

■ Require that government procurement policies include strong due diligence, criteria for the monitoring of labour conditions in suppliers, resources for independent monitoring of suppliers, and transparent reporting.

Image Shutterstock, Sk Hasan Ali

Woman mourning for loved ones who died in the Tazreen factory fire of 2012 in Bangladesh.

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ENDNOTES

SUMMARY REVIEW

[1] The CCC Network originated in Europe, the Nike Watch campaign in Australia while the student movement was mainly active in the US. All exposed violations of workers rights to the media and the public at large.
[2] Siegle 2011, 72-75.
[3] Siegle 2011, 76-80.
[4] The UN Guiding Principles would later be integrated into the updated Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. The OECD has further elaborated on this human rights due diligence expectation in the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, and the OECD Due Diligence for Responsible Business Conduct.
[5] O'Rourke 2000.
[6] LeBaron and Lister 2016; Gordon 2017; Brown 2017; Anner 2012; AFL-CIO 2013; O'Rourke 2000; Brown 2013.
[7] LeBaron, Lister, and Dauvergne 2017; Anner 2012; Anner 2017.
[8] BSCI has recently changed its name to amfori, with amfori BSCI as one of three departments. For the sake of consistency, in this report amfori BSCI will be used also for occurrences preceding the name change.
[9] Ali Enterprises Factory Fire Affectees Association (AEFFAA) et al. 2018, 11. Read more in case study 4.1.
[10] This report focuses on the garment and footwear industry. However, a significant number of compliance regimes as well as auditors are equally active in other industries. The general claim of this report, namely the ineffectiveness of most prevailing regimes of social auditing has equally been mirrored by research in other sectors. See for example also LeBaron and Lister 2016; LeBaron, Lister and Dauvergne 2017; AFL-CIO 2013; Albin-Lackey 2013; and Anner and Hossain 2014.

INTRODUCTION

[11] Note: Unlike other production costs such as cotton and transport, labour is perceived as the most liquid and within management's control. It is where profits can be maximised.
[12] See Anner 2012.
[13] Siegle 2011, 40-41, 51-63.
[14] Siegle 2011, 40-41.
[15] Anner 2018, 2.
[16] This difference, Anner argues, cannot be explained by changes in the price of cotton or exchange rate fluctuations - a defense often used by brands - but rather points at a "retailer and brand pricing squeeze on supplier factories, whose profit margins decreased by 13.3% from 2011 to 2016". Anner 2018, 2.
[17] Anner 2018. This is before the announcement of a new minimum wage in late 2018.
[18] HRW, 2019. The ILO notes that brand pressure on the governments of countries such as Cambodia and Bangladesh to increase minimum wages appeared quite "paradoxical" in the light of such price pressure and reluctance to pay more themselves. The ILO researchers surveyed 1,454 suppliers from 87 countries – of which more than 20% produced apparel and nearly 5% textiles - and found that suppliers in the garment sector experience a more intense squeeze than other sectors. Buyers exerted "extreme pressure" on garment suppliers, and often enforced penalties if suppliers failed to meet order specifications. The study found that suppliers in countries with a lower Human Development Index were found more likely to sell below cost price, likely reflecting "a lower bargaining position compared with suppliers in more developed countries". See ILO 2016, 6-9.
[19] Ibid, 6-8.
[20] Ibid, 9.
[21] Locke 2013, 49; Siegle 2011, 72-75; Sluiter 2009.
[22] Clean Clothes Campaign 2005b.
[23] Anner and Hossain 2014, 6.
[24] In response to the vague codes of conduct the International Confederation of Free Trade Unions (ICFTU) and CCC developed a model code of conduct which was supported by over 300 trade unions and NGOs from production and consumer countries. It specified not only the labour standards to include, but also had sections on implementation, monitoring, and verification. https://archive.cleanclothes.org/resources/ccc/corporate-accountability/full-package-approach-to-labour-codes-of-conduct/565-the-ccc-code-of-conduct-and-criteria-for-implementation.html (accessed 12 March 2019).
[25] Unions and NGOs pushed for the content of codes of conduct to meet a specific standard and to have oversight mechanism directly involving unions. https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?redir=1&article=1136&context=globaldocs (accessed 12 March 2019).
[26] Siegle 2011, 76.
[27] The main stakeholders of this report were given a chance to see an advance copy. ALGI, amfori BSCI, ELEVATE, FLA, Nike, SAC, SAI, Sedex, SLCP, RINA, and WRAP responded and, where pertinent, their factual corrections or comments were taken into account or reflected.

CHAPTER 2

[28] Fransen 2010.
[29] http://www.saasaccreditation.org/ (accessed 10 August 2018).
[30] Siegle 2011, 77.
[31] http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&pageId=472;http://www.sa-intl.org/SA8000 (both accessed 17 June 2019); https://sa800.blogspot.com/2009/01/where-does-sa8000-originate.html; https://sa800.blogspot.com/search?q=social+accountability+international (both accessed 30 July 2019); in response to this publication SAI explained that its advisory board has always included trade unions, including at the time of SAI's creation. At the time of writing, the advisory board includes one trade union representatives among 15 members.
[32] http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&pageId=1842 (accessed 13 May 2019). In order to manage possible conflicts of interest, it is common practice for organisations which create a standard to be separate from the organisation which provides the accreditation services.
[33] http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&pageId=492 (accessed 13 May 2019)
[34] "As an independent department within SAI, SAAS activities are overseen by the SAI Board of Directors." And: "SAAS has procedures in place to ensure that the activities of any related bodies do not compromise the confidentiality, objectivity and impartiality of its accreditation activity. SAAS maintains different top management and personnel than that of its related bodies, and decisions for accreditation are the sole responsibility of the Executive Director in consultation with an independent Accreditation Review Panel." See: http://www.saasaccreditation.org/related-bodies (accessed 13 June 2019).
[35] Ibid.
[36] http://www.saasaccreditation.org/board-of-directors (accessed 28 August 2018).
[37] According to the latest tax returns (2017) two persons are directors in both organizations: Alice Tepper Marlin and Dana Chasin: https://projects.propublica.org/nonprofits/organizations/133960591/201803199349302550/IRS990 (accessed 13 June 2019).
[38] http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&pageId=475 (accessed 17 June 2019).
[39] https://projects.propublica.org/nonprofits/organizations/133960591/201623209349307872/IRS990 (accessed 24 September 2018); http://www.saasaccreditation.org/fees (accessed 17 June 2019).
[40] http://www.saasaccreditation.org/fees (accessed 6 August 2019).
[41] http://www.sa-intl.org/_data/n_0001/resources/live/SAI_Tenth%20Anniversary%20Report_Low%20Res%202-08.pdf; http://www.saasaccreditation.org/certfacilitieslist (both accessed 26 July 2019).
[42] Based on own analysis.
[43] http://www.saasaccreditation.org/certfacilitieslist (accessed 26 July 2019). Certifications may only apply to one unit in factories with multiple units.
[44] http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&pageId=1791; http://www.sa-intl.org/_data/global/files/SA8000CertificationCosts(1).pdf; http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&pageId=1839 (accessed 6 August 2019); e-mail by Alex Ducett of SAI to the authors, 30 August 2019.
[45] https://projects.propublica.org/nonprofits/organizations/133960591 (accessed 14 June 2019).
[46] In 2017, SAI revenue percentages were 2.1% for grants, 86.8% for courses, support and corporate fees, 6.8 % for royalties. https://projects.propublica.org/nonprofits/organizations/133960591/201723199349303872/IRS990 (accessed 14 June 2019). These percentages have differed considerably over the past decade - as shown from an own analysis of tax data.
[47] https://projects.propublica.org/nonprofits/organizations/261541492; (accessed 14 June 2019).
[48] https://projects.propublica.org/nonprofits/organizations/261541492 (accessed 24 September 2018).
[49] Ali Enterprises Factory Fire Affectees Association (AEFFAA) et al. 2018, 11; read more in case study 4.1.
[50] http://www.saasaccreditation.org/accredcertbodies; http://www.saasaccreditation.org/course-providers (both accessed 26 July 2019).
[51] Both involuntary and unremunerated overtime are considered to constitute forced labour. AFL-CIO 2013, 40-41.
[52] For a more detailed account see AFL-CIO 2013.

