Committee of Home Textiles Producers

January 15, 2015

17:00 – 19:00hrs.
Room: Argument, Hall 3.C, West Exhibition Ground Messe Frankfurt
Frankfurt / Germany

Minutes

Participants:

Brazil
Rui ALTENBURG (Altenburg Industria Textil Ltda.)

China
Jie LI (China Home Textile Association)
Yinghua LIN (Sub-Council of Textile Industry, CCPIT)
Weizhu LU (Jiangsu Bermo Home Textile Co., Ltd.)
Steven QIAN (Cathay Home Inc.)
Zhaohua YANG (China Home Textile Association)
Hua YANG (Bestwish Home Textile (Nantong) Co., Ltd.)
Wie YANG (Zhe Jiang Jinchan Curtain Co. Ltd.)

Chinese Taipei
Justin HUANG (Taiwan Textile Federation)

Egypt
Karim SHAFEI (Gherzi Egypt)

France
Hubert DU POTET (F.F.I.L.C.)
Benoit HACOT (F.F.I.L.C.)

Germany
Klaus-Jürgen KRAATZ (IVGT)
Stefan SCHMIDT (IVGT)
Hendrik H. VAN DELDEN (Gherzi van Delden GmbH)

India
Anish DOSHI (Textrade International Ltd.)
Pradeep KHER (Birla Century (Divn. Of Century Textiles and Industries Ltd.)
Rajesh MANDAWEWALA (Welspun India Ltd.)
R.C. PANWAR (Century Textiles and Industries Ltd.)

Italy
Michele RIVA (Reggiani Machine SPA)
Pakistan

Bashir H. **Ali Mohammad** (Gul Ahmed Textile Mills Ltd.)
Fawad **Anwar** (Al-Karam Textile Mills Limited)
Zaki **Bashir** (M/S. Gul Ahmed Textile Mills Ltd.)
Ayaz Ali **Merchant** (Lucky / 1888 Mills)
Nisar **Palla** (Yunus Textile Mills Limited)
Anas **Rahman** (Feroze 1888 Mills Ltd.)

Switzerland

Giuseppe **Gherzi** (Gherzi Textil Organisation)

Turkey

Ali Sami **Aydin** (Tetsiad)
Attila **Bulut** (Tetsiad)
Hasim **Buyukbalci** (Tetsiad)
Ozman Nuri **Canik** (Uludag Textile Exporters Association)
Yasar **Kucukcalik** (Luks Kadife Tic. Ve San. A.S.)
Ahmet Serdar **Sutcuoglu** (Tetsiad)

USA

Sean **Callanan** (Cotton Council International)
Jesse W. **Curlee** (Supima)
Allen **Fulton** (1888 Mills)
Kate **Lloyd** (Textiles Intelligence)
Jonathan R. **Simon** (1888 Mills, LLC)
Allen A. **Terhaar** (Cotton Council International)

ITMF

Christian P. **Schindler** (ITMF)

Speaker

Ratna **Sita Handayani** (Euromonitor International)
1. **Opening Remarks**

The meeting was opened by Mr. Schindler, Director General, who welcomed everyone and expressed his appreciation to all persons present for having taken the time to attend the meeting. He also conveyed the greetings from the Chairman of the Committee, Mr. Benoit Hacot, who had to cancel his participation on short notice and sent his apologies for not being able to join the meeting.

2. **Presentation by Euromonitor**

Ms. Ratna Sita Handayani, Research Managers at Euromonitor International gave a very interesting and informative presentation with the title “The Global Home Textiles Market: Trends and Opportunities” (see attached document no. 1). The main findings are:

- In 2013 3.8% of total sales were internet-sales (up from 2.4% in 2008).
- Annual growth after the global recession more than 4%.
- Bed textiles represent (in value) still the largest segment (approx. 25%) followed by bath textiles (approx. 15%) and rugs (approx. 10%) followed by living room textiles (approx. 7%) and kitchen and dining textiles (approx. 5%).
- There is a very close relation between sanitation access and consumption of bath textiles.
- Cocooning is a trend supporting sales of living room textiles.
- China is both the largest (approx. USD 13 billion) and the fastest growing market (approx. 14%). Per capita China’s expenditures for home textiles are approx. 1/3 of the US.
- Key drivers in the developed world are: shrinking household size, comfort, added value and convenience in use.
- In emerging countries key drivers are more new homes, rising middle class, affordable prices and purchase convenience.
- Manufacturers push for more sales are via 1) materials (sustainability (recycled fabrics, bio textiles) and functional convenience (less hassle with microfibers). Cotton is still king in home textiles and 2) nanotechnology (anti-bacterial properties, wrinkle-free, stain resistant, etc.).
- At the retail level specialist retailers are still dominant (market share of approx. 40%). Grocery and internet gain ground while department stores are squeezed.
- Trend towards omni-channel strategies is visible.
- Apparel retailers start entering the home textile markets.
- Opportunities are especially good for bed, bath and living room textiles with an expected CAGR of approx. 6% (2013-2018).
- Growth will be driven by the internet (convenience), added-value products, commoditising and China.

3. **Standard Audit Label Initiative – Preliminary Report**

Mr. Karim Shafei (Gherzi) gave a presentation about the status of the “Standard Audit Label Initiative” (see attached document no. 2) based on a draft for a “Code of Conduct” (see document no. 3) that the Committee commissioned at its last meeting in New York/USA in September 2014 and which was circulated by email to all registered persons a few days prior to the meeting. This draft for a “Code of Conduct” is basically a compilation of all compliance requirements that retailers are currently asking from home textile manufacturers from around the world.
In the following discussion participants in general welcomed the “Code of Conduct”. As far as future discussion with existing initiatives (possible auditing-partners) and retailers (industry-partners) are concerned some participants stated that it is a very important but also very challenging task to identify the right persons.

With regard to the question whether also the apparel industry should be included in this initiative most participants shared the view that it should. At the same time it was agreed that the focus should be now to talk to possible (auditing) partners and partners from the retail industry.

It was decided that the Committee should give all members of the HTP-Committee as well as all ITMF members more time to study the draft for a “Code of Conduct” and to come back with remarks, comments and suggestions until the end of February. Mr. Shafei will include all input received into a final version of the “Code of Conduct” which will serve as the basis at the next meeting of the HTP-Committee in March in New York.

In this context it was requested that all ITMF members are informed about this initiative of the HTP-Committee.

4. **Next Meeting**

   It was agreed to meet again during the Home Textile Market Week (March 23-26, 2015) in New York/USA on **Tuesday, March 24, 2015**.

January 2015
GLOBAL HOME TEXTILES MARKET: TRENDS AND OPPORTUNITIES

RATNA SITA HANAYANI
RESEARCH MANAGER (HOME & TECH - WESTERN EUROPE)
15 JANUARY 2015
INTRODUCTION

Euromonitor International: Strategic Global Market Research

12 OFFICE LOCATIONS
London, Chicago, Singapore, Shanghai, Vilnius, Santiago, Dubai, Cape Town, Tokyo, Sydney, Bangalore, and São Paulo

80 COUNTRIES
in-depth analysis on consumer goods and service industries

210 COUNTRIES
demographic, macro- and socio-economic data on consumers and economies
GLOBAL HOME TEXTILES: OVERVIEW

KEY DRIVERS

FUTURE OPPORTUNITIES
2013 KEY FACTS

4.4% VALUE GROWTH

$53 HOUSEHOLD SPENDING

3.8% SALES VIA INTERNET
GLOBAL HOME TEXTILES: OVERVIEW

Healthy Growth in 2013 Following Recovery Years

Retail Value Sales and Annual Growth of Home Textiles

US$ billion (current terms)  Year-on-Year % Growth (Fixed Exchange Rate)
Most Invest on Bed Textiles, but Living Room Gains Importance

**Global Value Sales Breakdown in 2013**

- **Bed Textiles**
- **Rugs**
- **Kitchen and Dining Textiles**
- **Bath Textiles**
- **Living Room Textiles**

- Most households still have bed linens as first investment
- Access to sanitation affects bath textiles
- Living room textiles sales supported by cocooning
China Tops Growth but India and Turkey also Show Promise

Top 5 Fastest Growing Countries:  
Home Textiles Value Growth 2008-2013

- China household expenditure 1/3 of US
- India: not yet living up to its potential
- Russia: rising imports due to cut in import duty to 10%
- Turkey: boom in new homes with easier mortgage criteria
GLOBAL HOME TEXTILES: OVERVIEW

KEY DRIVERS

FUTURE OPPORTUNITIES
Consumer Trends: Developed Vs Emerging Countries

**Developed**
- Shrinking household size
- Comfort above all
- Added value
- Convenience (for use)

**Emerging**
- More new homes
- Rising middle class
- Affordable price
- Convenience (purchase)
Manufacturers Push: Functionality Vs Comfort

**Materials**
- Sustainable - Recycled fabric
- Less hassle - Microfibre
- Biological yarns – health angle
- Cotton still king!

**Nanotechnology**
- Silver for anti-bacterial properties
- Cooling, wrinkle-free, spill/stain resistant
- The need to move beyond coating
Case Study: Lenzing - Austria

KEY DRIVERS

Tencel®
- Biodegradable - sustainable
- Skin-sensitive properties - luxury

Action
- Marketing push: Tencel® + Cotton
- Manufacturing capacity up by 42%

Target
- Bed textiles
- Asia-Pacific – issues?

© Euromonitor International
Retailing Landscape: Grocery and Internet Gain Ground

Retail Channel Value % Breakdown

- **Others**
- **Internet**
- **Grocery Retailers**
- **Mixed Retailers**
- **Specialist Retailers**

**KEY DRIVERS**

- **Hypermarkets**: one-stop shop in emerging countries
- **Department stores squeeze**
- **Omni-channel**: IKEA, Tesco
- **Apparel retailers move into home textiles**
GLOBAL HOME TEXTILES: OVERVIEW

KEY DRIVERS

FUTURE OPPORTUNITIES
No Shaking Bed Textiles but Potential Remains for Living Room and Bath

Home Textiles Constant Value Growth 2013-2018

- Bed Textiles
- Bath Textiles
- Living Room Textiles
- Kitchen and Dining Textiles
- Rugs

2013-2018 Absolute Growth

2013-2018% CAGR
What will Drive Growth?

- Online to help store traffic
- Commoditising
- Push on added-value products
- China will still lead the way
THANK YOU FOR LISTENING

Ratna Sita Handayani
Research Manager (Home & Tech – Western Europe)
Ratna.sita@euromonitor.com
Home Textile Standard Audit Label

for

ITMF

Heimtextil meeting

Presented by

GHERZI

January 2015
AGENDA

1. Project Review

2. Strategic Approach

3. Next Phase
AGENDA

1. Project Review

2. Strategic Approach

3. Next Phase
1. Project Review

**STANDARDIZATION**

1. Collection of various buyer audits / standards ✔
2. Combining all requirements in a single audit ✔

**RESEARCH**

1. Identification of potential partners (buyers) ✔
2. Review similar labels / certifications / initiatives ✔
3. Identification of possible certifying bodies ✔

**PRELIMINARY MODEL**
1. Project Review: Standardization

20 retailer standards / manuals have been included in the study. The sample is representative of the requirements of all buyers. The most stringent requirements came from select buyers.

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<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>1</td>
<td>SEARS</td>
<td>★</td>
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<td>2</td>
<td>WALMART</td>
<td>★</td>
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<tr>
<td>3</td>
<td>CARREFOUR</td>
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<tr>
<td>4</td>
<td>JC PENNEY</td>
<td>★</td>
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<td>5</td>
<td>AUCHAN</td>
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<td>6</td>
<td>BBC</td>
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<tr>
<td>7</td>
<td>NEXT</td>
<td>★</td>
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<td>8</td>
<td>PRIMARK</td>
<td>★</td>
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<tr>
<td>9</td>
<td>Target</td>
<td>★</td>
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<tr>
<td>10</td>
<td>Khol’s</td>
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<tr>
<td>11</td>
<td>IKEA</td>
<td>★</td>
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<td>12</td>
<td>Otto</td>
<td></td>
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<tr>
<td>13</td>
<td>Tesco</td>
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<tr>
<td>14</td>
<td>Kmart</td>
<td></td>
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<tr>
<td>15</td>
<td>Macy’s</td>
<td>★</td>
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<tr>
<td>16</td>
<td>CHF</td>
<td></td>
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<tr>
<td>17</td>
<td>Li &amp; Fung</td>
<td>★</td>
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<tr>
<td>18</td>
<td>Lowe’s</td>
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<tr>
<td>19</td>
<td>Home Depot</td>
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<td>20</td>
<td>PIER – 1</td>
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</tr>
</tbody>
</table>
# 1. Project Review: Standardization

The table of contents has been revised with some added sections and other sections were removed. Full manual has been circulated and feedback from Committee members is needed to finalize manual.

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>Introduction to the concept outlining the guiding principals</td>
</tr>
<tr>
<td>Health and safety</td>
<td>Safety measures and processes</td>
</tr>
<tr>
<td>Employment</td>
<td>Hiring, employment, labor treatment, wages, applicable laws</td>
</tr>
<tr>
<td>Environment</td>
<td>Environment protection and waste management</td>
</tr>
<tr>
<td>Security</td>
<td>All the rules relating to the application of CTPAT – Section reduced to basic requirements and refers to CTPAT certification</td>
</tr>
<tr>
<td>Corruption and Business Ethics</td>
<td>Anti corruption, bribery and the like</td>
</tr>
<tr>
<td>Legal and Documentation</td>
<td>Section introduced with all required documents</td>
</tr>
<tr>
<td>Required Documents</td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td>Removed</td>
</tr>
<tr>
<td>Technical Manufacturing</td>
<td>Subcontracting was moved to introduction</td>
</tr>
<tr>
<td>Others</td>
<td>Removed</td>
</tr>
<tr>
<td>Glossary</td>
<td>Removed to avoid legal complications with regards to terminology at this stage</td>
</tr>
<tr>
<td>Source of standards</td>
<td>Section listing the key standards / conventions being respected by the label</td>
</tr>
</tbody>
</table>
1. Project Review: Standardization

Notes on the Manual:

1. The presented manual is a draft subject to revision based on the following:
   • Amendments based on collected feedback from members
   • Additional editing and formatting

2. The manual includes all the standards from the various buyers. Additional standards available through other labels / initiatives or recommendations from Gherzi have not been included.

