ANNEX G

HCBM Guiding Principles: Four Social Sustainability Case Studies

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12/18/2017

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Introduction

As Mindy Lubber, President of Ceres, held in the opening letter of the Ceres’ Roadmap for Sustainability back in 2010: “Addressing the world’s greatest social and environmental challenges is an imperative for corporate communities and failure to do so will jeopardize the ability to create prosperity in the long term”.

In the last decade, companies from all over the world have become more committed to the achievement of more socially and environmentally sustainable business models. In this context many different actors have come to play and a multi-stakeholder collaborative approach towards industry and cross-industry challenges has been adopted in multiple sectors. The work of The Forest Stewardship Council (FSC), The Electronics Industry Citizenship Coalition (EICC) and The Extractive Industries Transparency Initiative (EITI) delivers a compelling example. Furthermore, several Indices have been set up to measure the progresses in the field of social and environmental sustainability of companies from all over the world: the Dow Jones Sustainability Indices, the Ethibel Sustainability Indices, the MSCI ESG Indices and the ‘Global 100 Index’ (an annual project initiated by Corporate Knights) etc.

In the past years, many initiatives have focused in particular on the relationship between Business and Human Rights. The Human Rights Due Diligence project conducted by Norton Rose Fulbright & the British Institute of International and Comparative Law, The OECD’s Global Forum on Responsible Business Conduct, the OHCHR’s Accountability and Remedy’s project, The UN’s Forum on Business and Human Rights that is guided by the Working Group on Business and Human Rights and the work of “the Global Business Initiative on Human Rights” are just a few examples.

The Corporate Human Rights Benchmark (CHRB) is a unique initiative stemming from the collaboration among investors and civil society organisations aiming at creating the first accessible public benchmark of corporate human rights performance. Rather than simply resorting to corporate disclosure to pressure companies away from certain controversial business practices, the CHRB uses the disclosed information to create a competitive environment for respecting human rights. This approach relies on the fact that, given in particular today’s social media saturation, the reputation of a company that discloses its poor engagement against human rights abuses can be easily worn down. The three industries in focus (Agricultural Products, Apparel, and Extractives) have been selected following multi-stakeholder consultation, considering their high human rights risks, the extent of previous work on the issue and global economic significance. The CHRB follows a specific approach in relation to the scope of each industry covered, the scope of company activities within the value chain, as well as the scope of business relationships considered. The selected 98 publicly traded companies have been chosen on the basis of their size (market capitalisation) and revenues, as well as geographic and industry balance. The architects of the initiative have based its criteria on the U.N. Guiding Principles on Business and Human Rights, adopted in 2011. These criteria also dovetail with other efforts to set sustainability reporting standards, such as those of the Global Reporting Initiative, and sector-specific standards, like the Voluntary Principles on Security and Human Rights. As the CHRB notes, aligning its indicators with the UN Guiding Principles reinforces the importance of the global baseline standard of practice expected from all companies and enables the comparison of companies’ approaches to tackling their human rights challenges over time and across industries. In addition, the CHRB Methodology also takes as its basis certain industry-specific global standards to ensure as relevant, rigorous and credible a ranking as possible when comparing companies within the same industry. The CHRB’s Pilot Methodology is composed of indicators spread across six Measurement Themes with different weightings: a) Governance and Policies, b) Due Diligence, c) Remedies and Grievance mechanisms, d) Company Human Right practices, e) Responses to allegations and, f) Transparency. The indicators in each Measurement Theme follow a set structure, awarding either 0, 1 or 2 points depending on whether the requirements are fulfilled through a review of
publicly available information. A company’s score on a Measurement Theme is calculated by adding the number of points awarded in the respective Theme and dividing it by the maximum number of points available. The scores on all Measurement Themes are then weighted to produce a company’s total CHRB score. Companies may be assessed against more than one CHRB industry, where they derive at least 20% of their revenues from the relevant CHRB industry. Eight companies fell into both the Agricultural Products and Apparel industries. In this case the companies have been assessed both in terms of how they manage their Agricultural Products and Apparel business. Moreover, the employers subject to the Benchmark will be evaluated not only on the human rights performance in their own operations but also in the supply chain. There are some aspects that contribute to the human rights performance of companies, but which are not be covered in the 2017 Benchmark in order to focus on key issues, maintain a manageable scope and to learn lessons from the inaugural results (Geography, Consumption of Products and Services, Positive Impacts and Collective Impacts, such as climate change).