[53] https://www.ndtv.com/india-news/how-sexual-harassment-has-scarred-women-in-indias-garment-industry-1429156 and https://www.theguardian.com/business/2007/sep/03/retail.supermarkets (both accessed 25 September 2018).
[54] SOMO and ICN 2014.
[55] HWW, ICN and SOMO 2018. https://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&pageId=1126 (accessed 4 September 2019).
[56] E-mail by Alex Ducett of SAI to the authors, 30 August 2019.
[57] See for a full list here: http://www.wrapcompliance.org/en/12-principles (accessed 25 September 2018).
[58] http://en.archive.maquilasolidarity.org/sites/maquilasolidarity.org/files/codesmemo12_0.PDF; https://pdf.usaid.gov/pdf_docs/PNADP612.pdf (accessed 4 September 2019); In response to an advance copy of this report, WRAP stated: that its principles "incorporate the spirit, and many times the explicit language, of relevant conventions of the … ILO." E-mail of Seth Lennon to authors 29 August 2019.
[59] http://www.wrapcompliance.org/en/main-training-calendar (accessed 14 June 2019).
[60] http://www.wrapcompliance.org/en/certification (accessed 25 July 2019).
[61] http://www.wrapcompliance.org/en/home; http://www.wrapcompliance.org/en/wrap-facilities-worldwide; http://www.wrapcompliance.org/en/history (all accessed 14 June 2019).
[62] See www.wrapcompliance.org/en/home (accessed 10 August 2018).
[63] http://www.wrapcompliance.org/en/wrap-factories-worldwide (accessed 25 July 2019).
[64] http://www.nonprofitfacts.com/VA/Worldwide-Responsible-Accredited-Production.html (accessed 14 June 2019).
[65] http://www.wrapcompliance.org/upload/Documents/documents/2017%20WRAP%20Form%20990%20-%20PD.PDF (25 July 2019).
[66] https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=2142&context=globaldocs (accessed 25 September 2018).
[67] Walsh and Greenhouse 2012.
[68] AFL-CIO 2013.
[69] http://en.archive.maquilasolidarity.org/pastcampaigns/Gina/background (accessed 25 September 2018).
[70] See the extensive documentation of the Worker Rights Consortium Findings Report: http://www.mekongmigration.org/wp-content/uploads/2013/12/WRC-Assessment-re-Zongtex-Cambodia-3-13-2014.pdf (accessed 25 September 2018).
[71] https://www.business-humanrights.org/en/guatemala-natl-labor-committee-alleges-labour-abuses-at-alianza-fashion-factory#c55509 (accessed 25 September 2018).
[72] https://www.organicconsumers.org/news/wal-mart-hanes-and-other-us-clothing-companies-exploiting-children (accessed 25 September 2018).
[73] https://web.archive.org/web/20161010194808/http://www.globallabourrights.org/reports/hanchang-textilesoriental-tex (accessed 25 July 2019).
[74] https://web.archive.org/web/20161010195450/http://www.globallabourrights.org/alerts/alert-violation-of-cafta-at-sam-bridge-sa-guatemala (accessed 25 July 2019).
[75] https://www.cbsnews.com/news/despite-promises-bangladesh-factory-still-unsafe-for-workers (accessed 25 September 2018).
[76] https://www.laborrights.org/sites/default/files/publications/Dangerous_Silence—Low_Resolution_for_Viewing_Online.pdf (accessed 25 September 2018).
[77] SOMO and ICN 2014.
[78] http://www.fairlabor.org/affiliates (accessed 31 August 2018); Sethi and Rovgenpor 2016, 12, 14; Anner 2012, 615-617.
[79] http://www.fairlabor.org/sites/default/files/sci-factsheet_7-23-12.pdf (accessed 26 July 2019); Sethi and Rovgenpor 2016, 14-17, 20. Information updated according to FLA response to advance copy of this report, e-mail by Shelly Han to authors, 30 August 2019. The FLA however does not maintain a consistent definition of what constitute tier one suppliers.
[80] http://www.fairlabor.org/transparency (accessed 31 August 2018); Sethi and Rovgenpor 2016, 16-17; https://cleanclothes.org/news/2019/03/15/labour-and-human-rights-groups-urge-multi-stakeholder-initiatives-and-business-associations-in-the-apparel-sector-to-adopt-transparency-requirements (accessed 26 July 2019); https://www.fairlabor.org/transparency/assessments; https://www.fairlabor.org/transparency/workplace-monitoring-reports (both accessed 30 July 2019).
[81] http://www.fairlabor.org/report/2017-annual-public-report (accessed 14 June 2019).
[82] http://www.fairlabor.org/sites/default/files/documents/reports/2017_fla_apr.pdf, 38-39; https://projects.propublica.org/nonprofits/organizations/522183112/201803199349310835/IRS990 (both accessed 14 June 2019).
[83] http://www.fairlabor.org/sites/default/files/documents/reports/2017_fla_apr.pdf (accessed 31 August 2018); Anner 2012, 619-622, 627, 633; in response to an advance copy of the report FLA responded; "FLA audits cover the totality of labor standards, including FOA, and the rate of FOA findings is whatever our numbers show. The WRC investigations are actually focused (not random) on factories where violations have been identified as having FOA violations, and of course it would be higher than for general audits. The WRC investigations are more akin to our third-party investigations, where we go in to look at a specific issue such as a FOA issue. Also, every China audit done by the FLA has an automatic FOA violation." E-mail by Shelly Han to the authors, 30 August 2019.
[84] AFL-CIO 2013, 41-43; Anner 2012, 624-626; http://www.thepumphandle.org/2016/12/13/hansae-vietnam-case-study-of-hazardous-working-conditions-and-the-failure-of-corporate-social-responsibility-audits-to-fix-the-hazards (accessed 20 September 2018). On the Hansae case also see case study 4.4; After a broad campaign and a third FLA investigation into the Russell case, the FLA board in February 2009 reversed its position and adopted a resolution setting out nine specific remediation measures tied to Freedom of Association. Subsequently, Russell was put under special review and that ended in October 2009 only after a verification investigation/report demonstrated to the Board's satisfaction that remediation measures were moving forward. http://www.fairlabor.org/sites/default/files/documents/reports/resolution_rc_12.02.09.pdf; http://www.fairlabor.org/sites/default/files/documents/reports/fla_release_02.13.09.pdf (accessed 3 September 2019).
[85] AFL-CIO 2013, 43-45.
[86] http://www.slate.com/articles/business/the_grind/2016/08/nike_s_supply_chain_doesn_t_live_up_to_the_ideals_of_its_girl_effect_campaign.html (accessed 31 August 2018).
[87] https://www.amfori.org/content/40-years-history; https://www.amfori.org/content/our-members; https://amfori-.foleon.com/annual-report-amfori/annual-report-2019/home/ (accessed 2 september August 2019); Starmanns 2010, 64-65; In the course of the transformation from FTA to amfori, it reshaped its governance structure. Its Stakeholder Advisory Council is made up of nine members containing one trade union representative.
[88] https://web.archive.org/web/20150607172838/http://www.bsci-intl.org/about-bsci/bsci-approach/bsci-approach-good-working-conditions (accessed 19 August 2019).
[89] ECCHR et al. 2015.
[90] https://www.amfori.org/content/amfori-bsci-code-conduct- (accessed 31 August 2018).
[91] https://www.amfori.org/sites/default/files/55473_amfori_AR2018_AW1_V7_online_HM.pdf (accessed 31 August 2018); Starmanns 2010, 64.
[92] https://www.amfori.org/sites/default/files/55473_amfori_AR2018_AW1_V7_online_HM.pdf; https://www.amfori.org/sites/default/files/Terms%20of%20Implementation%20for%20amfori%20BSCI%20Participants_UK.pdf; https://www.amfori.org/sites/default/files/amfori-system-manual-2018.pdf (accessed 2 September2019); Starmanns 2010, 66, 73, 79.