3. The manual includes all the standards. A separate auditing tool will be developed upon the completion of the manual which will include the checklist and the scoring system necessary in order to certify companies.
A long list of 45 labels has been compiled. Information on each of the labels was collected and analysed. A short list of 4 organizations of interest has been identified for in-depth analysis.

<table>
<thead>
<tr>
<th></th>
<th>Business Social Compliance Initiative (BSCI)</th>
<th>16</th>
<th>ABNT (Associacao Brasileira de Normas Tecnicas) Ecolabel</th>
<th>31</th>
<th>Fair Trade USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Global Organic Textile Standard</td>
<td>17</td>
<td>Fair for Life</td>
<td>32</td>
<td>BRC Global Standards - Consumer Products</td>
</tr>
<tr>
<td>3</td>
<td>Worldwide Responsible Accredited Production (WRAP)</td>
<td>18</td>
<td>Good Weave</td>
<td>33</td>
<td>OFDC Organic Certification Standards</td>
</tr>
<tr>
<td>4</td>
<td>Fair Trade</td>
<td>19</td>
<td>Singapore Green Labelling Scheme</td>
<td>34</td>
<td>EcoVadis</td>
</tr>
<tr>
<td>5</td>
<td>OEKO Tex</td>
<td>20</td>
<td>Soil Association Organic Standards</td>
<td>35</td>
<td>Climate, Community &amp; Biodiversity Standards (CCB) Standards</td>
</tr>
<tr>
<td>6</td>
<td>Ethical Trading Initiative</td>
<td>21</td>
<td>Thai Green Label</td>
<td>36</td>
<td>FLA Workplace Code of Conduct</td>
</tr>
<tr>
<td>7</td>
<td>Bluesign ag</td>
<td>22</td>
<td>China Environmental Labeling</td>
<td>37</td>
<td>Global Reporting Initiative (GRI)</td>
</tr>
<tr>
<td>8</td>
<td>Disha Common Code of Conduct</td>
<td>23</td>
<td>Cotton made in Africa</td>
<td>38</td>
<td>LIFE Certification</td>
</tr>
<tr>
<td>9</td>
<td>Fair Wear Foundation (FWF)</td>
<td>24</td>
<td>International Labour Standards</td>
<td>39</td>
<td>OECD Guidelines for Multinational Enterprises</td>
</tr>
<tr>
<td>10</td>
<td>Naturland</td>
<td>25</td>
<td>China Social Compliance for Textile and Apparel Industry CSC9000T</td>
<td>40</td>
<td>Sedex Members Ethical Trade Audit - SMETA</td>
</tr>
<tr>
<td>11</td>
<td>Better Cotton Initiative (BCI)</td>
<td>26</td>
<td>Ekolabel Indonesia</td>
<td>41</td>
<td>Social Accountability International - SA8000</td>
</tr>
<tr>
<td>12</td>
<td>Step by Oeko Tex</td>
<td>27</td>
<td>TerraChoice</td>
<td>42</td>
<td>UN Global Compact</td>
</tr>
<tr>
<td>13</td>
<td>Workplace Conditions Assessment (WCA)</td>
<td>28</td>
<td>Hong Kong Green Label Scheme - HKGLS</td>
<td>43</td>
<td>Verified Carbon Standard - VCS</td>
</tr>
<tr>
<td>14</td>
<td>EU Ecolabel</td>
<td>29</td>
<td>Singapore Green Labelling Scheme (SGLS)</td>
<td>44</td>
<td>WFTO Guarantee System</td>
</tr>
<tr>
<td>15</td>
<td>Naturland</td>
<td>30</td>
<td>Workplace Conditions Assessment (WCA)</td>
<td>45</td>
<td>Alliance for Water Stewardship</td>
</tr>
</tbody>
</table>
The following organizations cover similar or overlapping initiatives. Long term cooperation should be explored with these organizations.

<table>
<thead>
<tr>
<th>Label</th>
<th>B2B / B2C</th>
<th>Focus</th>
<th>Sector / Products</th>
<th>Audit</th>
<th>Environment</th>
<th>Social</th>
<th>Quality</th>
<th>Ethics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Social Compliance Initiative (BSCI)</td>
<td>B2B</td>
<td>Social</td>
<td>Various sectors, special methodology for farms.</td>
<td>1st (self assessment) &amp; 3rd party</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<tr>
<td>Fair Labor Association</td>
<td>B2C</td>
<td>Environment</td>
<td>Cotton</td>
<td>1st, 2nd and 3rd party</td>
<td>x</td>
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</tr>
<tr>
<td>WRAP</td>
<td>B2B</td>
<td>Social</td>
<td>Textiles and footwear</td>
<td>1st &amp; 3rd party</td>
<td>x</td>
<td>x</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Global Sourcing Compliance Initiative</td>
<td>B2B</td>
<td>Social</td>
<td></td>
<td>1st, 2nd and 3rd party</td>
<td>x</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Sustainable Apparel Coalition (The Higg Index)</td>
<td>B2B</td>
<td>Environment / social</td>
<td>apparel and footwear</td>
<td>1st party</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEDEX</td>
<td>B2B</td>
<td>Social</td>
<td>Apparel</td>
<td>3rd party</td>
<td>X</td>
<td>X</td>
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<td>AGENDA</td>
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<td>1</td>
<td>Project Review</td>
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</tr>
<tr>
<td>2</td>
<td><strong>Strategic Approach</strong></td>
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<tr>
<td>3</td>
<td>Next Phase</td>
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</tbody>
</table>
Strategic Approach

CHALLENGES

There are tens of initiatives with similar objectives
Why are retailers not using any of those labels? What new can we offer?

Retailers continue to use their own standards and own auditing
Why are retailers insisting on using individual auditing standards and tools?

Retailers and manufacturers are not communicating
Suppliers are not part of the solution, they’re part of the problem

Retailers are not communicating enough with consumers
Retailers are not positively communicating with consumers. It’s a defense strategy
“MADE WITH DIGNITY”
## Strategic Approach

<table>
<thead>
<tr>
<th>Mission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textile products manufactured with dignity, contributing to the development of the workers that make them and their environments.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Offering</th>
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</thead>
<tbody>
<tr>
<td>Visibility into the entire supply chain</td>
</tr>
<tr>
<td>Confidence in application of the standards</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>One industry . One voice engage all parties</td>
</tr>
<tr>
<td>Comprehensive solution (other initiatives)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailers – Manufacturers (include apparel) – Supply Chain (services) – Other initiatives</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Set standards</td>
</tr>
<tr>
<td>2) Qualify Members</td>
</tr>
<tr>
<td>3) Communicate with Consumers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>To be decided in phase II</td>
</tr>
</tbody>
</table>
What’s in it for retailers?
The benefits of joining such an initiative significantly outweigh the disadvantages that could arise.

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Raise the bar</td>
<td>• Limited control</td>
</tr>
<tr>
<td>• Shift Responsibility</td>
<td>• Loss of a competitive advantage</td>
</tr>
<tr>
<td>• Increase efficiency</td>
<td>• Lack of confidence</td>
</tr>
<tr>
<td>• Improved communication with suppliers</td>
<td>• Limitations on pool of suppliers</td>
</tr>
<tr>
<td>• Continuous improvement / wider exposure</td>
<td></td>
</tr>
</tbody>
</table>
Strategic Approach

Concerns
To answer concerns regarding the larger scope suggested for the project going forward:

1. Garment / apparel industry faces similar challenges – potential allies
2. Including the apparel industry helps retailers solve a bigger problem
3. Larger organizations can address consumers easier (funding)
4. Already completed most challenging part (standards)
5. Start with small group and expand
AGENDA

1. Project Review
2. Strategic Approach
3. Next Phase
Next phase

Focus will be on expanding the participants base and finalizing the working model in order to launch the project in the following phase (Phase III):

**Build consensus**
- Bring at least 4 large retailers on board (EU / US)
- Arrange working meetings between retailers and group members
- Increase number of participating manufacturers (50+) – Apparel??

**Finalize model**
- Structure and staffing
- Funding
- Processes
- Service providers
- Define marketing strategy
- Set work plan
Final Report

The final report for this phase will include the following:

1. Final edited and revised manual

2. Assessment / auditing tool

3. Presentation to address retailers / new members

4. List of potential auditing companies / service providers

5. Funding options

6. Structure options
Funding
As follows are all the various sources of funds recorded from our review of similar initiatives:

- Membership Fees
- Consulting services
- **Registration / Licensing Fees**
- Donations / Contributions
- Fundraising
- Donor Funding
- Levy / percentage of sales
- Government Funding
- **Auditing Fees**
- Sale of Materials (tags)
- Endowments

We propose the following fees:

- Licensing fee per company: **USD 5’000 / year**\(^1\)
  
  In addition to

- An auditing fee\(^2\) per day: **cost + 25%**\(^2\)

\(^1\) Observed licensing fees range from USD 1’900 to 30’000 / Year
\(^2\) Auditing costs are typically between USD 1000 – 1200 / day
**Potential list of buyers**

The marked retailers are the most demanding. We believe that they would be the most enthusiastic about the initiative.

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Name Options

- **Project Dignity / Team Dignity / The Dignity Pact “Dignity”**
- Responsible Initiative for Garments and Home Textiles (RIGHT)
- Textiles Initiative for Equitable Sourcing (TIES)
- Ethical Sourcing Pact (ESP)
- Social Compliance Pact (SoCoP)
- Accountable Sourcing Pact (ASP)
- Fair and Accountable Sourcing (FAS)
- ITMF Social Compliance Initiative (ISCI)
- Textiles Ethical Sourcing Initiative (TESI)
Thank You
ITMF

HOMETEXTILES COMPLIANCE LABEL

CODE OF CONDUCT

JANUARY 2015

Prepared by Gherzi - January 2015
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Chapter 1: INTRODUCTION

[Develop Intro]
**Applicable laws and standards**

Membership in this initiative will only be granted to facilities that we consider reputable and whose business and labor practices conform to the requirements of applicable law and the standards set forth in this manual.

- If any standard set forth in this manual is, in the Member's judgment, deemed to violate an applicable local law it must advice [initiative] promptly in writing.
- If industry-specific safety standards are more stringent than these Standards, Members should meet the industry standard.
- If applicable laws are less stringent than industry standards, Members should meet the industry standard.
- It is the responsibility of the Member to demonstrate evidence that they are in compliance with local legislation and [initiative] standards.
- At times, the differences between local, regional, and national laws can cause confusion. In such cases Members are expected to adhere to the most stringent applicable requirement.

**Compliance system**

To successfully obtain the Membership of [initiative], we encourage all applicants to:

- Have a written procedure for every one of the standards
- Appoint responsible for the implementation and documentation of standards and procedures.
- The compliance system to include:
  - Assignment of personnel(s) to be responsible for
overall labor, environmental, health and safety performance;

- Line management accountability for labor, environmental, health and safety issues;
- Disciplinary actions for violation of labor, environmental, health and safety rules with documentation maintained;
- Identification of environmental, health and safety hazards in the workplace;
- Continual improvement of labor, environmental, health and safety performance.

• To keep records of incidents where standards were breached or were not sufficient

• To review the standards regularly to see how they can be improved in light of the past experience, recorded incidents and new laws

• To develop further standards wherever and whenever needed as well as when changes occur that warrant an update to the standards

• Communicate written procedures to everyone

• Train all workers where possible to those procedures and to any changes to the procedures as well as their legal rights. Training should include:

  - Induction training to include work schedule, minimum wages, wage calculation, work days and rest days, entitled leave, workplace rules, dormitory and canteen rules (if any), disciplinary procedure and grievance procedure.

  - Environmental health and safety awareness training to include evacuation, fire prevention, accident reporting, electrical safety and asbestos, chemical
handling, waste management (where applicable).

- Job specific training to include in-depth training that enables the Employees to be capable of carrying out their job competently. Examples of job specific training are self-audit training and accident investigation training.

- Training records shall include information of training date, training content, trainers and attendees.

- Whenever possible procedures should be communicated in writing either using signage on walls or in manuals in a simple language and using clear, legible fonts

**Limitation on Membership**

Membership in [initiative] is limited to the audited manufacturing facilities that meet all the requirements set forth in this manual. This membership is restricted to the facilities that have been audited and will be indicated in the Membership agreement. Membership will not be granted to applicants unless all their facilities have been audited and approved.

Subcontracted facilities are not covered by the Membership agreement unless audited during Members’ enrollment. Should Members wish, their subcontractors could be annexed to their Membership if their facilities are following the code of conduct set forth and have been approved by the [initiative] auditors.

Failure to qualify and approve subcontracted facilities could result in revoking a Member's affiliation with [initiative].
Chapter 2: HEALTH & SAFETY

Members shall provide a safe, clean, orderly and sanitary working environment in order to avoid preventable work related accidents and injuries. Members must take proactive measures to prevent or manage workplace hazards. In doing so, members shall note and observe the following guidelines:

- Health and safety standards apply to all facilities, including factories, dormitories, and canteens.