This methodology demands other companies, investors, civil society and governments to look carefully at the broad bands within which the performance of all the 98 assessed corporations is evaluated rather than at the overall score only. As highlighted by the CHRB, the results of the initiative will always be a proxy for good because there are no fundamental units of measurement for human rights performance and the relevant assessments are more subjective than objective. Furthermore, the Benchmark only captures a snapshot in time but encourages to focus on how scores improve over time rather than upon how a company compares to other companies in the same industry today. Finally, the CHRB is based only on publicly available information from company websites, documents, and additional company input to the CHRB disclosure platform meaning that additional non-public information has not been considered in the 2017 results.

This paper presents the performances of four high ranking European companies from the Agricultural Products and Apparel sectors as assessed in the CHRB’s 2017 scoresheets in order to identify examples of good practice on human rights, which can be relevant for the implementation of the HCBM. The paper does not report the scores given for each performance indicator, Measurement Theme or the overall scores achieved by the companies. This paper merely outlines how the companies meet the requirements under those indicators according to the CHRB 2017 scoresheets, meaning that only tools and strategies assessed therein are going to be considered. Newer or updated material that does not feature in the CHRB 2017 scoresheets will be excluded from this paper.

This information is from the following websites:


https://www.corporatebenchmark.org/guide-benchmark


For a better understanding of how the ultimate combined methodology of the CHRB works and of the peculiarities of certain Measurement Themes, visit the following website:

Case Studies

**Unilever** (United Kingdom)

**Industry of reference: Agricultural Products**

**Policy Commitments: indicators**

**Commitment to respect human rights**


**Commitment to respect the human rights of workers**

[Unilever’s Human Rights Policy Statement](https://www.unilever.com/sustainability/key-policy-documents/) refers to all ILO core standards, the United Nations Global Compact principles 3-6 and a health & safety commitment. In addition, the [Responsible Sourcing Policy](https://www.unilever.com/sustainability/responsible-sourcing/), which includes ILO labour standards, states that Unilever’s suppliers are expected to ‘have a process to communicate the requirements of the supplier’s code or policy to all of its direct suppliers and to monitor compliance by these direct suppliers’.

**Commitment to respect human rights particularly relevant to the agricultural industry**

Unilever’s Human Rights Policy Statement outlines the importance of land rights. In addition, it contains a commitment to the principle of free, prior and informed consent, and support its implementation by national authorities and to zero tolerance for land grabbing. The Company is also committed to protecting and improving access to water and sanitation. The Human Rights Policy Statement indicates that the Company has endorsed Women’s Empowerment Principles and Children Rights and Business Principles (*view Annex 3*). The Company has made it clear that these apply to business partners including suppliers.

**Commitment to engage with stakeholders**

Unilever states in its Human Rights Policy Statement that “we recognise the importance of dialogue with our employees, workers and external stakeholders who are or could potentially be affected by our actions. We pay particular attention to individuals or groups who may be at greater risk of negative human rights impacts due to their vulnerability or marginalisation and recognise that women and men may face different risks. We believe that working through external initiatives and partnerships, for example with other industry, NGO, trade union, supplier and other business partners, is often the best way to address shared challenges”.

**Commitment to remedy**

Unilever states that “we place importance on the provision of effective remedy wherever human rights impacts occur through company-based grievance mechanisms”. In addition, as seen above, the Company has indicated that “we believe that working through external initiatives and partnerships, for example with other industry, NGO, trade union, supplier and other business partners, is often the best way to address shared challenges.”

**Board Accountability: Commitment from the top**
The Human Rights Policy Statement states that work in this area is overseen by the Unilever Chief Executive Officer, supported by the Unilever Leadership Executive including the Chief Supply Chain Officer, Chief Human Resources Officer, Chief Marketing and Communications Officer and the Chief Legal Officer and the Chief Sustainability Officer and the Global Vice President for Social Impact. Board-level oversight is provided by the Corporate Responsibility Committee of Unilever PLC. The Corporate Responsibility Committee assists the Boards in fulfilling their oversight responsibilities in respect of corporate responsibility and sustainability and Unilever’s reputation as a responsible corporate citizen. It also offers guidance and recommendations within its areas of responsibility. It comprises a minimum of three Non-Executive Directors. The Human Rights Policy Statement has been approved at board level. Paul Polman, CEO, addressed the Third UN Forum on Business and Human Rights in December 2014.