[93] https://www.amfori.org/sites/default/files/55473_amfori_AR2018_AW1_V7_online_HM.pdf (accessed 31 August 2018); Starmanns 2010, 65 for 2010 notes a membership fee range of 3,000-30,000.
[94] https://www.amfori.org/sites/default/files/55473_amfori_AR2018_AW1_V7_online_HM.pdf (accessed 31 August 2018).
[95] https://www.amfori.org/sites/default/files/FTA-Annual_Report_2016-2017-Web_6Mo.pdf; https://www.amfori.org/sites/default/files/55473_amfori_AR2018_AW1_V7_online_HM.pdf; https://www.amfori.org/news/audit-integrity-one-year-later (allaccessed 2 September 2019); Starmanns 2010, 73, 76, 88; e-mail by Stephanie Luong to the authors, 30 August 2019.
[96] ECCHR et al. 2015.
[97] Clifford and Greenhouse 2013; see also https://www.amfori.org/news/bsci-participating-companies-work-tackle-labour-issues-bangladesh-factories; https://www.amfori.org/news/bsci-regrets-closure-rosita-factory-bangladesh (both accessed 2 September 2019)
[98] Clifford and Greenhouse 2013;, Since 2014, the auditing guidelines require the auditor to select the most appropriate place for the interview (onsite or offsite); https://www.amfori.org/sites/default/files/amfori-system-manual-2018.pdf (accessed 2 September 2019); e-mail by Stephanie Luong to the authors, 30 August 2019.
[99] See case study 4.2 and 4.3; In the FTA statement on Multifabs Ltd factory from 5 July 2017, it was stated: "BSCI social audits monitor the implementation of the BSCI Code of Conduct, which in turn assesses compliance with international labour standards and national labour laws. For BSCI law observance is at the core of its Code of Conduct. While BSCI social audits do not cover technical inspections of boilers, we rely on the Bangladeshi government as the competentauthority to conduct these checks." https://www.amfori.org/news/fta-saddened-boiler-explosion-bangladesh (accessed 2 September 2019).
[100] Clifford and Greenhouse 2013; In response to an advance copy of this report amfori BSCI reiterated its November 2012 response to the fire: "[N]o BSCI participating company was and is currently sourcing from this factory, no participant had a relationship that would give the leverage and the responsibility to request improvement measures to be implemented in the factory. The factory is what we called an 'orphan', until Wednesday 21 November when another BSCI Participant decided to consider them for future business." https://www.amfori.org/news/towards-increased-actions-health-and-safety-standards-bangladesh (accessed 2 september 2019). The authors firmly believe that the fact that C&A who has admitted to have been sourcing from the factory and was BSCI amfori member merits the statements made above: https://www.c-and-a.com/be/nl/corporate/company/pers/news/statements/nl-be-statements-container/2012/europees-directiecomite-van-ca-geeft-opdracht-voor-verder-onderzoek-naar-brand-in-textielfabriek-in-bangladesh/; another amfori BSCI member Karl Rieker was sourcing from the factory through buying agency https://www.business-humanrights.org/sites/default/files/media/documents/karl-rieker-re-oecd-complaint-22-05-13.pdf (both accessed 2 September 2019);.
[101] AFL-CIO 2013.
[102] https://www.greenbiz.com/blog/2012/07/26/behind-scenes-sustainable-apparel-coalition (accessed 21 March 2019).
[103] Ibid.
[104] Ibid. The first official meeting of the SAC took place in the US in 2010 and included Patagonia, Walmart, Target, Gap, Kohl's, Levi's, Nike, J.C. Penney, Esquel, H&M, Hanes, Li & Fung, Marks & Spencer, The Otto Group, Timberland, Duke University, the EPA, the Environmental Defense Fund and Verite, an international non-profit consulting organisation specialising in training, social auditing, and research. https://gps.ucsd.edu/_files/faculty/gourevitch/gourevitch_cs_hirt.pdf (accessed 21 March 2019).
[105] https://apparelcoalition.org/members/; https://www.prnewswire.com/news-releases/sustainable-apparel-coalition-launches-technology-venture-higg-co-300848584.html (both accessed 15 June 2019).
[106] https://apparelcoalition.org/the-sac/ (video) (accessed 25 July 2019); https://apparelcoalition.org/the-higg-index/ (accessed 31 July 2019).
[107] https://www.theguardian.com/sustainable-business/2016/jun/14/sustainable-apparel-coalition-factory-environment-water-textiles (accessed 25 July 2019).
[108] https://www.theguardian.com/sustainable-business/2016/jun/14/sustainable-apparel-coalition-factory-environment-water-textiles (accessed 26 July 2019); see also https://apparelcoalition.org/terms-of-use/ (accessed 27 July 2019).
[109] https://www.ecotextile.com/2018110923848/materials-production-news/sac-goes-live-with-new-higg-index-modules.html (accessed 26 July 2019); https://apparelcoalition.org/press-releases/2019-transparency-report/ (accessed 4 September 2019).
[110] https://www.ecotextile.com/2016062322199/features/sac-agrees-on-higg-transparency-roadmap-to-2020.html (accessed 25 July 2019).
[111] https://apparelcoalition.org/higg-facility-tools/ (accessed 31 July 2019).
[112] https://slconvergence.org/frequently-asked-questions/ (accessed 31 July 2019).
[113] https://slcp.zendesk.com/hc/en-us/articles/360010437913-1-1-What-is-the-Social-and-Labor-Convergence-Program-SLCP- (accessed 31 July 2019).
[114] http://slconvergence.org/wp-content/uploads/2017/11/FAQ_SLCP_Public-Consultation_24OCT.pdf; https://slcp.zendesk.com/hc/en-us/articles/360010437913-1-1-What-is-the-Social-and-Labor-Convergence-Program-SLCP- (all accessed 31 July 2019).
[115] https://slconvergence.org/frequently-asked-questions/ (accessed 31 July 2019).
[116] http://slconvergence.org/wp-content/uploads/2017/11/FAQ_SLCP_Public-Consultation_24OCT.pdf (accessed 31 July 2019).
[117] https://apparelresources.com/business-news/sustainability/sac-named-accredited-host-slcp-improve-conditions-garment-workers/; http://slconvergence.org/wp-content/uploads/2017/11/FAQ_SLCP_Public-Consultation_24OCT.pdf; https://slconvergence.org/accredited-hosts/ (both accessed 31 July 2019), https://slconvergence.org/about-us/ (accessed 4 September 2019).
[118] https://slconvergence.org/signatories/; https://finance.yahoo.com/news/t-v-rheinland-approved-verifying-020500922.html; https://airtable.com/shrwZz5iH7cuKtHRw/tblJ3Rk4eW4ihbpbu?blocks=hide (accessed 31 July 2019).
[119] https://slcp.zendesk.com/hc/en-us/articles/360014823394-SLCP-Quality-Assurance-Manual-2019 (accessed 4 September 2019).
[120] https://slconvergence.org/program/ (accessed 31 July 2019).
[121] https://www.workersrights.org/mission/ (accessed 9 October 2018).
[122] https://www.workersrights.org/faqs/ (accessed 9 October 2018); for the budget see https://projects.propublica.org/nonprofits/organizations/61596009 (accessed 11 October 2018).
[123] https://www.workersrights.org/how-we-work/; https://www.workersrights.org/factory-reports/; https://www.workersrights.org/factory-investigations/ (all accessed 9 October 2018).
[124] https://www.workersrights.org/wp-content/uploads/2018/05/infographic-Our-Impact_WRC.pdf (accessed 9 October 2018).
[125] https://www.workersrights.org/wp-content/uploads/2018/05/WRC_Labor-Rights-Breakthroughs.png (accessed 9 October 2018).