- These Standards are general in application, and should be used by Members in conjunction with other applicable health and safety standards.
  - Members may have industry-specific dangers or hazards which are not specifically addressed in these Standards. Members should adopt procedures to limit dangers to workers from these hazards.
  - If industry-specific safety standards are more stringent than these Standards, Members should meet the industry standard.

- Members should designate a safety management representative at each facility. This representative shall be responsible for worker health and safety in the facility. [Make that part of the best practice?]

- Workers are prevented from exposure to severe health or safety hazards, which are to be understood as health or safety hazards that are likely to pose an immediate risk of causing death or permanent injury or illness.

- All necessary precautions are taken to ensure that workers under the age of 18 are protected from working conditions likely to endanger their health, safety or welfare.

- Workers who have removed themselves from a work situation that they reasonably believe present an imminent and serious danger to their health are protected from undue consequences.
• Steps are taken to reduce the need for personal protective equipment (PPE) by reducing the risks at source (e.g. by reducing noise levels, improving machine safety, using safe work routines, improving air quality etc.)

• Safety information and/or warning signs are clearly visibly at risk areas. The information describes the risk or hazard and how to minimize exposure and is in a form that is understandable to Workers (using pictures and figurative signs and/or in written in a language understood by the Workers.

• Workers are given the necessary and adequate safety training before operating machines, equipment or carrying out potentially hazardous operations. The training provided is renewed according to legislation and/or identified needs.

• Introductory training includes relevant information on health and safety aspects of daily work. Descriptions and records of the training are available

• Safe working routines are implemented to minimized risk of injuries and ill-health associated with hazardous work tasks like working in confined spaces, working at heights, working with mobile elevated platforms or cranes etc.

• Risks and other occupational hazards in the workplace that can cause an accident/injury are acted on and minimized.

• Occupational hazards include but are not limited to unsecured electrical boards, traffic onsite, damaged staircases, damaged electrical wires or ungrounded machines, holes in the floor, storage of goods etc.

• Procedures and safeguards should include but not be limited to proper equipment maintenance, established inspection routines, adequate worker training and protection, facility structure maintenance, and proper fire prevention.

• Members have a written Health and Safety plan that indicates how all Health and Safety issues are being managed at the factory. The plan includes what steps the Member is taking to ensure that
health and safety risk areas are being identified and addressed.

- Workers are trained on how to operate machinery in a safe and effective manner.

- Fire and emergency evacuation drills are conducted regularly.

- A sufficient number of workers are trained in administering first aid and in handling fire emergency equipment; Members must also provide on-site medical assistance.

- Members maintain good housekeeping to ensure a hygienic and safe environment for Workers. All facilities are regularly cleaned and maintained in good condition.

- Members must ensure full compliance with all local legal regulations and the requirements of this guide [initiative].

[2-1] Ventilation and temperature

Poor ventilation can damage worker’s health and their productivity. Members should provide adequate circulation and ventilation. Systems should be installed in work areas where chemicals are handled and where there is significant dust or material particles. While it is recognized that the outside air temperature has the most significant impact on the air temperature of a facility, Members should make all efforts to:

- Maintain reasonable air circulation

- Reduce temperature extremes and ensure that the daily average temperatures inside the factory do not exceed a differential of 10 degrees F(5.6 degrees C), with ambient temperatures outside the workplace building

- Remove toxic and particulate matter from the air

- Install mechanical ventilation devices to remove toxic fumes in areas where workers run the risk of inhaling chemicals. Factory has ventilation system present in enclosed spaces where heat-
generating equipment is operated

- Keep factory floor swept or vacuumed
- During high temperature periods actions such as more frequent breaks and providing proper clothes, drinking water or fans etc. are taken and planned for

**[2-2] Drinking Water**

Members shall allow all workers unrestricted reasonable access to purified / potable water, free of charge, throughout the working day. Members will observe the following requirements:

- Water dispensers should be appropriately maintained and should have adequate protection to restrict contamination from getting into water
- Workers are provided separate drinking cups to prevent illness and contamination
- Drinking water is tested periodically (i.e. every 6 months) to ensure that water is safe and test reports are posted at the drinking water stations
- Water should be accessible without unnecessary restriction
- Water is made available free of charge
- Water dispensers should be within a reasonable distance of the work area(s)

**[2-3] Toilet facilities**

Workers should have unrestricted access – throughout the working day- to reasonably clean and private toilet facilities in adequate numbers for each gender. Toilet facilities must:

- Be clean and sanitary
• Have ventilation systems to provide good circulation of air to eliminate odors

• Have running flushing and washing water

• Have lockable doors to protect privacy, and any windows shall be opaque.

• Be segregated by gender

• Be accessible without unnecessary restriction

• Stocked with necessary supplies (cleansing agents or hand soap and hand towels or dryers, etc.)

• Be adequate in number and within reasonable distance as follows:
  - Member has at least 1 toilet for the first 25 workers of a particular gender, with an additional toilet for each additional 30 workers of the same gender.
  - There must be at least 1 male room and 1 female room for every 2 floors.

[2-4] Lighting

Work areas should be sufficiently lit so that manufacturing tasks may be safely performed. Members shall observe a minimum illumination of:

- Cutting, Assembly & Finishing Operations .......... 50-80 ft. candles
- Inspection .............................................................. 80-100 ft. candles
- Storage ........................................................................ 30-50 ft. candles

Members must use a light meter to take periodic measurements of light levels in the factory and keep a record of light levels in various work areas.
[2-5] Equipment safety

All equipment should be tested regularly and properly maintained. Operational safety devices should be installed on equipment where appropriate.

Equipment safety

To minimize any potential hazards caused by the use of equipment and machinery, the following measures should be adopted:

• Workers should be trained in the safe and effective operation of all equipment and machinery that they use.

• All equipment should be regularly tested and maintained by trained personnel. A written maintenance plan exists which outlines machine inspections and records are kept of machine, equipment and wiring inspections and repairs.

• Loose-fitting clothing & accessory articles that could get caught in machinery should not be worn.

• Water, grease or materials on the floor should be cleaned up promptly to prevent slips and falls onto equipment.

• All machinery should be equipped with lock out capability. In addition, machines should be locked in the OFF position before any cleaning.

• Where there is risk (bar tack, button, overlock, grinding, snap machine, die cut, etc.) machines have the necessary safety devices and guards.

• All equipment and machinery should be securely placed and anchored where necessary to prevent tipping or other movement that could result in personal injury.

• Dangerous machinery should be operated only with two-hand equipment. Safety guards should be fitted on all machinery with such requirements.
• Machinery should not be left running while unattended.

• There should be sufficient clearance between machines to allow for safe operation, set up and servicing, material handling and waste removal.

• Machinery and other equipment like forklifts, escalators, automatic doors/gates, cranes/ lifts etc. are inspected and certified by technical inspection authorities or other certified or authorized persons according to legal requirements.

• Member should maintain records of permits for equipment such as elevators and any other types of equipment requiring special permits.

• Sharp tools should be tied or accounted for on daily basis.

**Boiler safety**

• If applicable, steam boiler must have operation certificate and maintenance record endorsed by local labor authority or certified safety inspector.

• If legally required, the operator of the boiler should be trained on its use with proper occupation certificate.

• The steam boiler should be placed in a separate, well-ventilated room. The safety check certificate should be posted on wall in room.

**[2-6] Protective Equipment**

Where appropriate, factories should make available personal protective equipment (PPE) to workers performing hazardous tasks. Personal protective equipment can provide a last defense against injury when other hazard control measures have failed. Members are required to:

• Ensure that appropriate PPE and protective clothing is available,
maintained, used and provided free of charge for Workers and visitors in any harmful or potentially risky work areas

• Ensure that employees are not required to pay for any tools they use for manufacturing or which are required for their personal safety.

• Educate their workers on the importance of wearing the personal protective equipment.

• Have a written personal protective equipment (PPE) policy which describes workplace areas and what PPE should be used, worker responsible for PPE program, where the PPE is stored, how it is distributed, and how training is performed.

• Post warning signs at the entrances to or on the periphery of all work areas/operations in which workers require the usage of personal protective equipment. Signs, using the appropriate international symbol, will show what personal protective equipment should be worn when in this area.

• Ensure that all workers are adequately and suitably informed of potential occupational hazards in the working environment due to air pollution, noise and vibration, and are instructed in the measures available for the prevention and control of, and protection against, those hazards.

Once specific hazards are identified, appropriate equipment must be supplied to protect workers from physical injury and Members are required to enforce the use of Personal Protective Equipment to protect their workers. This protection may include:

**Foot Protection**

Foot protection is important to prevent injuries in case a heavy or sharp object falls on a worker’s foot or a worker steps on an object that could pierce his / her shoe. Members are required to provide:

• Appropriate footwear for workers working on wet surfaces
• Reinforced shoes or boots for workers operating or moving heavy equipment.

**Head Protection**

Hard hats are intended to protect workers from impact and penetration caused by objects that could fall on their head. In addition, they also provide limited protection from electrical shocks or burns. Members are required to provide all workers with hard hats when performing work:

• Under scaffolds or overhead cranes

• Using forklifts, loaders boom trucks or any other equipment that is handling materials

**Eye and Face Protection**

All workers exposed to any of the following hazards should wear appropriate eye and face protection:

• Toxic / Hazardous Liquids and Gases

• Flying Particles and Dust

• Molten Metals

• Persistent Glare

It is important that eye and face protective equipment be comfortable to wear yet fit securely without interfering with vision or movement. The type of eye and face devices selected should provide adequate protection against the specific hazard that has been identified.

• Safety Glasses Must have impact-resistant lens and a strong frame to protect the wearer from flying particles

• Safety Goggles Should be designed to provide a shield around
the entire eye area to protect against hazards from many different directions

• Face Shields Must provide full-face protection against sparks, splashes and splatter. They provide secondary eye protection and must be worn with protective glasses or goggles

**Ear Protection**

Extended exposure to excessive noise can cause permanent hearing loss. Hearing loss is progressive and as such, we require that our suppliers provide hearing protectors to all workers who are exposed to noise levels above 80 decibels for extended periods of time.

• Ear Plugs should be made of soft, expandable foam for comfortable fitting and enhanced noise reduction.

• Ear Muffs should have soft, foam-filled ear cushions that provide excellent sealing, comfort and low surface pressure. Earmuffs should be adjustable to fit different head sizes.

• Members should use a sound meter to take periodic measurements of noise levels in the factory and keeps a record of sound levels in various work areas.

**Hand Protection**

Hands must be protected to prevent possible hazards such as severe lacerations, abrasions, punctures, chemical and thermal burns, temperature extremes, electric shock and etc. Members must provide workers with appropriate type of gloves and enforce their use to protect them against identified potential safety hazards:

The length and type of cuff on a glove should be appropriate to its functionality.
• Pinked Cuff Has a zigzag appearance and is designed to catch drips in the cuff.

• Rolled Cuff Acts as a barrier to keep chemicals from running off glove onto skin.

• Straight Cuff Protects skin from chemical run-off.

• Knitwrist Cuff Absorbs perspiration and adds temperature protection.

• Gauntlet Cuff Has flared design and extended length to protect wrist and forearm.

• Metal gloves are designed to protect against sharp objects or cutting instruments

**Body Protection**

Lightweight aprons and overalls should be provided to workers whose torso may be exposed to spilled fluids and contact with particulates of extreme temperature. The dimensions, material composition, finish and etc. should be appropriate to provide protection from the identified potential hazard.

**Respiratory Protection**

In workplaces that pose a potential health hazard due to inhalation of airborne contaminants such as dust, textile particles, mist, fumes, gas and vapor, suppliers are required to provide their workers with respiratory protective equipment. It should be permanently assigned to individual workers for their exclusive use.
[2-7] Hazardous material

To safeguard the safety and health of all workers and the public, Members are required to ensure that the handling, storage and labeling of hazardous and combustible material is carried out in a safe and secure manner. Members are required to adhere to applicable local environmental, safety and health regulations. Moreover, Members should continuously explore opportunities for minimizing hazardous chemicals/materials and should document changes made.

In managing hazardous material, Members are required to observe the following:

Handling of hazardous material

• Chemicals are handled and transported in a way that prevents emissions to air, ground and water and risks of ignition/explosion, and that protects the health and safety of Workers.

• All employees that work or come into contact with hazardous materials should be required to wear the appropriate personal protective equipment.

• Hazardous and flammable material may only be handled by properly trained personnel. Those workers must have the right competence and, before starting work are adequately trained in purchasing, handling, using and storing chemicals, as well as in the use of the appropriate Personal Protective Equipment. A description of the training and records are available.

• Employees must follow proper cleanup procedures in handling minor spills. Any spills of a toxic substance that are consisted major should be handled by a person who is specially trained to evaluate the toxicity and flammability.

• For every chemical in use - that may pose a health hazard, written emergency measures should be formulated to deal with any cases of employee exposure. Personnel should be
trained in summoning proper assistance, whether by notifying a supervisor or obtaining first aid medical assistance. Chemicals on the body or in the eye should be washed with large quantities of water and Members should maintain on-site flushing facilities/stations for face, eyes and body as required.

**Storage of hazardous material**

Hazardous and combustible materials should be stored in secure, well-ventilated areas and should be properly labeled and posted with safety and warning signage.

- All hazardous, flammable, or combustible material must be stored in approved containers (cold rolled steel or high-density seamless construction polyethylene (HDPE)) in designated storage areas, or appropriate flammable liquid storage cabinets.

- The amount of chemicals and flammable materials stored on-site should be kept as small as is feasible. This reduces the possibility of large amounts of hazardous chemicals becoming involved in a fire.

- Proper segregation of stored chemicals is necessary to prevent incompatible materials from inadvertantly coming into contact, which fire, explosion, violent reactions or toxic gases could result.