CHAPTER 3

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[128] See https://group.bureauveritas.com/bureau-veritas-2016-annual-report (accessed 25 September 2018).
[129] https://annualreport.ul.com/2016/, 26 (accessed 14 August 2019).
[130] https://group.bureauveritas.com/group/history (accessed 11 October 2018).
[131] https://www.bureauveritas.com/fcafdac4-08d8-4e14-8373-3353f31b358d/BUREAU_VERITAS_RA2017_EN_EXE_web.pdf?MOD=AJPERES (accessed 17 June 2019); https://group.bureauveritas.com/investors/our-profile/key-figures (accessed 15 June 2019).
[132] BuySellSignals 2017.
[133] https://www.bureauveritas.com/fcafdac4-08d8-4e14-8373-3353f31b358d/BUREAU_VERITAS_RA2017_EN_EXE_web.pdf?MOD=AJPERES; https://group.bureauveritas.com/sites/g/files/zypfnx196/files/media/document/PR%20_H118%20results_ENG_0.pdf (both accessed 29 July 2019).
[134] https://group.bureauveritas.com/sites/g/files/zypfnx196/files/media/document/20190228_Full_year_2018_results_presentation.pdf (accessed 15 June 2019).
[135] https://group.bureauveritas.com/sites/g/files/zypfnx196/files/media/document/20190228_Full_year_2018_results_presentation.pdf; https://group.bureauveritas.com/investorsfinancial-information/financial-results (both accessed 15 June 2019); https://www.bureauveritas.com/fcafdac4-08d8-4e14-8373-3353f31b358d/BUREAU_VERITAS_RA2017_EN_EXE_web.pdf?MOD=AJPERES , 21, 39-41 (accessed 29 July 2019).
[136] https://group.bureauveritas.com/group/corporate-social-responsibility (accessed 11 October 2018).
[137] https://www.bureauveritas.com/929353bb-9958-4820-986e-c5052ade4a83/Sustainability_040116-Complet-FINALFINAL.pdf?MOD=AJPERES , 11, 36 (accessed 11 October).
[138] https://www.bureauveritas.com/929353bb-9958-4820-986e-c5052ade4a83/Sustainability_040116-Complet-FINALFINAL.pdf?MOD=AJPERES (accessed 11 October).
[139] La loi n° 2017-399 du 27 mars 2017 relative au devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre.
[140] Das et al. 2017; See case study 4.2.
[141] https://www.thenation.com/article/a-western-company-could-finally-be-held-accountable-for-the-rana-plaza-disaster/ (accessed 17 October 2018).
[142] Somo and ICN 2014.
[143] https://www.tuv.com/world/en/about-us/dates-and-facts/ (accessed 29 July 2019).
[144] https://www.tuv.com/world/en/about-us/corporate-report/ (2017), 4 (accessed 19 August 2019).
[145] https://www.tuv.com/media/00_global/aboutus_3/publications/TÜV_Rheinland_AG_-_At_a_Glance.pdf (accessed 21 September 2018).
[146] https://www.tuv.com/content-media-files/master-content/about-us/tuv-rheinland-corporate-report-2018-en.pdf, 105 (accessed 15 June 2019).
[147] https://www.tuv.com/media/corporate/aboutus_5/pdf_1/Our_Mission_Statement.pdf (accessed 18 September 2018); https://www.tuv.com/world/en/about-us/mission-statement-and-values/ (accessed 31 July 2019).
[148] https://www.tuv.com/world/en/social-standards-%E2%80%93-ethical-and-social-audits.html (accessed 18 September 2018).
[149] https://www.tuv.com/world/en/sa-8000-certification.html (accessed 18 September 2018).
[150] https://www.tuv.com/en/greater_china/services/training_and_consulting/topics_china/csr_2/csr-training.html (accessed 18 September 2018).
[151] https://www.tuv.com/media/corporate/aboutus_5/pdf_1/Our_Mission_Statement.pdf (accessed 18 September 2018).
[152] ECCHR et al. 2015, 11. Also see case study 4.2.
[153] https://www.tuv.com/en/corporate/about_us_1/press/news_2/newscontent_cw_384320.html (accessed 21 September 2018).
[154] See case study 4.3.
[155] https://www.ul.com/aboutul/history/ (accessed 18 September 2018).
[156] https://crs.ul.com/wp-content/uploads/2016/10/EN_US_RS_Overview_APR-2019_LT_WEB.pdf (accessed 15 June 2019).
[157] https://annualreport.ul.com/ (accessed 15 June 2019).
[158] https://www.ul.com/wp-content/themes/root/img/annual-report/assets/UL-annual-report-2017.pdf (accessed 18 September 2018).
[159] https://projects.propublica.org/nonprofits/organizations/361892375/201743149349303099/IRS990; https://projects.propublica.org/nonprofits/organizations/361892375/201843189349304774/IRS990 (both accessed 15 June 2019).
[160] https://annualreport.ul.com/2016 , 7 (accessed 14 August 2019).
[161] https://annualreport.ul.com/2016 , 7 (accessed 14 August 2019).
[162] https://www.ul.com/consumer-retail-services/en/services/responsible-sourcing/ (accessed 18 September 2018); https://annualreport.ul.com/2016 (accessed 14 August 2019).

[163] Clifford and Greenhouse 2013; http://www.wamc.org/post/foreign-factory-audits-profitable-flawed-business (accessed 19 September 2018); http://www.thepumphandle.org/2016/12/13/hansae-vietnam-case-study-of-hazardous-working-conditions-and-the-failure-of-corporate-social-responsibility-audits-to-fix-the-hazards (accessed 20 September 2018); on Hansae see case study 4.4.
[164] http://www.wamc.org/post/foreign-factory-audits-profitable-flawed-business (accessed 19 September 2018); also see Clifford and Greenhouse 2013 where Sajeev Jesudas, president of UL Verification Services, used the same argument.
[165] http://www.elevatelimited.com/about/our-offices https://www.devex.com/organizations/elevate-limited-119763 (accessed 3 September 2019).
[166] http://www.elevatelimited.com/about/our-story; http://www.elevatelimited.com/industries/apparel-footwear; http://www.elevatelimited.com/services/assessment/social-and-labor (all accessed 16 June 2019).
[167] https://www.elevatelimited.com/services/assessment/social-labor/ (accessed 16 June 2019).
[168] https://www.elevatelimited.com/services/assessment/social-labor/; https://www.elevatelimited.com/about-elevate/ (all accessed 16 June 2019).
[169] http://www.elevatelimited.com/services/programs/supplier-ownership/development-support/about-assessments; https://www.elevatelimited.com/services/consulting/worker-engagement/ (accessed 3 September 2019).
[170] http://www.elevatelimited.com/about/who-we-work-with (accessed 20 September 2018).
[171] Ibid; see also e-mail by Bronwyn Alexander to authors, 30 August 2019.
[172] http://www.elevatelimited.com/industries/apparel-footwear (accessed 15 June 2019); http://www.elevatelimited.com/insights/case-studies/bangladesh-alliance (accessed 20 September 2018).
[173] http://www.bangladeshworkersafety.org/en/progress-impact/progress-reports/489-annual-report-2018; https://www.elevatelimited.com/insights/the-alliance-for-bangladesh-worker-safety/ (accessed 3 September 2019).
[174] International Labor Rights Forum et al. 2016.
[175] http://www.elevatelimited.com/about/our-story; http://www.elevatelimited.com/services/programs/supplier-ownership/development-support/about-assessments (accessed 20 September 2018).
[176] http://www.elevatelimited.com/services/assessment/beyond-audit (accessed 20 September 2018).
[177] Ibid.
[178] http://www.thepumphandle.org/2016/12/13/hansae-vietnam-case-study-of-hazardous-working-conditions-and-the-failure-of-corporate-social-responsibility-audits-to-fix-the-hazards (accessed 20 September 2018). Also see case study 4.4.
[179] https://www.rina.org/en/about-us/history (accessed 29 July 2019).
[180] https://www.rina.org/en/about-us/at-a-glance (accessed 29 July 2019).
[181] https://shared.rina.org/SCresources/Documents/annual_report_2017.pdf , 6 (accessed 16 June 2019).
[182] https://www.rina.org/en/media/press/2019/05/17/turnover (accessed 16 June 2019).
[183] https://shared.rina.org/SCresources/Documents/annual_report_2017.pdf , 35 (accessed 16 June 2019)
[184] https://www.rina.org/en/business/certification/compliance-social-accountability/social-ethics (accessed 19 Aqugust 2019).
[185] https://www.rina.org/en/social-accountability-sa-8000 (accessed 18 March 2019).
[186] https://www.rina.org/en/social-accountability (accessed 30 July 2019).
[187] https://www.ecchr.eu/fileadmin/Fallbeschreibungen/CaseReport_Rina_Pakistan.pdf (accessed 30 July 2019).
[188] Ali Enterprises Factory Fire Affectees Association (AEFFAA) et al. 2018; https://www.oecdwatch.org/cases/Case_514, p. 9. Read more in case study 4.1.
[189] Ibid.
[190] Ibid.
[191] Somo and ICN, 2014; In response of an advance copy of this report RINA alleges: "Following the SOMO report, SAAS (in the presence of RINA as an observer) conducted an unannounced visit to the said facility in order to check the issues raised in the SOMO report. The outcome was that none of those issues were found to be existing in the facility and the company was worthy of its certification." Also in response to an advance copy of this report SAI stated: "After extensive study of the allegations, SAI conducted re-education and provided guidance for all auditors on misuse of sumangali schemes (the issue at the heart of these allegations)."
[192] https://www.algi.net/who-we-are/ (accessed 16 June 2019).
[193] AFL-CIO 2013, 41-42; http://www.fairlabor.org/sites/default/files/documents/reports/fla_report_jdh_01.28.09.pdf (accessed 22 October 2018); ALGI reported: "monitors did not detect or gather any tangible evidence to show beyond a shadow of doubt that JDH has performed or encouraged actions that can be regarded as discriminatory or hostile against SITRAJERZEESSH union delegates, the union federation (CGT) or any union or non-union employees."
[194] AFL-CIO 2013, 41-42. The FLA later reversed its position later, see section 2.3; In response to an advance copy of this report ALGI stated: "At this particular case of Russell Athletics in Honduras, despite many efforts and application of multiple techniques, it was impossible for us to detect objective evidence to conclude a union-busting practice by the enterprise. We reviewed payroll, contracts, dismissal records, hiring and firing procedures, minutes of committees, and repeatedly interviewed 6 management representatives. We also interviewed 77 workers on-site and off-site. We also did off-site interviews to Confederación General de Trabajadores (CGT) delegate, union workers, the Regional Director of Ministry of Labor at San Pedro Sula, the Regional Supervisor and a labor inspector. Despite our efforts, our conclusion only showed objective evidence for financial conditions that lead to the closure of the factory. This finding was seconded by an additional financial audit by the FLA, that also concluded that the closure followed economic reasons." E-mail by Carolina Gómez to the authors, 31 August 2019.
[195] https://www.sgs.com/~/media/Global/Documents/Brochures/sgs-group-history-en.ashx (accessed 13 March 2019); https://www.sgs.com/en/our-company/about-sgs/sgs-in-brief (accessed 29 July 2019).
[196] https://www.sgs.com/-/media/global/documents/financial-documents/financial-reports/2018/sgs-2018-annual-report.pdf (accessed 29 July 2019).
[197] https://www.sgs.com/en/consumer-goods-retail/audits/social-audits (accessed 13 March 2019).
[198] https://www.sgs.com/en/our-company/about-sgs/sgs-in-brief (accessed 29 July 2019).
[199] https://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1906&context=globaldocs (accessed 13 March 2019).
[200] Clean Clothes Campaign 2005a.
[201] Clifford and Greenhouse 2013; https://www.dailykos.com/stories/2013/09/02/1235805/-System-for-inspecting-overseas-factories-has-serious-and-potentially-deadly-flaws# (accessed 14 March 2019).
[202] http://www.achact.be/upload/files/MadeInSriLanka_rapport_ENGL.pdf (accessed 19 August 2019).
[203] See case study 4.4.
[204] UL is no longer SAAS accredited.
[205] https://www.nytimes.com/2013/09/02/business/global/superficial-visits-and-trickery-undermine-foreign-factory-inspections.html (accessed 21 January 2019); Reinecke, J., J. Donaghey and D. Hoggarth 2017.
[206] Brown 2013.
[207] Barclays 2018.
[208] On its website the Ethical Trading Initiative – an association of brands and retailers not unlike the SCIs described in the previous chapter which has also formulated a Code of Conduct but keeps away from certification - criticizes auditing on these (and more) grounds stating for example: "Anecdotally, we have heard of some factories being audited up to 14 times in a single month by different brands. This has contributed to so called audit fatigue, resulting in a lack of engagement." https://www.ethicaltrade.org/issues/audits-and-beyond (accessed 25 January 2019).
[209] https://cleanclothes.org/resources/background/history-bangladesh-safety-accord/view (accessed 5 August 2019).
[210] https://cleanclothes.org/resources/background/history-bangladesh-safety-accord/view; individual factory CAPs are available here https://bangladeshaccord.org/factories; aggregated progress reports can be found on https://bangladeshaccord.org/resources/progress-reports (all accessed 5 August 2019); Anner 2018, 10-15.
[211] https://bangladeshaccord.org/workers; https://laborrights.org/callingforremedy (both accessed 5 August 2019).
[212] Anner 2018, 13-14.

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[213] For Ali Enterprises more information can be found below (case study 4.1). For Tazreen Fashions see: https://www.reuters.com/article/us-bangladesh-fire-walmart-idUSBRE8BA06820121211 ; https://www.reuters.com/article/us-bangladesh-fire-idUSBRE8BA08420121211 (both accessed 28 May 2019).
[214] For Rana Plaza more information can be found below (case study 4.2).
[215] For a full timeline of the Ali Enterprise fire and events that followed see: https://cleanclothes .org/safety/ali-enterprises/time-line-for-the-ali-enterprises-case (accessed 3 September 2018).
[216] Walsh and Greenhouse 2012.
[217] http://www.sa-intl.org/_data/n_0001/resources/live/Q&A_AliEnterprises_8Dec2012.pdf (accessed 17 August 2018).