- Safety cabinets are a convenient and secure means of storage for flammables, corrosives, acids, paints and ink.

- Hazardous material storage areas must have safety signs, ventilation, instructions on handling and disposal, and personal protective equipment for personnel.

- No eating, drinking or smoking should be allowed in the vicinity of materials.

- The storage area must be provided with secondary containment and have an impenetrable base underlying the
containers that is free of cracks or gaps which could contain spills and leaks from tipped, overfilled or ruptured containers. The secondary containment of liquid chemicals it must be able to hold the volume of the largest barrel/tank

• All above/underground tanks containing hazardous liquids are monitored in order to prevent contamination or allow for early detection of leakages

• No hazardous materials, flammable chemicals, or combustible materials may be stored on the roof of any facility, dormitory, or canteen

• Hazardous materials, flammable chemicals, and combustible materials must be kept away from ignition and heat sources

• Fire extinguishers should be readily available in areas where hazardous and flammable materials are stored

• All hazardous or flammable materials maintained outside the designated storage area should be limited to the amount necessary for use during one shift or eight hours maximum

• Hazardous materials are stored in a way that prevents emissions to air, ground and water and risks of ignition/explosion, and that protects the health and safety of Workers

**Labeling hazardous material**

All containers should have labels that provide essential information in a language that is understandable to all workers. A worker should be able to tell at a glance the dangers associated with the chemical. A well-written label can tell the workers exactly what to do to protect themselves and what can happen if they handle the chemical improperly. Labels should have the following key information:

• **Chemical Name** This should list the common or chemical name, or both, of the substance.
• **Company Name**: Name, address and emergency telephone number of the manufacturer or importer of the chemical.

• **Health Hazard** This should provide information on possible health problems that could result from over exposure.

• **Physical Hazard**: This should provide information on what could happen if the chemical is not handled properly. It should give information on flammability or combustibility, risk of explosion, reactivity or radioactivity.

• **Storage and Handling**: Details on the recommended and required handling should be included, i.e. - “use in well-ventilated areas”, “keep away from sparks, heat and flame”, “do not store near combustible materials”, etc.

• Areas where toxic chemicals/hazardous and combustible materials are stored or used should be prominently posted with safety and warning signage.

• Factory is familiar with all chemicals on site and the potential health effects (see list of commonly found hazardous chemicals in manufacturing facilities at the end of this document).

**Keeping a log of hazardous material**

A list of all chemicals with the valid Material safety Data Sheet (MSDS) used in the production, operations or services is established, maintained and continuously updated.

The list includes the name of the chemical product, the purpose/area of use and a reference to MSDS. The MSDS is in a language understood by Workers.

If only common cleaning chemicals, office materials or other common chemical products with minor and well-known risks are used, a list is not required unless required by law or regulations.

Documented routines for the purchasing, storage, handling, use
of chemicals and emergency response routines are implemented.

As follows is a list of common hazardous chemicals found in manufacturing facilities:

## COMMON HAZARDOUS CHEMICALS IN MANUFACTURING FACILITIES

<table>
<thead>
<tr>
<th>Chemical Name</th>
<th>Potential Uses</th>
<th>Target Organs/Health Hazards</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Toluene</td>
<td>Solvent/Adhesive</td>
<td>Eyes, skin, respiratory system, Central Nervous System (CNS), liver, kidneys</td>
</tr>
<tr>
<td>2. Ethylene Oxide</td>
<td>Sterilizing Agent</td>
<td>Eyes, skin, respiratory system, liver, CNS, blood, kidneys, reproductive system (peritoneal cancer, leukemia)</td>
</tr>
<tr>
<td>3. Formaldehyde (Formalin Furan)</td>
<td>Preservative</td>
<td>Eyes, respiratory system (nasal cancer)</td>
</tr>
<tr>
<td>4. Methyl Chloride</td>
<td>Solvent</td>
<td>CNS, liver, kidneys, reproductive system (lung, kidney &amp; stomach tumors in animals)</td>
</tr>
<tr>
<td>5. Methyl Isocyanate</td>
<td>Urethane mfg.</td>
<td>Eyes, skin, respiratory system</td>
</tr>
<tr>
<td>6. Trichloroethylene</td>
<td>Solvent</td>
<td>Eyes, skin, respiratory system, heart, liver, CNS (liver &amp; kidney cancer in animals)</td>
</tr>
<tr>
<td>7. Ethylene Dichloride</td>
<td>Solvent/degreaser</td>
<td>Eyes, skin, kidneys, liver, CNS, Cardiovascular System, (stomach, mammary gland and circulatory system cancer in animals)</td>
</tr>
<tr>
<td>8. Perchloroethylene (Tetrachloroethylene)</td>
<td>Solvent/degreaser</td>
<td>Eyes, skin, respiratory system, liver, kidneys, CNS (liver tumors in animals)</td>
</tr>
<tr>
<td>9. Trichloroethane</td>
<td>Solvent/degreaser</td>
<td>Eyes, respiratory system, CNS, liver, kidneys (liver cancer in animals)</td>
</tr>
<tr>
<td>10. Benzene</td>
<td>Solvent</td>
<td>Eyes, skin, respiratory system, blood, CNS, bone marrow (leukemia)</td>
</tr>
<tr>
<td>11. Tetrahydofuran</td>
<td>Solvent/vinyl adhesive</td>
<td>Eyes, respiratory system, CNS</td>
</tr>
<tr>
<td>12. Methyl ethyl ketone</td>
<td>Solvent</td>
<td>Eyes, skin, respiratory system, liver, kidneys</td>
</tr>
<tr>
<td>13. Acetone</td>
<td>Solvent/bonding</td>
<td>Eyes, skin, respiratory system, CNS</td>
</tr>
</tbody>
</table>
### 14. Alcohols (Ethyl, Isopropyl, Methyl)

| Cleaning | Eyes, skin, respiratory system, CNS, liver, blood, reproductive system, Gastrointestinal tract |

### 15. Methylchloroisothiazolinone (Methylisothiazolinone)

| Preservative | Eyes, skin, respiratory system |

### 16. Phenoxyethanol

| Preservative | Eyes, skin, respiratory system |

If any of the above or other potentially hazardous chemicals are used at the facility, factory must carefully review all handling, storage and disposal procedures.

NOTE: The above list is not comprehensive—there are many other hazardous chemicals that may be used in various manufacturing processes.

Source: NIOSH Pocket Guide to Chemical Hazards, June 1997

### [2-8] First aid

Members are expected to make every attempt to prevent accidents in their factories and where, required by national or local law, medical care should be available on-site. Members are required to observe the following:

- Members are required to maintain an adequate number of first aid kits that are:
  - Well-stocked
  - Visible and easily accessible by workers during all shifts in all buildings and on each floor as well as in all trucks, locomotives and vessels.
  - Inspected periodically and re-stocked when necessary, written inspection should be recorded on file
  - Packaged in sanitary and sturdy boxes / containers
  - Mounted on walls with proper signage
  - Located in areas that facilitate emergency treatment within 3 minutes of an injury taking place. And in case first aid supplies are locked for security reasons, supplies must be accessible to the first aid trained staff within 3 minutes
- Appropriate to treat all types of medical emergencies
- Marked with inside label showing minimum contents and quantities.

- First aid stations are posted with a first aid sign and the names and photos of trained first aid personnel are posted.
- The extent of the first aid equipment is based upon the size of the facility, the extent of the activities performed as well as the potential risk of injury, however, Members will maintain at least 1 properly stocked first aid kit for every 100 workers or a minimum of 1 box per production area
- An adequate number of first aid trained persons are present during working hours covering all shifts and are easily recognized by Workers.
- First aid trainers are certified trainers, doctors or nurses. Trainings are renewed at least once every 24 months or according to legal requirements. Records of training are kept by Members and include names of participants, dates of the training and an overview of the training content.
- Factory keeps written, clearly defined procedures for common workplace injuries.
- Signage should be mounted on, around or near to first aid equipment for ease of identification.
- Emergency telephone numbers should be posted in conspicuous places near or on telephones.
- For record and control purpose, the factory should maintain an injury log.
Where the eyes or body of a worker may be exposed to injurious corrosive materials, an eyewash station capable of flushing the eyes for 15 continuous minutes at a rate of 0.4 gallons per minute is an integral part of first aid. Workers must be trained to use the equipment.

[2-9] Medical care

- Factory has a medical clinic available on-site or in close proximity to address basic health and injury needs.

- Factory has a system in place to address severe injuries (such as an agreement with the local hospital, transportation arrangements, etc.).

- Employees shall be allowed to consult with doctors during working hours.

- A schedule for medical personnel (doctors or nurses) is established to ensure that trained medical personnel are

<table>
<thead>
<tr>
<th>Bandages / Dressing Materials</th>
<th>Medicine / Ointments</th>
<th>Equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Triangular Bandage</td>
<td>• Eye Wash</td>
<td>• Regular Scissors</td>
</tr>
<tr>
<td>• Gauze Pads 2”, 3” &amp; 4”</td>
<td>• Eye Lotion</td>
<td>• Blunt-Tip Scissors</td>
</tr>
<tr>
<td>• Non-Adherent Pads 2”, 3” &amp; 4”</td>
<td>• Antiseptic Wipes</td>
<td>• EMT Shears</td>
</tr>
<tr>
<td>• Adhesive Strip bandages</td>
<td>• Alcohol Prep Pads</td>
<td>• Tweezers</td>
</tr>
<tr>
<td>• Trauma Dressing 5”x9” / 8”x10”</td>
<td>• Antibiotic Ointment</td>
<td>• Disposable Latex Gloves</td>
</tr>
<tr>
<td>• Gauze Roller Bandages 1” &amp; 2”</td>
<td>• Hydrocortisone Cream 1%</td>
<td>• Mouth-To-Barrier Face Mask</td>
</tr>
<tr>
<td>• Adhesive Tap 1/2” or 1”</td>
<td>• Antifungal Cream</td>
<td>• Thermometer</td>
</tr>
<tr>
<td>• Eye Pads</td>
<td>• Calamine Lotion</td>
<td>• Penlight</td>
</tr>
<tr>
<td>• Duct Tape</td>
<td>• Aspirin</td>
<td>• Light Stick</td>
</tr>
<tr>
<td>• Cotton Tips 3”</td>
<td>• Ammonia Inhalants</td>
<td>• Cold Pack</td>
</tr>
<tr>
<td>• Elastic Roller Bandages 2”, 3”, 4” &amp; 6”</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
available during all working hours.

- A record of injuries is maintained at the factory to focus on
- how injuries can be reduced.

[2-10] Emergency Evacuation

**Aisles, exits and stairwells**

Obstructed aisles and locked or insufficient number of exits are the most frequently cited safety hazard. Most importantly though, they are recognized as making the most difference between life and death in emergency evacuation situations. As such, the following provides details of our minimum requirements.

- All exits should have battery operated emergency lights placed above them.
- Aisles, exits and stairwells should be kept clear of any obstructions that could prevent the orderly evacuation of workers.
- Exit stairwells and corridors and aisles leading to them are required to be at least 22 inches (55 centimeters) wide. It is recommended that they be at least 44 inches (110 centimeters) wide. Exits should be at least 33 inches (85 centimeters) wide.
- Secure handrails must be fitted on all stairways with 4 or more steps.
- Facilities shall have at least the minimum number of emergency exits per occupied floor or any portion thereof as calculated based on the occupancy rate table below. Only facilities with areas smaller than 750 square feet (70 square meters) and occupancy of less than 10 persons are permitted
to have one emergency exit.

- 10 – 499 persons ........................................ 2 or more exits
- 500 – 1000 persons ................................. 3 or more exits
- > 1000 persons ........................................... 4 or more exits

• All emergency exits must be properly marked with illuminated “Exit” signs in the local language.

• Emergency exit signs must be visible from 30 m and use letters at least 7 inches (18 centimeters) high and at least ¾ inches (2 centimeters) wide. Also, signs must have bright colors are illuminated or have a photo-luminescent front panel

• All exits and exit routes should have battery operated emergency lights placed above them. Emergency lighting should last for a reasonable period of time

• Emergency lights should be at least 5 ft. candle and should be checked regularly and batteries replaced

• Factory marks on the floor with photo-luminescent paint or stripes the appropriate exit routes.

• If an exit is not easy to find, the path to that exit must be pointed out by placing a sign reading “Exit” which contains an arrow in every location where the direction of travel leads to the exit.
• Any door, passage, or stairway that is neither an exit nor a way of exit access and is likely to be mistaken for an exit, must be identified by a sign, reading “Not An Exit” or similar wording. It may also be identified by a sign indicating its actual character or use, such as “Storage Room”, “To Basement”, etc.

• External fire escape routes are preferred. For this requirement, only the exceptions allowed under the National Fire Protection Association 101 Life Safety Code (NFPA 101) will be considered

• Facilities must have marked and lighted emergency exit routes with visible and operable emergency lights for all occupied floors and areas of the building, including stairwells

• Emergency lights must be fire grade “industrial emergency lights” for use in smoke and fire environments, and facilities must have a secondary power source connected to these lights for use in the event of electricity power failure

• Emergency exits must be separated by a reasonable distance from other emergency exits and in case of 2 exits, they should be located on opposite sides of the building

• Multiple emergency exits cannot share the same emergency travel route.

• All emergency exit doors must be maintained in an unlocked, accessible, and usable condition.
  - Emergency exit doors must open readily from the occupied side and swing in the direction of emergency travel.
  - Emergency exit doors must operate with a push bar or single motion operation requiring minimal effort or force (for interior doors no more than 5 lbf (22 N), for exterior doors no more than 50 lbf (222 N)) to open.
  - Doors cannot require special keys or knowledge to open.