[218] See https://www.oecdwatch.org/cases/Case_514/1743/at_download/file, 11 (accessed 31 July 2019). Since the wooden ceiling was immediately visible after the entrance to Block A and impossible to avoid, it has to be assumed that the auditors have never entered Block A. This was also the conclusion by the fire expert commissioned by the Italian prosecutor.
[219] It claims that access to exit-routes has been maintained free from any kind of obstruction and exit and emergency exit were kept unlocked.
[220] Social Accountability International 2013, Report Addendum on Fire Safety in Pakistan: http://www.sa-intl.org/_data/n_0001/resources/live/Q&A_AliEnterprises_8Dec2012.pdf (accessed 30 August 2019).
[221] More specifically, the Factories Act (1934), the Sindh Factories Rules (1975), and the Karachi Building & Town Planning Regulations (2002).
[222] https://www.forensic-architecture.org/case/outsourcing-risk/ (accessed 20 August 2018).
[223] http://www.sa-intl.org/_data/n_0001/resources/live/Q&A_AliEnterprises_8Dec2012.pdf; https://cleanclothes.org/safety/ali-enterprises/time-line-for-the-ali-enterprises-case (both accessed 17 August 2018); in 2014, criminal investigations regarding the Ali Enterprises case were opened against RINA in Italy: https://www.ecchr.eu/fileadmin/Fallbeschreibungen/CaseReport_Rina_Pakistan.pdf (accessed 20 August 2018).
[224] AFL-CIO 2013, 37-38.
[225] Terwindt and Saage-Maaß 2016, 9; http://www.sa-intl.org/_data/n_0001/resources/live/Q&A_AliEnterprises_8Dec2012.pdf (accessed 17 August 2018); Procedure 201A:2015 7.5.1.3 - http://www.saasaccreditation.org/sites/default/files/u4/SAAS_Procedure201A.2015.pdf (accessed 2 September); E-mail by Alex Ducett of SAI to the authors, 30 August 2019.
[226] http://www.sa-intl.org/_data/n_0001/resources/live/Q&A_AliEnterprises_8Dec2012.pdf (accessed 17 August 2018).
[227] According to own calculations, India already accounts for just over half of the SA8000 certified textile and garment facilities. The whole South Asian subcontinent represents under 60% of the textile and garment facilities with a certificate.
[228] AFL-CIO 2013, 37; AFL-CIO shows that RINA course descriptions used in 2012 entirely failed to address the vital and critically difficult to audit issue of freedom of association.
[229] Walsh and Greenhouse 2012.
[230] ECCHR et al. 2015, 9-10.
[231] Since 2014, the amfori BSCI audits are only valid for two years.
[232] https://www.tuv.com/de/deutschland/ueber_uns/pruefer_pruefen/pruefung_von_sozialstandards_1/pruefung_von_sozialstandards.html?et_cid=162&et_lid=177&et_sub=DE_Pr%C3%BCfung%20von%20Sozialstandards (accessed 20 August 2018).
[233] Rule number six on Workplace Health and Safety in the BSCI Code of Conduct of 2009 stipulated that factories "shall provide a safe and healthy workplace environment and shall take effective steps to prevent potential accidents and injury to workers' health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the workplace environment, and bearing in mind the prevailing knowledge of the industry and of any specific hazards". The factory owners of Phantom Apparel Ltd. failed to provide a "safe and healthy workplace environment" and they similarly failed to take "effective steps to prevent potential accidents and injury to workers' health" thus violating rule six. Rule number one in the BSCI Code of Conduct 2009 required "[c]ompliance with all applicable laws and regulations, industry minimum standards, ILO and UN Conventions, and any other relevant statutory requirements whichever requirements are more stringent". This provision, calls for compliance with the National Building Code, the Detailed Area Plans, as well as industry minimum standards for building structures. This provision also calls for compliance with the Bangladesh Labour Act (2006), which legally binds employers to properly document information about workers and maintain this information for any inspection from authorized bodies. The lack of valid permits approving the extra floors and the industrial use of the Rana Plaza building constitutes a violation of rule one of the 2009 BSCI Code of Conduct. https://www.amfori.org/resource/bsci-code-conduct-version-2009 (accessed 30 August 2019).
[234] ECCHR et al. 2015, 12-13, 21-22.
[235] BSCI Phantom Apparel Ltd Social Audit Report, number BL-18/12. On file with the authors; ECCHR et al. 2015, 3, 12-13.
[236] ECCHR et al. 2015, 3, 12-13.
[237] Terwindt and Saage-Maaß 2017, 9; In response to an advance copy of this research amfori BSCI referred to a number of suspensions of auditors, without however giving clarity about the identity or basis of these suspensions; e-mail by Stephanie Luong to the authors, 30 August 2019.
[238] BSCI 2006 Press Release: European Commerce pushes for improvement of social standards in Bangladesh Press. On file with the authors.
[239] BSCI Phantom Apparel Ltd Social Audit Report, number BL-18/12. On file with the authors.
[240] Das et al. 2017; http://lawofwork.ca/wp-content/uploads/2017/07/DAS-v-GEORGE-WESTON-LTD-certification-and-jurisdiction-July-5-2017.pdf (accessed 29 July 2019); On appeal the Canadian High Court confirmed the decision that Canadian courts had no jurisdiction over this case: https://www.cbc.ca/news/politics/rana-plaza-disaster-loblaws-supreme-court-1.5240493 (accessed 21 August 2019); Doorey 2018: Doorey concludes: "Loblaws' CSR program was a public relations exercise intended to convey that it was committed to protecting its supply chain workers when in practice it had no means to improve worker safety at all."