• Doors to emergency exit stairwells and fire escapes must have
an automatic closure system that can be released manually from the inside.

- Magnetically activated fire doors are permitted so long as they allow for exit when fire alarms are activated.

- Windows may be designated as emergency exits if permitted by law, but shall not be included as an emergency exit for the purposes of these Standards.
  
  - If a window is designated as an emergency exit, it must be marked as an emergency exit and appear on evacuation plans as an emergency exit.
  
  - If a window is designated as an emergency exit, that window must have an internal emergency release mechanism.

- Travel distance to an exit from any point in the building shall comply with the following maximum distances, as measured along the path of travel. Where these limitations cannot be met, additional exits or rearrangement of egress configuration should be considered:

* For Industrial/Factory occupancies rated General Industrial Occupancy. For Special Purpose or High Hazard, refer to NFPA 101, tables 40.2.5 and 40.2.6.

** For storage occupancies rated Ordinary Hazard. For High Hazard, refer to NFPA 101, tables 42.2.5 and 42.2.6.

<table>
<thead>
<tr>
<th>Factory (Industrial)*</th>
<th>Office</th>
<th>Distribution Center **</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sprinklered Non-Sprinklered</td>
<td>Sprinklered Non-Sprinklered</td>
<td>Sprinklered Non-Sprinklered</td>
</tr>
<tr>
<td>250ft / 76m</td>
<td>200ft / 61m</td>
<td>300ft / 91m</td>
</tr>
</tbody>
</table>

- Facilities must allow fire response and emergency response vehicles access to the facility premises.

- Emergency vehicles must be able to reach the facility by road or a cleared path.

**Evacuation Plans**
• Facilities must establish an adequate evacuation plan based on identified risks and established routines for dealing with emergency situations. Adequate routines in order to eliminate, reduce, and control those risks are implemented.

• As a minimum the emergency plans includes potential hazards and emergency scenarios (fire, natural disasters, chemical accidents, etc.), evacuation routines and defined roles and responsibilities during emergency situations.

• The evacuation plan must include an evacuation route map that is accurate as to the facility, posted in the local language, and includes a “you are here” mark.

• Enough evacuation maps should be posted in workstations and main aisles inside the facility to allow workers to easily and quickly find emergency exits.

• Multi-story facilities are required to have a sufficient number of appropriately protected escape routes. Escape routes must include one-hour fire-rated enclosed staircases if the fire escape services more than one floor, or external fire escape routes.

• Facilities must have designated evacuation routes that are kept free of obstructions.

• Evacuation routes must lead to safe assembly points located outside the facility. Assembly points must be designated as assembly points, be located a safe distance from the facility, and be kept clear at all times.

• Facilities must have an independent and functioning evacuation alarm with continuous sound to notify all Workers about an emergency situation and to ensure a fast and safe evacuation. In noisy environments the sound signal is complemented by a light signal.

• The alarm can be manually activate and is possible to hear or observe in all areas. Alarm buttons are clearly marked and function also during power-cuts.
• Evacuation drills involving all shifts and departments and as many Workers as possible are performed at least once every 12 months.

• During an evacuation designated persons are responsible for ensuring that all Workers have evacuated the building.

• Records of evacuation drills are maintained and, as minimum, they include date and time of drill, shift information, the time it took to evacuate and to verify the complete evacuation of all people, the results of the drill and any corrective actions needed.

[2-11] Electrical safety

Electricity is the leading cause of industrial fires and as such, electrical safety is directly linked to fire safety since overloaded or improperly maintained electrical wiring can lead to fire. There are a number of control measures that can be taken to eliminate or minimize electrical hazards:

• Electrical cords on all machines should be in good condition and continuous in length without any cuts, splices or taped repairs

• Electrical equipment should be grounded, i.e. - containing a third prong

• Electrical wiring should be encased with no bare or frayed wires or loose connections

• Control / electrical panels are covered and labeled

• Electrical wiring should not obstruct aisles unless it’s securely taped to the floor in a manner that does not create additional hazard

• Permanent equipment should have permanent wiring, extension cords should not be utilized for permanent applications and multiple outlet adapters or “surge protector
strips” should not be connected to one other.

• Ensure that circuits, motors or other electrical equipment is not overloaded, being routinely checked for excessive warming.

• Locate electrical equipment such as transformers, control boards and fuse boxes in special rooms where access is limited to qualified workers.

• Erect fences, frames or other barriers around electrical equipment and machinery.

• Tight-fitting covers or plates should be provided for all electrical enclosures such as switches, receptacles, junction boxes and etc.

• Keep all work areas dry so water cannot become an electrical conductor.

• Warning signs should be placed around electrical equipment and machinery.

• Boiler and electrical junction boxes enclosed in mesh for worker safety.

• Have documented electrical system maintenance program.

• The electrical maintenance program should include routine inspections of the electrical system of the building for damaged wiring, separated conduits, improper installations, and overloaded or damaged circuits. Inspection records should be kept, including the date of inspection, the inspector, and the results of the inspection.

• It is recommended that Members implement an annual infrared scan program for all of their electrical systems, including panel boards, wiring and other equipment, to detect potential ignition sources.

[2-12] Fire protection

Fires are a major cause of injury, death and property damage and they...
represent one of the most frequent safety hazards in all manufacturing facilities. There are many causes of industrial fire including:

- Electrical due to wiring and poor maintenance of equipment
- Cigarette smoking
- Frictions from hot bearings, jammed or broken machine parts
- Overheated materials
- Burner flames from improper use of torches, ovens, etc.
- Molten substances
- Spontaneous ignitions from oily waste and rubbish
- Cutting and welding
- Lighting
- Chemical re-action

All manufacturing facilities must strive to protect all workers who may be exposed to fire hazards as a result of the factory's activities. Location of equipment and machinery, material selection, building specifications and other decisions influencing fire safety should be carefully made to minimize exposure. In addition, all factories must implement internal procedures to comply with the following:

- Only nonflammable solvents are used for cleaning and degreasing, with the use of gasoline and similar flammable products for this purpose prohibited.
- All work areas must be keep free of combustible materials.
- Flammable and combustible liquids are only stored in approved, properly labeled safety cans with self-closing lids.
- Oily rags are only placed in approved, covered metal containers.
- No open fires are used in facilities, with “no smoking” signage being prominently mounted.
• Smoking restrictions are obeyed, with all cigarette butts being discarded in approved containers - never in waste baskets or trash cans.

**Fire extinguishing equipment**

Fire can spread at terrifying speeds and as such, all factories must prioritize means in which fires can be extinguished before they spread.

• Facilities must have fire extinguishing equipment that is adequate for the hazard level of the facility operations.

• All fire extinguishing equipment must be functional, accessible, and properly maintained.

• All fire extinguishing equipment must be inspected at least once per month and these inspections must be documented.

• Fire extinguishing equipment must be kept clear and accessible at all times.

• Signage should be mounted on, around or near to fire extinguishing material for ease of identification

• The installation of fire extinguishers is the easiest and lowest cost fire prevention measure. There are many different types of fire extinguishers that are suitable for fire fighting depending on the material and operation in a specific area:

  **Class A**  Ordinary combustible material fire of an organic nature

  **Class B**  Flammable liquid, gas or grease fire: solvent, grease, oils, petroleum

  **Class C**  Energized-electrical equipment fire

  **Class ABC**  For any of the above

  **Class D**  For combustible metals such as
magnesium

- Members must provide adequate number of extinguishers.
- All fire extinguishers must have instructions in local language on front.
- Fire extinguishers must be placed in accessible locations, mounted on wall or column, with clear, prominent markings.
- While no specific height guidelines are provided, fire extinguishers mounted on wall or column must be at a height that is “accessible” by workers in the factory.
- Extinguishers should be in appropriate weight in order to ensure all workers can handle them.
- Maximum travel distance to extinguishers for workers of 75 feet (23 meters) for Class A, C and D fires and 50 feet (15 meters) for Class B fires.

**Fire Alarms**

- Facilities must have effective fire alarm systems that provide notification to initiate evacuation.
- Facilities must have at least a single alarm system throughout all areas and floors of the building.
- Fire alarm systems must provide adequate notice to evacuate, including audible alarms and flashing lights. High noise areas (90 dB or higher) should also include an alarm that has a beacon/flashing light designed to draw attention in the high noise area.
- Facilities must have a secondary power supply connected to the fire alarm system in case of electrical power failure.
Country Specific Requirements: Sprinklers and Fire Hydrants

- Bangladesh and Pakistan: Facilities are required to have a sprinkler or fire hydrant system.

- All others countries: Facilities follow local legal requirements regarding sprinkler and fire hydrant systems.

- Sprinkler and fire hydrant systems should be inspected quarterly by internal staff and annually by independent fire inspection companies. The date of inspection, inspector, and results of the inspection should be recorded.

- Adequate water supply should be made available for sprinkler and fire hydrant systems in the event of a fire emergency. If a water storage tank or cistern is used as an emergency water supply for fire-fighting purposes, it should be verified that it is of sufficient capacity as required by law and is kept filled.

Fire Safety Committee

Facilities must have a fire safety committee, or assign this responsibility to an existing committee.

- Fire safety committees must be made up of workers, management, and representatives from high hazard areas to discuss and address fire safety concerns and improve fire safety practices.

- All fire safety committee meetings must be documented.

- Any fires or incidents that could have caused a fire are documented. The documentation includes a root cause analysis and corrective and preventive actions.

Fire Safety Inspections
• Facilities and buildings must be inspected not less than once a month by trained personnel to ensure that all fire safety standards are met.

• If any fire safety standards are not met, facilities and buildings are to be inspected on a daily basis until the facility meets all fire safety standards.

• Inspection date, time, and results should be documented.

**Fire Safety Training**

• Country Specific Requirements—Evacuation Drills

  ▪ Bangladesh and Pakistan: Facilities must conduct evacuation drills a minimum of once every 3 months, and have these drills supervised by an independent third party such as a fire department. Evacuation drills can be completed in conjunction with annual emergency response training.

  ▪ All other countries: Facilities which have sprinkler or hydrant systems, must conduct evacuation drills a minimum of twice every year. Evacuation drills can be completed in conjunction with annual emergency response training. No external oversight is required for these evacuation drills.

  ▪ All others countries: Facilities which do not have sprinkler or hydrant systems, must conduct evacuation drills a minimum of once every 3 months. Evacuation drills can be completed in conjunction with annual emergency response training. No external oversight is required for these evacuation drills.

• All facilities should maintain documentation of evacuation drills, which should include the drill date, number of participants, and the amount of time taken to effectively evacuate the facility; as well as certificates and pictures of fire
safety and emergency evacuation training

- Facilities having multiple businesses within a single building must ensure all workers have proper joint evacuation training. The Supplier should hold joint emergency evacuation drills teaching all workers evacuation procedures so that the workers consider joint evacuation the normal practice.

- Suppliers must provide training on the facility’s emergency action plan to all workers.

- Training must occur no less than once every 6 months, or more frequently if required by law.

- Members should ensure the initial hiring and training process includes emergency action plan training.

- All emergency action plan training must be documented.

- This training should include, but is not limited to, fire prevention, activation of emergency alarms, proper evacuation procedures, and proper response in the event of a fire.

- Facilities must have designated emergency response personnel identified, trained, and present for each floor, building, and shift.

- Emergency response personnel will be in charge of evacuating the building in the event of a fire emergency.

- Designated emergency response personnel should be trained to notify workers of a fire or emergency, report fires and other emergencies to the fire department or designated emergency response organization, assist in the evacuation of workers, and verify that all workers have exited the building.

- Designated emergency response personnel should be easily identifiable by all workers in the event of an emergency (e.g. specific arm band, flag, or uniform) and there should be two emergency response persons designated per shift.

- The requirement for designated emergency response
personnel may be fulfilled by fire brigades where they are required by law and meet these standards.

**[2-13] Licenses, permits and building design**

The following requirements are applicable to all buildings including but no limited to: production facilities, warehouses, dormitories, living spaces, canteens, childcare facilities and all other buildings belonging to the Member’s operation.

- Members’ facilities must maintain a valid fire license or permit as required by applicable law. If required by law, such license or permit must be displayed in a visible location.

- Members must obtain valid construction approvals as required by applicable law. If the local law does not provide for such approvals, a certification by an independent and reliable third-party civil or structural engineer that the facility is structurally sound must be obtained.

- All facilities are required to comply with local law and any applicable building design and construction standards.

- When there is a difference between applicable standards, laws, and regulations, Members should adhere to the most stringent requirement.

- Members must obtain and maintain valid zoning permits as required by applicable law.

- The following four items only apply to factory facilities in Bangladesh:
  - A building originally constructed as a residential facility may not be converted into an industrial facility.
  - A facility in a multi-story building may not have a ground floor marketplace or commercial shops on any floor.
  - A facility in a multi-story building may not share the
building with other factories or enterprises under separate ownership

- A residence may not be located within the facility building

- Facilities must allow fire response and emergency response vehicles access to the facility premises

- Emergency vehicles must be able to reach the facility by road or a cleared path

- Emergency responders must have free and unobstructed access to water sources, the fire sprinkler system, and gas cutoffs

[2-13] Smoking

Smoking is only permitted in specially designated smoking areas equipped with proper fire protection and ventilation.

[2-13] Alcohol and drugs

An alcohol and drug policy with the aim to prevent any work under the influence of alcohol, illegal drugs or any substance that prevents the Worker from performing the job safely and effectively is developed and actively communicated to and recognized by all employees.

[2-14] Childcare (Crèche)

- Crèche/child care facilities must be located in a safe location on the ground floor or in a separate non-industrial facility.