[241] https://in.reuters.com/article/bangladesh-garment-factory-blast-idINKBN19Q183 (accessed 14 March 2019); see also https://www.amfori.org/news/fta-saddened-boiler-explosion-bangladesh (accessed 2 september 2019).
[242] The CCC has repeatedly requested TÜV Rheinland in Bangladesh to provide a full version of the report without response.
[243] TÜV Rheinland Auditing report of Multifabs Ltd, on file with authors.
[244] Ibid. Eight issues found:7.3 a) No health check reports for machine operators, as required by law
7.3 b) Yarn bags were stored in excessive height in basement area in building 2
7.5) Not enough firefighters and existing ones didn't have sufficient knowledge
7.6) Inadequate noise protection for workers in noisy areas (earplugs)
7.7) Chemicals stored in water bottles without labels
7.10) No register for minor injuries, and no proper injury analis for incurred injuries
7.11) Facility's two diesel generators (350 KVA and 400 KVA) lack permission from concerned authorities.
7.13) No competency certificate was found for seven out of fifteen electricians
7.16) Most workers don't understand the evacuation plan
[245] The CAP for Structural & Building Safety shows an inspection date of 13 April 2014. In response to an advance copy of this report amfori BSCI once more reiterated: "Although BSCI social audits can reveal labour non-compliances, they do not cover building construction or integrity, which are the domain of specially-qualified building inspectors." https://www.bsci-intl.org/sites/default/files/bsci-2014-05-26-annual_report_2013-uk-a4-mai_2014-def-internet.pdf (accessed 2 September 2019).
[246] https://accord.fairfactories.org/accord_bgd_files/1/Audit_Files/19717.pdf (the structural inspection contrary to the other two took place in March 2015); https://accord.fairfactories.org/accord_bgd_files/1/Audit_Files/878.pdf; https://accord.fairfactories.org/accord_bgd_files/1/Audit_Files/3609.pdf; the Accord does not inspect boilers, which falls out of its scope. The Multifabs explosion has however been an incentive to start a pilot project on boiler inspections: https://admin.bangladeshaccord.org/wp-content/uploads/2018/09/180626-SC-Minutes-Amsterdam.pdf (accessed 14 March 2019); https://bangladeshaccord.org/updates/2019/03/18/boiler-safety-pilot-program-results (accessed 19 August 2019).
[247] https://www.amfori.org/content/amfori-bsci-code-conduct-(accessed 14 March 2019).
[248] https://www.amfori.org/sites/default/files/amfori%20BSCI%20COC%20UK.pdf.
[249] TÜV Rheinland Auditing report of Multifabs Ltd, on file with authors.
[250] https://www.workersrights.org/wp-content/uploads/2016/02/New-WRC-Report-on-Hansae-Vietnam-Nike.html (accessed 14 March 2019).
[251] Brown 2017, 132.
[252] Ibid.
[253] https://www.workersrights.org/wp-content/uploads/2016/02/WRC-Assessment-of-Hansae-Vietnam-Nike.html (accessed 14 March 2019).
[254] https://www.fairlabor.org/report/hansae-vietnam (accessed 3 September 2019).
[255] https://www.fairlabor.org/report/hansae-vietnam-second-investigation; https://www.workersrights.org/communications-to-affiliates/new-wrc-report-on-hansae-vietnam-nike/; https://www.fairlabor.org/sites/default/files/documents/reports/final_report_hansae_vietnam_february_2018_0.pdf (accessed 3 September 2019).
[256] Brown 2017, 131; https://www.workersrights.org/communications-to-affiliates/new-wrc-report-on-hansae-vietnam-nike/ (accessed 3 September 2019).In response to an advance copy of this report Nike claims that no physical abuse was found in the factory,. E-mail by Cimarron Nix to the authors, 30 August 2019.
[257] https://www.workersrights.org/wp-content/uploads/2016/02/New-WRC-Report-on-Hansae-Vietnam-Nike.html (accessed 14 March 2019).
[258] Brown 2017, 130.
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[260] http://news.trust.org/item/20181206105956-fsnfo/ (accessed 20 June 2019).
[261] https://www.theguardian.com/global-development/2018/dec/09/nhs-rubber-gloves-made-in-malaysian-factories-accused-of-forced-labour (accessed 20 June 2019).
[262] https://publications.parliament.uk/pa/jt201617/jtselect/jtrights/443/44307.htm (Accessed 12 August 2019).
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[266] https://www.theguardian.com/global-development/2018/dec/09/nhs-rubber-gloves-made-in-malaysian-factories-accused-of-forced-labour (accessed 20 June 2019).
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[270] https://www.theguardian.com/global-development/2018/dec/09/nhs-rubber-gloves-made-in-malaysian-factories-accused-of-forced-labour (accessed 11 August 2019).
[271] https://finnwatch.org/images/top-glove-letter-to-stakeholders-on-Migrant-Workers-Rights.ex.pdf (accessed 11 August 2019).
[272] https://finnwatch.org/images/top-glove-letter-to-stakeholders-on-Migrant-Workers-Rights.ex.pdf (accessed 11 August 2019).
[273] https://www.scmp.com/news/asia/southeast-asia/article/2177151/malaysian-factories-accused-forced-labour-make-rubber (accessed 24 June 2019).
[274] https://finnwatch.org/images/top-glove-letter-to-stakeholders-on-Migrant-Workers-Rights.ex.pdf (accessed 20 June 2019).