- Childcare facilities shall follow the same health and safety requirements as listed in the sections above.
[2-15] Dormitories, living facilities and canteens

Dormitories, living facilities and canteens shall strictly abide by the same health and safety standards listed above in sections (2-1 to 2-14) unless otherwise indicated below.

Canteens

Many of our members will provide space for breaks and meals during the working day and some will provide meals for residing workers. Members should provide a healthy, safe and sanitary environment in those facilities. In doing so, Members are required to observe the following standards:

• Break and lunch areas during the working day

• An adequate number of places where Workers can rest and eat during their breaks must be made available.

• Such areas are clean, in good condition, separated from the production environment such as noise, dust etc.

• These areas should be equipped at least with chairs/benches and tables.

• These areas will be well ventilated and have proper lighting

For facilities that provide cooked meals

• Canteen should be equipped with cooking facilities, mechanical refrigeration, sinks with hot and cold running water, and proper lighting and ventilation.

• Utensils, dishes and cookware are properly sanitized after use.

• All food preparation, cooking, and service area floors and surfaces are to be kept clean and sanitary.

• If legally required, factory has the necessary inspections from
government health officials and maintains records of these inspections.

• Food must be handled and stored in a sanitary fashion and canteen staff must ensure that any spoiled or questionable food is not utilized and properly disposed.

• Factory prepares meals that are high quality and nutritious.

• Factory holds training for kitchen personnel in areas of hygienic food preparation and nutrition.

• If legally required, the canteen staff has a health check at least annually and obtains a health certificate.

• Canteen rules must be provided to workers and should include guidance regarding sanitation, good housekeeping, personal hygiene, curfew hours (if applicable), visitation hours, security, and safety.

Dormitories

In many of our Members’ facilities, the workforce is comprised of migrant workers from other regions and/or countries. In such cases, it is a general practice to provide accommodation and dining facilities for these workers. Members must provide safe, healthy and sanitary environment in these dormitories and living quarters, Members shall observe the following minimum requirements:

Living Space

• Living spaces should be segregated by gender with male and female workers dormitories located on separate floors

• The living space per worker in their sleeping quarters must meet all minimum legal requirements. Under any circumstances, living spaces per individual, not including common spaces, will not be less than 38 square feet (3.8
square meters).

- Suppliers must provide a lockable storage space with at least 18 cubic feet (0.50 cubic meter) storage to each worker.
- Sleeping quarters must have windows to the outside, with fans and/or heaters provided for better temperature control.
- Sleeping quarters are possible to lock from both outside and inside and each Worker has a locker to secure his or her belongings.
- Workers are provided with their own individual bed/mattress or sleeping mat.
- Dormitory must have adequate lighting to produce a comfortable living area.

Drinking water, toilettes and showering facilities

- Workers must have unrestricted access to drinking water that is clean, hygienic and stored in a sanitary manner.
- Toilet and bathing facilities must:
  - Be clean, sanitary and private.
  - Be separated by gender
  - Be accessible to all workers without unnecessary restrictions.
  - Have no restriction on water usage for showering and bathing and/or have unreasonable limitation on hours of operation.
  - The following minimum requirements shall be observed in toilets and bathing facilities:
    - At minimum, 1 functioning sink with both hot and cold water must be provided for every 6 dormitory occupants.
    - At minimum, 1 functioning toilet must be provided for every
14 occupants.

- Toilets must be clean, functioning, well-lit, well-ventilated, and stocked with toilet paper and soap.

- At minimum, 1 functioning shower with both hot and cold water must be provided for every 15 occupants.

**Buildings and facilities**

- Dormitories must not be located above any production or warehouse buildings and should be separate from such facilities.

- Members shall ensure all areas of all dormitory and canteen facilities are maintained in a functional and clean condition. Effective insect, pest, and rodent control is required in all areas.

- The dormitory facilities must be of a permanent construction and comply with all applicable laws regarding construction, occupancy, and environment.

- Ceilings in dormitory rooms must be at minimum 7 feet (2.1 meters) high.

- Dormitories should provide a separate food preparation and serving area for meals.

**Rules and regulations**

- There should be no restrictions which interfere with the Worker’s right to leave the housing facility during their free time.

- Dormitory rules must be provided to workers and should
include guidance regarding sanitation, good housekeeping, personal hygiene, curfew hours (if applicable), visitation hours, security, and safety.

- Smoking shall be permitted only in specifically designated smoking areas with proper fire protection and ventilation.

**Health and safety requirements for Dormitories and Canteens**

In addition to the requirements listed above and in previous sections, Members shall observe the following additional standards for dormitories, living facilities and canteens:

**First aid, fire fighting and emergency response**

In addition to the requirements listed above regarding first aid, fire fighting and emergency response in manufacturing facilities, Members must strictly apply the following additional requirements to dormitories, living facilities and canteens:

- A sufficient number of dormitory residents should be trained in the administration of first aid.

- Suppliers shall ensure that designated emergency response personnel are available on each floor of the dormitory and in the canteen.

- Designated emergency response personnel should be easily identifiable by all occupants in the event of an emergency.

- Designated emergency response personnel should be trained to notify workers of fires and emergencies, report fires and emergencies to appropriate emergency responders, assist in the evacuation of workers, and verify that all workers have exited the building.

- The minimum standard, where fire hoses or overhead sprinklers are not present, is one fully charged fire
extinguisher per 1,000 square feet (100 square meters) of living space.

• Dormitory and canteen facilities with automatic sprinkler systems should ensure travel distance to an exit on that floor does not exceed 249 feet (76 meters).

• Dormitory and canteen facilities serving multiple businesses or factories within one dormitory or canteen building must conduct joint evacuation drills, including all floors of the building, often enough that all workers know the joint evacuation procedures and consider joint evacuation the normal practice.

**Security**

• Suppliers shall ensure all areas of dormitory and canteen facilities are secure.

• Dormitory facilities should have security measures to protect workers.

• Dormitory facilities should have security measures to protect workers’ property.

**Material and Chemical Safety**

Members shall strictly observe the same requirements above with regards to the management of hazardous material and Chemicals.

**Electrical Safety**

Members shall strictly observe the same requirements listed in above with regards to electrical safety.
Chapter 3: EMPLOYMENT

All labor must be voluntary. Slave, child, underage, forced, bonded, or indentured labor will not be tolerated. Members shall not engage in or support trafficking in human beings. Suppliers shall certify that they have implemented procedures to manage the materials, including all labor related processes, incorporated into their products to ensure they comply with laws on slavery and human trafficking. Workers must be allowed to maintain control over their identity documents.

[3-1] Forced Labor

There shall not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.

Definition of forced labor:

• **Prison Labor:** Incarcerated person forced to work as a condition of his / her sentence.

• **Indentured Labor:** Person forced to work by an employer who forbids the worker from leaving employment at his / her discretion.

• **Bonded Labor:** Person working not for compensation but to pay off a debt incurred by another in exchange for the worker’s labor.

• **Forced Overtime:** This may occur when a person is required to work beyond the normal working hours / days on an ongoing basis as a mandatory condition of employment. In such a case, the violation results from the fact that the worker does not have the freedom to refuse working overtime without risking reprisals.

• **Freedom of Movement:** Unreasonable restrictions on workers’ freedom of movement can be an indicator of forced labor. Workers should be allowed to leave the factory under reasonable conditions and any cases where they are physically
barred from leaving the factory at will should be cause for concern.

Members will only employ voluntary labor, in doing so they are required to strictly enforce the following requirements:

**No fees or debt to force workers**

- Workers will not be asked to make any financial guarantees to secure employment.
- Workers will not incur debt for recruitment fees.
- Members must not require that any worker make a monetary deposit as a condition for employment.
- Workers will not be charged, directly or indirectly, any fees or commission related to the recruitment and/or employment process. If the recruitment agent has requested any such fee, the Worker must be reimbursed by the Member.
- Migrant workers should be provided with contracts, treatment, and wages that equal those of local workers. Pay shall not under any circumstances be below the legal minimum wage in the host country.
- Workers shall not be paid less than the amount specified in their employment contract.
- No substantial amounts shall be regularly deducted from the worker’s salary.

**No restriction on Worker movement**

- Workers will not be required to surrender any original identification document as a condition of employment.
- Workers must be able to voluntarily end their employment at
any time according to a reasonable and previously agreed notice period, without penalty or salary deductions.

- Members shall not place restrictions on workers’ voluntarily ending their employment, such as excessive notice periods or substantial fines for terminating their employment contract.

- Members shall require that the factories they work with respect the right of a worker to remove himself/herself from a work situation based on a reasonable justification that the situation presents an imminent and serious danger to his/her life or health. Members shall not retaliate or discipline any worker for exercising this right.

- Suppliers shall not support or engage in human trafficking.

- Workers must be able to travel as freely as allowed by law.
  - Members may not physically prevent or delay workers from leaving the facility or its grounds except for a reasonable safety reason.
  - Members must allow workers to leave the factory under any reasonable circumstance without disciplinary penalty. Examples of reasonable circumstances include personal or family emergencies.
  - Members shall not restrict the workers’ freedom to leave the premises when their work shifts end.

- Suppliers shall certify that they have implemented procedures to manage the materials and processes incorporated into their products to ensure these materials and processes comply with all applicable laws on slavery and human trafficking.

- Overtime hours must be voluntary and Workers must not be disciplined for refusing to work overtime.

- No locked gates or doors are used which prevent workers from exiting.
• Factory management eliminates all unreasonable restrictions on the movement of workers in the factory and dormitories.

**Other requirements**

• Every foreign worker must be in the host country lawfully and have a valid work permit for the entire period they are employed by the Member.

• Suppliers must have a system for verifying the legal right to work of every foreign worker in the host country before beginning employment.

• The Supplier must maintain a copy of documents giving that foreign worker a right to work in the host country.

• Member establishes a written set of instructions for all subcontractors and labor recruiters which prohibits the use of forced labor, trafficked persons, or slave labor.

• Migrant workers are provided with basic needs including items for daily hygiene, and the ability to regularly communicate with their family in their home country.

• Corrective actions required as a result of labor inspections or equivalent are documented and completed within the specified timeframe.

• If an agent has been used for the recruitment of any Worker, all steps taken in the recruitment process and all agents involved in the entire process are identified and described on request.

• Any agent recruiting Workers has the legal license to perform such activities.
[3-2] Child Labor

Child labor is strictly forbidden. Violation of this requirement can result in the immediate cancellation of a Member’s certification.

**Definition of child labor**

Child labor is defined as work

- Performed by children,
- Which interferes with a child’s right to healthy growth and development and
- That denies him or her right to quality education.

**Definition of a child**

- Any person less than 15 years of age, unless local minimum age law stipulates a higher age for work

  or

- Less than the mandatory schooling age, in which case the higher age applies.

- If the local minimum working age is set at 14 years of age in accordance with exceptions for developing countries, the lower age will apply.

- Under any circumstances no worker will be employed under the age of 14 years regardless of any local laws or regulations allowing younger employment.

**Requirements regarding child labor**

In order to satisfy those standards, Members are required to
observe the following regulations:

• All facilities are required to maintain official documentation (such as copy of birth certificate or national identification card) in order to verify each worker’s date of birth, as well as appropriate records documenting that the employer adheres to all restrictions under local labor laws that apply to juvenile workers.

• Members are required to have a documented response routine in place to ensure that child labor identified (at a Member’s facility or at subcontractors’ facilities) will be acted upon immediately.

• The response routine outlines all actions to remove the child from his or her position and to arrange for more viable and sustainable alternatives for the child’s development.

• Suppliers found to have violated the prohibition on use of underage labor will be required to remediate the situation by implementing a satisfactory solution that places the best interests of the underage worker first.

• If child labor is found, ITMF is informed immediately

• Worker age shall be calculated in whole years from the calendar date of birth. Partial years passed shall not be considered years for the purpose of calculating worker age.

• Suppliers shall not allow any person under the age of 14 years to be present in a factory compound area, unless that person is in an appropriate childcare facility.

• Employers shall develop a system to prevent borrowed identity documents including spot- checking the availability of the identity documents of existing Employees periodically.

[3-3] Juvenile Workers
Definition of Juvenile workers

Any worker under the age of 18 years is considered a juvenile worker.

Requirements regarding Juvenile Workers

• Workers under the age of 18 years shall be allowed to complete any compulsory education required by local law.

• No person under the age of 18 shall undertake hazardous work.
  
  ▪ Hazardous work is defined as work that, by its nature, or the circumstances in which it is carried out, is there is a substantial possibility of harm to the health, safety or morals of the worker if adequate protections are not taken.

• Juvenile workers do not work during the night, which is defined as any time after 10:00 p.m. (22:00 hrs).

• If required by national or local law, juvenile workers should work restricted hours

• Expert opinion and evidence identifies additional health and safety risks to which young workers are exposed, associated with their inexperience, immaturity and lack of awareness of existing risks to their health and safety. This should be taken into consideration when selecting jobs for juvenile workers.

• A minimum of 20 minutes rest time shall be provided for each 4 hours work for the young workers.

• If circumstance exists where young workers cannot leave the workplace due to dependency on company transport, then educational facilities shall also be provided for young workers.

• Supervision of young workers should not exceed a ratio of 1 responsible adult to two young workers.
Best practice for Juvenile workers

Whereas the following are not requirements, we strongly encourage Members to introduce both training and educational provision and workplace measures, which seek to minimize those health and safety risks, such as:

- Risk assessments of the type of work they are required to perform, should be undertaken to avoid exposure to health and safety risks.
- This should take into account the fitting and layout of their workstation and workplace.
- The nature, degree and duration of any exposure to biological, chemical and physical substances.
- The form, range, use and handling of work equipment and machinery.
- The way in which work processes and activities are organised.
- The job must be conducive to their inexperience and immaturity, e.g. no pressing, no heavy lifting, no exposure to dangerous chemicals and operations.

[3-4] Harassment or abuse

Members are required to treat all workers with respect and dignity. Factories are strictly forbidden from using corporal punishment as well as engaging in or permitting any form of physical and mental coercion.

Definition of harassment or abuse

Prepared by Gherzi – January 2015
Any form of Sexual, Physical, Psychological or Verbal abuse such as but not limited to the following:

• Physical contact intended to hurt or harm a worker.

• Any comments suggesting threats of behavior to harm a workers physical or psychological well being.

• Discipline resulting in the withdrawal of basic physical comforts provided to other workers.

• Comments or behavior which is reasonably understood by the worker to be threatening or demeaning.

• Supervisors touching workers in any way that could be considered to have sexual implications.

• Sexual comments made to workers that would be considered to create a hostile work environment.

• Requiring any form of sexual favor in exchange for beneficial treatment in employment, or as a condition of maintaining employment.

Requirements regarding harassment and abuse

• Members should develop policy and routines against Harassment and Abuse describing preventive and corrective actions against harassment and abuse.

• The policy and routines cover and are communicated to all on site Workers, including contracted and sub-contracted Workers.

• The policy should protect workers and employees from bullying, verbal or physical harassment, victimisation, discrimination or physical abuse in the workplace, whether from management, from their colleagues or from members of the public.
• Members shall provide means for workers, including contracted and subcontracted workers, to report abuse by their supervisors as well as maintain a complaint / incident report record for every alleged harassment incident.

[3-5] Non discrimination

Workers should be employed and compensated based upon their ability and willingness to perform their job. Discrimination in employment, including recruitment, hiring, training, working conditions, job assignments, pay, benefits, promotions, discipline, termination, or retirement on the basis of race, religion, culture, beliefs, gender, marital or maternal status, age, political affiliation, national origin, disability, health, sexual orientation, social origin or any other form of discrimination is prohibited.

In maintaining those standards Members shall implement a policy and adequate routines describing preventive and corrective actions against discrimination. Such a policy must:

• Apply to all employment decisions, including recruitment, hiring, training, promotion, termination and retirement.
• Prohibit discrimination based on legally protected criteria such as gender, race, age, disability, nationality, or cultural beliefs.
• Require that training, development, promotion and advancement of opportunities be provided to all workers, whether full time, part time, short-term, permanent, or with any other contracts of employment.
• Ensure that factory does not question prospective workers about their pregnancy status and that pregnancy tests are not conducted before hiring or as a pre-condition to employment.
[3-6] Freedom of association and collective bargaining

Members must respect the right of workers to choose whether to lawfully and peacefully form or join trade unions of their choosing and to bargain collectively. In doing so, workers:

- Have the right to freely associate and to bargain collectively as protected by local law.

- Are able to form, join, and maintain trade unions in accordance with local law.

In respecting those rights, Members must observe the following:

- Members must not prevent workers from exercising their rights to associate and collectively bargain.

- Any action by Members to suppress freedom of association of workers is prohibited, and Suppliers should be aware that such action may be illegal under some countries’ labor codes.

- Members shall not punish, threaten, discipline or fire workers for supporting free association, collective bargaining or for exercising those rights.

- Members shall not retaliate against workers because they have raised issues regarding compliance with any legal collective bargaining agreement.

- Members must not unlawfully discriminate against workers or their representatives (including refusal to hire) due to their membership in, or affiliation with, a legal trade union.

- Members must not affirmatively seek the assistance of state entities to interfere with this right.

- Members must not participate in “blacklisting” of union organizers by providing their names and details of their activities to other employers, or to employers’ associations.

- Members and factory management must give worker representatives access to the workplace in order to carry out
their representative functions in accordance with local law.

- Members should train their managers and supervisors in freedom of association compliance laws when possible, and workers should receive instruction on their legal rights and company standards.

When attempting to form a union, workers are not permitted to:

- Coerce other workers to join a union and/or participate in organizing activities.
- Advocate union organization in a time, place or manner that interferes with individual workers’ rights not to participate in union activities.
- Coerce management to accept agreements advocated by workers or unions.
- Engage in organizing efforts in a manner that interferes with other workers’ ability to perform their duties, except under a legally recognized work stoppage.
- Engage in organizing efforts that intimidate other workers.

In countries where the right to collective bargaining is regulated, restricted, prohibited by law or only state-approved organizations are permitted, the Supplier does not hinder alternative forms of independent and free Workers’ negotiations. Members, however:

- Are not required to recognize illegal workers’ organizations.
- Should not, to the greatest degree possible, permit direct government interference in workers’ right to associate.
- Must have documented routines on how to bring up issues and complaints regarding issues of concern to workers such as discrimination, harassment or abuse. These grievance routines are well known to Workers.
- The grievance routines include how all Workers, including contracted and sub-contracted Workers, can bring up issues
and complaints directly to the Member’s top management.

[3-7] **Wages and Benefits**

Wages are essential for workers to meet basic needs. Members should pay workers for all work completed and shall pay at least the minimum wage required by law or the prevailing industry wage, whichever is higher, and shall provide legally mandated benefits. In any event wages should always be enough to meet basic needs and to provide some discretionary income. In doing so, Members shall observe the following:

- All workers are paid not less than the legal minimum wage, the industry standard or wages collectively agreed, whichever is higher.

- In addition to wages for the standard workweek, workers must be compensated for overtime hours at the legally or contracted mandated premium rates.

- Workers on a per-piece payment scheme should receive at least the minimum legal wage.

- Workers should not be paid less than the legal minimum wage if short term work stoppages are required by the employer.

- In addition, legally prescribed benefits are also provided in accordance with the law.

- Workers’ wages, including compensation for overtime, are paid on time at regular intervals and at least monthly.

- For apprentice/trainee programs, factories are further required to adhere to any legal requirements governing specific limits on number of hours worked, duration of training period and the number of times the same worker can be classified as a trainee. Further, in some cases, apprentice programs provide for payment below minimum wages for the period of training. Limits on the duration of the training period must be strictly followed and wages must be raised to normal
pay rates at the end of the training period.

**Wage Verification**

Members shall maintain records for all payments made to workers. In doing so, Members shall observe the following:

- Manual or electronic time cards should be used for hourly workers. For “piecework” workers, an industry recognized system, capable of audit verification, should be used.

- Wages, leave, bonuses, and other compensation should be accurately and clearly calculated.

- Payroll and attendance records relating to the documented payment of wages and working hours for each Worker are maintained.

- Payroll records must include regular working hours, overtime working hours, wages derived from pieces produced, production bonuses, allowances, applicable deductions and net wages.

- Members should keep payroll records for at least 24 months or as required by law, whichever is longer.

**Wage Statement**

- For each pay period, all workers must be provided with a clear, detailed and itemized written wage statement (pay slip), in a language understood by the worker, which includes details of the following:
  - Days worked
  - Daily wage or piece rate earnings
  - Overtime hours
- Bonuses
- Allowances
- Any and all deductions

- Workers should confirm accuracy and receipt of payment for each payment in writing, or use a verifiable system of receipt.

**Loans and deductions**

- Members should have documentation to support employees’ consent to make voluntary deductions from their pay

- Loans provided by the Employer to the Employee shall be subject to a written agreement between Employer and Employee with clear repayment terms and always at an affordable and realistic repayment rate.

- Suppliers may only make legally allowed deductions from workers’ wages.
  - Deductions should not be excessive and will never exceed 20% of the Workers’ wage.
  - Deductions do not result in a wage paid out that is below the legal minimum wage.
  - Suppliers shall not discipline any worker by deducting from that worker’s wages.
  - Legally mandatory deductions (such as tax or pension funds) or agreed deductions for meals, housing and fees for membership in the labor union are excluded from above restrictions.

**Time Cards**

Manual or electronic time cards must be used for hourly
workers. For workers paid on a “piece rate” basis, Members must utilize a wage calculation system that is industry recognized and capable of audit verification. In doing so, Members should observe the following:

- Workers must be allowed to record their own working hours, including clocking in and clocking out.
- This recording system shall document regular hours and overtime worked by each worker. In and out times should be clearly indicated.
- Workers need to confirm (on at least a weekly basis) the accuracy and completeness of the attendance sheets.
- Suppliers must make an employee’s time record available for review by that worker. Such records should be kept for 24 months or as required by law, whichever is higher.

[3-8] Work hours, overtime and breaks

Excessively long durations of work can have grave effects on the physical and mental health of workers, which in turn endangers the health and safety of other workers. Moreover, it also results in lower productivity and quality at the factory output level. Workers need adequate time off to meet their social needs and to protect their welfare and that of their families.

While recognizing that flexibility in scheduling and working hours is required in most manufacturing operations and that in peak production seasons working overtime might be needed, we require Members to carry out operations in a manner that ensures productive and humane working conditions. As such, Members must strive to limit the need for overtime and in doing so they shall comply with the following requirements:

- Members must comply with all local laws regarding labor hours, including limits on hours worked.
- Working hours shall not exceed 60 hours per week, consisting
of a maximum of 48 regular hours and 12 hours of overtime as follows:

- Maximum hours cannot be exceeded, even if allowed by local law.
- Overtime work should be voluntary.
- Suppliers shall not use coercive behavior to influence workers regarding overtime hours.
- During each work shift, Suppliers shall provide workers with reasonable meal and rest breaks.
- Workers are given advance notice that overtime hours may be necessary.

- Suppliers shall develop and implement work-hour policies and procedures to ensure compliance with applicable work-hour law.
- Written approval from any local government permitting overtime in excess of normally applicable laws is not acceptable to permit additional overtime hours.
- Suppliers shall not allow workers to engage in any form of “work from home” program unless prior consent is obtained.
- Workers must be compensated for overtime hours at such a premium rate as legally required (including per piece workers) or, in countries where there is no legal standard, at industry standards. In no event shall this be at a rate less than the regular hourly rate.
- Workers must be provided with at least one break per 5 hour work day/shift and the break is 30 minutes or more unless otherwise agreed in writing between Member and Workers through the local trade union or other representatives.

[3-9] Rest Days, holidays and leaves
Members must provide workers with rest days in compliance with applicable laws, local tradition and industry standards. If there are no applicable laws or regulations, the following minimum standards are required:

- Suppliers should limit the practice of workers voluntarily working on their rest days.
- Workers should have a minimum of 1 scheduled rest day per 7 calendar days.
- Workers may volunteer to work on their rest day, but should not be allowed to do so more than once every 2 weeks.
- Suppliers must provide workers with holidays in compliance with applicable laws.
- Suppliers shall provide workers with access to all applicable laws regarding worker leave.
- Suppliers must provide all legally required leave, benefits, and bonuses to all eligible workers and in a reasonable and timely manner.
- Suppliers must excuse workers from work on all legally required work holidays.

[3-11] **Employment contracts, practices and employee files**

Wherever reasonably practicable all workers should enjoy security and stability of employment and regularity of income. In doing so, Members should observe the following:

**Employment contracts**

- Members must issue a written employment contract which is
signed with each Worker before they start work.

- The agreement must specify terms of employment in a way and a language understood by the Worker and complies with applicable law.

- At a minimum such documents must:
  - include name of workplace, Employee name, initial wage, birthdate, job title, salary,
  - be signed as acknowledgement of receipt;
  - be retained by both parties; and
  - be consistent with legislation.

- If not included in the contract, information about working hours, overtime compensation, benefits and notice period can be described in a Workers Handbook or equivalent.

- The original contract must be given to the employee, and a copy should be available in the personnel file.

**Contract conditions**

- Members should not use consecutive short-term agreements or apprenticeship schemes absent an actual intent to impart skills or eventually provide regular employment.

- If the employment contract is terminated according to agreed notice period there are no wage deductions for Workers who leave.

- Workers and/or employees shall not be required to give or serve unreasonable notice, should they wish to leave their employment.

- If hiring agents are used, Members will conduct audits to ensure the employment terms and conditions signed by the hiring agents and Workers and/or Employees are in
compliance with local legislation and regulations detailed in this guide.

• The practice of seasonal or periodic lay-off shall be reviewed and minimized.

• The following practices are not acceptable:
  ▪ “At will” terminations;
  ▪ Termination without notice;
  ▪ Zero hour contracts;
  ▪ Inappropriate use of self-employed status for lower grade workers; and
  ▪ False apprenticeship.

• Excessive use of fixed term contracts, home working, sub-contracting or labor only contracting shall not be used to avoid incurring obligations to employees under labor or social security laws which would arise from the regular employment relationship.

**Personnel files**

Each factory must maintain personnel files for each worker which include

• Copy of the contract signed with the employee

• A copy of the best age verification documentation available in the country of manufacture (e.g. government, passport, travel document, social insurance card, etc.).

• Recent photo of the worker.

• Proof of the date of hire with the signature of the worker.

• Application for employment with basic information on the
worker such as address, contact information, recommendations, experience and education.

• Written disciplinary actions taken against the worker, where applicable, including the signature from the worker acknowledging receipt of the disciplinary action.

[3-11] Disciplinary procedures

Members should establish and adhere to written disciplinary procedures that are fair, clear, understandable, and accessible to all workers. In doing so, Members shall observe the following:

• The procedures should be available in a language understood by the worker.

• Such procedures do not include, support or allow the use of corporal punishment, threats of violence or other forms of mental or physical coercion, and does not make use of public warning and punishment systems.

• The Employer shall develop written grievance and disciplinary procedures for the workplace and communicate these to the Employees.

• The Employer shall ensure all communications for workplace grievance and disciplinary actions are documented and all disciplinary or grievance measures should be recorded and kept in the Worker’s file.

• An appeal channel shall be developed and implemented for Employees facing disciplinary action.