CHAPTER 5

[275] AFL-CIO 2013, 38; see also for example: http://www.sa-intl.org/index.cfm?fuseaction=page.viewpage&pageid=1942 (accessed 11 June 2019).
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[277] https://www.theapsca.org/ (accessed 21 September 2018).
[278] https://www.theapsca.org/executive-board.html; https://www.theapsca.org/stakeholder-board.html (accessed 3 September 2019).
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[280] See for example Frank 2008; LeBaron and Lister 2016; Clifford and Greenhouse 2013.
[281] LeBaron and Lister 2016.
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[283] E-mail by Bronwyn Alexander to the authors, 30 August 2019.
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[285] ETI 2006, 8, 11.
[286] http://www.fairlabor.org/sites/default/files/documents/reports/2010_annual_public_report.pdf (accessed 31 July 2019).
[287] See ETI 2006.
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[290] ECCHR et al. 2015, 20; BSCI 2006 Press Release: European Commerce pushes for improvement of social standards in Bangladesh Press. On file with the authors; https://www.bsci-intl.org/sites/default/files/bsci-2014-05-26-annual_report_2013-uk-a4-mai_2014-def-internet.pdf; https://cleanclothes.org/news/2013/06/25/bsci-10th-anniversary-shame-over-rana-plaza (both accessed 3 September 2019).
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[293] AFL-CIO 2013; also compare Starmanns 2010, 107.
[294] AFL-CIO 2013.
[295] Egels-Zanden and Merk 2014.
[296] Egels-Zanden and Merk 2014.
[297] ITUC et al. 2012.
[298] E-mail by Carolina Gómez to the authors, 31 August 2019.
[299] See for example CCC 2005a, 26-27; AFL-CIO 2013, 26-36; Anner 2012, 626.
[300] https://www.ul.com/consumer-retail-services/wp-content/uploads/2016/10/EN_US_RS_Workplace-Assessments_JUL-2015_LG_WEB-1.pdf (accessed 18 September 2018).
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[302] ILO 2016.
[303] HRW 2019.
[304] Ibid.
[305] Ibid.
[306] Locke 2013, 35; also see Terwindt and Saage-Maaß 2016.
[307] Terwindt and Saage-Maaß 2016, 6; also see O'Rourke 2000.
[308] Albin-Lackey 2013; Clean Clothes Campaign 2005a.
[309] LeBaron and Lister 2016, 7-8.
[310] AFL-CIO 2013, 16; also see LeBaron, Lister and Dauvergne 2017; ILO 2016.

CHAPTER 6

[311] https://www.oecd.org/corporate/mne/oecdguidelinesformultinationalenterprises.htm, 43 (accessed 19 August 2019).
[312] OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector 2017, 43. https://mneguidelines.oecd.org/responsible-supply-chains-textile-garment-sector.htm (accessed 30 August 2019).
[313] Ibid, 26.
[314] Ibid, 24.
[315] ibid, 11.
[316] Ibid, 26.
[317] Ibid, 105, 126, 131, 136.
[318] Ibid, 43, 48.
[319] Ibid, 45.
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[321] Office of UN High Commissioner for Human Rights, The Corporate Responsibility to Respect Human Rights, An Interpretive Guide, 2012, available at: http://www.ohchr.org/Documents/Publications/HR.PUB.12.2_En.pdf (accessed 19 August 2019).
[322] OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector 2017, 17.
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CONCLUSION

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[326] On or above the minimum standard set by the transparency pledge coalition: https://www.transparencypledge.org

Image Kristof Vadino

www.cleanclothes.org