[3-12] Pregnancy and Maternity

Pregnancy and maternity should not be reason for discrimination
against workers. In doing so, Members shall observe the following:

- Members shall not restrict or limit workers’ reproductive rights.
- Members should not ask female applicants about their pregnancy status, unless required for reasons of health and safety, for example, chemical exposure.
- Unless pregnancy tests are required by law, Members shall not require pregnancy testing of female employment applicants or workers.
- Women returning from maternity leave should be given an equivalent position and equal pay if required by law.
- Members must comply with any work environment requirements protecting the health and safety of pregnant, post-partum, and lactating women.
- Contraceptives may be made available to employees, but should never be a requirement

[3-14] Accident Insurance

Members must provide accident insurance to all Workers, covering medical treatment for work related accidents and compensation for work related accidents resulting in permanent disability.

[3-15] Posting labor laws

When it is legally required to post labor laws or have the labor law books kept in the factory for workers’ perusal, they must be prominently posted / kept in the factory.
Chapter 4: ENVIRONMENT

The purpose of the following requirements is to ensure that there is no severe environmental pollution, which is to be understood as pollution that is likely to spread widely from the site and where the effects will be very difficult or expensive to correct.

Members should ensure that every manufacturing facility complies with environmental laws, including all laws related to waste disposal, air emissions, discharges, toxic substances and hazardous waste disposal. Members must validate that all input materials and components were obtained from permissible harvests consistent with international treaties and protocols in addition to local laws and regulations.

Members are also required to comply with the United States Endangered Species Act of 1973. Members are responsible for continuing compliance with these laws, including any modifications and amendments.

In doing so, Members will observe the following:

• Appoint a worker responsible for implementing and maintaining the factory's environmental management system.

• An annual environmental performance report should be made available and should include as a minimum water and energy consumption.

• Periodically review existing environmental management systems by performing a factory walk-through looking for potential environmental hazards and how they are being managed.

• Ensure that waste is disposed of properly and that waste disposal systems effectively manage environmental risk.

• Ensure that all applicable environmental certificates are up to date.

• Develop environmental management practices with respect to water and air quality, water and energy efficiency and waste reduction.
• All required permits and necessary records including wastewater permits, emission permits, water testing records, waste disposal records, factory inspections, and any other records which relate to environmental concerns are maintained on site.

[4-1] Waste

Waste is stored, handled and transported in a way that prevents contamination of air, ground and water, prevents risks of ignition/explosion and ensure Worker health and safety.

Waste Handling

• All containers must be maintained in good condition and have legible and informative labels.

• Suppliers must handle, store, and transport materials in a safe and appropriate manner to control risks of accident.

Waste storage

• Members must obtain and maintain appropriate permits for onsite waste storage, if required.

• Members must maintain waste inventory and records, including a current inventory of stored waste, and a log of the disposal and treatment of on-site and off-site waste.

• Members must segregate hazardous waste and non-hazardous waste and should store them in good order. Areas for sorting and/or storage of waste must be marked and barrels/containers must be properly labeled.

• Workers should be provided appropriate waste management training, before starting the job. The training should includes safe and environmentally responsible handling procedures, proper
disposal methods, proper storage methods, and the hazards of mixing waste products at the facility. A description and record of the training should be maintained.

**Waste transport and disposal**

- Members must obtain and maintain appropriate permits for on site waste disposal.
- Members shall not conduct open burns of waste on site.
- Members shall not dispose of waste by burial on site.
- Members must deliver hazardous waste for offsite treatment and disposal only to contractors licensed or otherwise permitted by the appropriate authority. Suppliers should regularly verify the disposal contractor’s license or permit.

**[4-2] Wastewater and Effluents Management**

- All suppliers must identify possible contaminants discharged onsite at each facility, including the flow direction of the discharge and the potential environmental impact of its contents.
- All facilities must have a drainage system in place to convey wastewater and effluents to a legally permitted treatment plant or final discharge point.
  - A detailed scale drawing of the drainage system should be available for review.
- Suppliers must obtain and maintain the appropriate legal permits for wastewater and any effluents discharge.
- Suppliers must conduct regular wastewater monitoring, including sampling and testing, as required by law.
- Suppliers must strictly comply with all legal limits on volume and
discharge rate for wastewater and effluents.

- Suppliers must take immediate corrective action if volume or discharge limits are exceeded.

- If applicable, the Supplier must maintain a wastewater treatment plant in safe operating condition to avoid risks to the environment and human health. Effluent treatment plants (ETPs) should be
  - Properly operated and maintained
  - Appropriate for the type and volume of effluents generated from the operations.
  - Managed by properly trained staff

- The wastewater system must have an official inspection certificate from recognized government authority, and post the copy of the certificate near the facility.

[4-3] Air Emissions Management

- Members must obtain and maintain appropriate permits for air emissions as required by law.

- Members must conduct regular air emissions monitoring, including sampling and testing, as required by law.
  - Maintenance on air emission control equipment should be conducted on a regular basis.
  - Members must consider the potential for fugitive emissions, and monitor equipment and storage for possible leaks and unintended releases.

- Members must strictly comply with any applicable legal limits on air emissions.
  - Members must take immediate corrective action in the event emission limits are exceeded.
- Members must establish an inventory of point sources of air emission.
- The use of ozone-depleting substances is strictly prohibited and

[4-4] Water Management

- Members must obtain and maintain the appropriate legal permits for water use.
- If water is extracted on site, Members must obtain and maintain the required extraction permits.
- Members must maintain water consumption records, including water bills and meter readings from water suppliers.

[4-5] Energy Consumption and Greenhouse Gas Management

- All Members facilities must meet the applicable legal requirements for energy use and greenhouse gas emissions.
- Members must obtain and maintain the appropriate legal energy use and greenhouse gas discharge permits.
- Members must conduct regular monitoring of their energy use and greenhouse gas emissions.
- Members shall maintain energy use records, including energy and electricity bills, and meter readings.
- Members shall maintain records of direct and indirect greenhouse gas emissions as required by law.

[4-6] Land Use and Biodiversity

- Members must obtain and maintain the appropriate permits for land use and facility construction as required by law.
• Members must meet any applicable legal standards regarding protected areas.
  
  • A protected area is defined as clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values.

• All facilities must be subject to an environmental impact assessment. The results should be submitted for review and approval as required by law.

[4-7] Hazardous Substances and Pollution Prevention

• Members should design and implement documented routines for the handling, storing, transportation, recycling and disposal of hazardous and non-hazardous waste. Such routines must:
  
  • Prevent emissions to air, ground and water
  
  • Prevent risks of ignition/explosion.
  
  • Ensure Worker health and safety
  
  • Include emergency response routines.

• Members should obtain and maintain the appropriate permits for all hazardous substances.

• Banned substances must not be used.

• Members must report all pollution and incidents involving a hazardous substance to the authorities as required by law.

• Appropriate measures must be taken to prevent and control the risk of environmental pollution from the release of a hazardous substance, including the contamination of soil or groundwater.

• Members must identify environmentally sensitive receptors
(rivers, underground water, etc.) close to facilities and implement special measures to achieve prevention of contamination.

• An inventory of all hazardous substances used and stored in the facility must be kept, including an up-to-date Material Safety Data Sheet (MSDS)/Safety Data Sheet (SDS) for each substance.

• Members must monitor type and quantity of all hazardous materials being used and generated.

• Workers must be appropriately trained in pollution prevention and response measures.

• Workers must be appropriately trained to handle hazardous substances in their workplace in accordance with the substance MSDS/SDS.

[4-8] Noise Pollution

• Suppliers must obtain and maintain the appropriate permit for noise pollution as required by law.

• Facilities must comply with legal noise pollution limits.

• Noise pollution assessments must be completed as required by law.

• Suppliers must conduct regular noise pollution monitoring as required by law.

• Suppliers must take immediate corrective action if noise pollution limits are exceeded.
Chapter 5: SECURITY

C-TPAT (Customs-Trade Partnership Against Terrorism) certificates shall be considered sufficient to cover for the standards required in this Chapter. For companies that are not C-TPAT certified, the following are the minimum security requirements for membership:

- Members must put in place an employee security policy that includes hiring procedures, proper badge identification, reporting of lost badges and facility access controls.
- Members conduct a background check prior to hiring to verify employment application information, including verifying an applicant’s current address, personal references, and national ID card or birth certificate.
- Security personnel use closed circuit television (CCTV) or other surveillance methods to perform 24/7 monitoring of fences, walls, and all facility entrance gates, and CCTV records are kept for a minimum of 45 days.
- Shipping area and shipping dock access are restricted to only authorized employees.
- Gate security guards conduct an outbound truck inspection to verify documentation, container/trailer numbers, and seal number verification with shipping documentation.
- A 7-point inspection is conducted prior to container or trailer stuffing.
- A high security seal (ISO/PAS 17712) is placed on the container/trailer immediately after stuffing is completed.
- Facility supervisors or security guards are present at time of production, assembly and final packing to prevent tampering.
- The transportation company’s contract states that drivers are required to report any incidents of attempted cargo theft, load tampering or other security violations.
• The facility has a written IT policy that requires passwords on individual computers to be changed regularly, regular data back up and secure placement of servers.

• Parking areas must have adequate lighting

• Procedures must be put in place for challenging unauthorized / unidentified persons

• Facilities must have a separate parking area for goods
Chapter 6: CORRUPTION AND BUSINESS ETHICS

[6-1] Gifts and Entertainment

Members must not offer gifts or entertainment to auditors, ITMF representatives or other associates who can influence the status of their membership.

Prohibited gifts include but are not limited to meals, travel expenses, monies and equivalents, free goods, tickets or access to events, and personal favors.

[6-2] Anti-Corruption

Members must not tolerate, permit, or engage in bribery, corruption, manipulation of official documents or unethical practices whether in dealings with public officials or individuals in the private sector.

Members must comply with the United States Foreign Corrupt Practices Act (FCPA) and the United Kingdom Bribery Statute at all times as well as all anti-corruption laws and statutes in countries in which they operate.

[6-3] Limits on Suppliers’ Actions

Members may not offer money or anything of value to any government official or political party to obtain business, retain business, or secure an improper advantage.

Members may not offer money or anything of value to any business or individual in the private sector to obtain business, retain business, or secure an improper advantage.
[6-4] Origination of Materials

Members should maintain inventory and production records to document the origin and place of production of incoming materials.

Members must maintain chain of custody documents showing that raw materials were obtained from legal harvests consistent with local law, national law, international treaties, and protocols.

[6-5] Financial Integrity

Members must keep accurate records of all matters related to their business in accordance with standard accounting practices such as Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS).

Suppliers must keep accurate financial records. All financial transactions should be recorded and maintained using standard accounting practices. Financial records must be readily available for inspection during announced and unannounced audits by Walmart or authorized third-party representatives.

[6-6] Competition and anti-trust practices

Members should not participate in price-fixing agreements, production or sale quota agreements, and more generally any unfair practice hindering the free exercise of competition, particularly those intending to push a competitor out of the market or restrict access to the market for new competitors by illegal means.
Chapter 7: REQUIRED DOCUMENTS

The following documents must be present at all times in Members facilities. Should a Member operate multiple facilities located in different geographic locations, the relevant documents for each facility should be kept on site as well as copies of any common documents:

- Business License
- Factory floor plan
- Factory policy / Employee handbook
- Organization chart
- Hiring and termination procedure
- Labor contract
- Personnel files
  - ID copy / proof of age and identity
  - Application with joining date
  - Annual leave records
  - Maternity leave records / Paternity leave records
  - Award and penalty records
  - Health examination report and registration for juvenile workers (If Applicable)
- Local official minimum wage document
- 24 months’ payroll records:
  - Payroll records (showing basic wages, overtime wages, working hours, incentive or bonus, deductions and net pay)
• Payroll computation (manual, computer, etc.)
• Payroll slip with workers’ signature
• 24 months’ time records
  • (Electronic) Time cards / Manual attendance record
  • Working hour’s waiver from local labor bureau
• Insurance – employee provided with pension, accident, medical, unemployment & maternity insurance per local government requirement
• Social Insurance receipt/invoice
  • Social Insurance registration or written approval from local authority
• Worker safety
  • Accident / incident record/ Injury & Illness records
  • Special equipment registration / safety certificate
  • Special operator certificate
  • Hazardous material list/Hazardous materials inventory
  • MSDS/CSDS in local language
  • Inspection report from Hygiene authority again air, noise in the workshops.
• Machine safety training records
• Spill response training/Chemical hazardous training
• PPE training records
• Electrical maintenance program
• Machine maintenance program & records
• Employee orientation material and records
• Employee Security Awareness Training Materials and Records

• Documents regarding Environment
  • Environmental impact appraisal documents, Environmental protection check and acceptance report, Environmental inspection report, discharge permit (If Applicable)
  • Waste inventory and tracking system
  • Waste handling training records
  • EHS Task Force

• Canteen sanitation
  • Kitchen / canteen hygiene license
  • Kitchen / canteen worker’s health certificate or health check record

• Documents regarding fire control
  • Fire equipment list /Fire equipment inspection checklist
  • Documents regarding fire fighting emergency evacuation plan ,fire drills & fire safety training records

• First aid responders’ certificates / Medical & First-Aid Training Program
• AIDS awareness program
• Evidence of an employees’ fitness for work
• Other Documents required by local laws and regulations
• Security
  • Facility Security Policy
  • Facility Security Plan
  • Security Guard Job Description
  • Security Guard Training Detail and Records
  • Physical Security Equipment Operation Manual
  • Physical Security Equipment Maintenance Records
  • Employee ID / Access Card Control Procedure
  • Facility Access Control Procedure
  • Visitors Access Control Procedure
  • IT Security Procedure
  • Information Access Control Procedure