Board Accountability: Board Discussions


Embedding Respect for Human Rights in the Company’s Culture and Management Systems: Indicators

Responsibility and resources for day-to-day human rights functions

Unilever’s Code of Business Principles and Code Policies states that “day-to-day responsibility is delegated to all senior management of the geographies, categories, functions and operating companies. They are responsible for implementing these principles, supported by local Code Committees”. In addition, the Human Rights Report has disclosed that while its regional organisations and human resources and supply chain teams are accountable for ensuring human rights are respected within our operations, its efforts in Unilever’s extended supply chain are led by Procurement. The Business Integrity team in Legal is responsible for the Prevent – Detect – Respond framework to implement the Code of Business Principles and related Policies across all Unilever operations. The Company discloses on its website that Global oversight of operations is further maintained through our Global Code & Policy Committee (GCPC). The GCPC is chaired by the Chief Legal Officer and comprises the Chief Business Integrity Officer, Chief Auditor, Chief Procurement Officer, Chief Customer Officer, SVP Human Resources, Global VP for Social Impact and other leaders are invited as needed. Since 2015, the Chief Business Integrity Officer leads a network of local and regional Business Integrity Officers as part of the Legal function.

Incentives and performance management

In its Human Rights Report, Unilever states that it uses the system and database to track the overall progress against its goals and public commitments and have incorporated RSP (Responsible Sourcing Policy) goals in procurement teams’ performance objectives, which link directly with financial bonuses for the teams.

Integration with enterprise risk management

Sustainability risks (including human rights as social impacts) have been listed one of the Company’s principal risks and this has been fully integrated into its wider enterprise risk management systems.

Communication / dissemination of policy commitment(s) within Company’s own operations
The company’s Human Rights policy statement has been translated into 12 languages. Unilever states that “we regularly communicate internally on related standards of behaviour required from directors, employees, contractors and other individuals who act on behalf of Unilever”.

Communication / dissemination of policy commitment(s) to business relationships

The company’s Human Rights report states that Unilever provides training on aspects of the RSP (Responsible Sourcing Policy, including all ILO standards). In 2014, training was provided to suppliers on site in Brazil, China and Vietnam. In addition to communicating its policy, the Company states that best practices and audit requirements have been regularly shared with suppliers. In addition, Unilever’s Responsible Sourcing policy includes mandatory requirements related to human rights and core labour rights. The Company requests that their suppliers give assurance that they adhere to the principles of this Code. Unilever further states that “suppliers are then required to acknowledge alignment with our Responsible Sourcing Policy either through contractual language or completion of a self-assessment questionnaire”.

Training on human rights

The company’s Human Rights Report states that “Awareness and training on our codes and complaints mechanisms are provided to employees globally. We carried out human rights training for our procurement leadership and senior employees at their global annual meeting in 2013 and in East Africa in 2014.” The Company further states that “We use both electronic and face-to-face training and simple images to bring these issues to life. The 2015 mandatory all-employee compliance training focused on this policy (Respect, Dignity and Fair Treatment Code Policy, including Human Rights Policy), followed by the annual code declaration”.

Monitoring and corrective actions

The Company states that the Unilever’s Board is responsible for compliance, monitoring and reporting while day-to-day responsibility lies with senior management around the world. Checks are made on this process by Unilever Corporate Audit and by external auditors. The Company monitors its suppliers through self-assessments and audits. However, the Company has not disclosed the proportion of its supply chain monitored. The Company has disclosed the number of non-conformances per country by salient issue 2013 and 2014. It states that “60% decrease in non-conformances between 2013 and 2014 for those suppliers who went through a re-audit cycle”.

Engaging business relationships

Unilever states that it “evaluates suppliers using a country-based risk matrix to determine the need for an audit of self-evaluation”. Unilever has a three-pronged approach to determining a company’s suitability to supply: (1) initial due diligence, (2) acknowledging alignment with Unilever’s Responsible Sourcing Policy and (3) understanding responsible sourcing audit. The Company indicates that compliance with responsible sourcing policy (RSP) has become one of the key criteria for awarding business to suppliers, raising the bar for positive social impact within Unilever’s supply base, and has established scorecards. There are two levels of compliance “mandatory practice” and “good practice”. The Company works with them to improve their practices. For instance, it reports that “awareness and training on aspects of the RSP were provided to suppliers on site in Brazil, China and Vietnam in 2014, with procurement’s compliance team launching the new RSP auditing tool in April 2015. In 2015, events already have been held in Costa Rica and India. Next, we will go to Turkey. In our experience, and using external data and indices, five of these six countries are shown to be among the highest-risk countries from a Responsible Sourcing perspective. The Company also reports on a specific case of collaboration with suppliers in Turkey to improve their performance on human rights.”

Framework for engagement with potentially affected stakeholders

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As part of identification process of its salient human rights, the Company has a process to identify potentially affected stakeholders. It states that the “process began with an internal, cross functional workshop facilitated by SHIFT (non-profit centre for business and human rights practices). Following the UN Guiding Principles approach, we looked at a range of potential human rights impacts resulting from the types of activities we are involved in, and prioritised those likely to be the most severe were they to occur, based on how grave the impacts to the rights-holder could be, how widespread they are and how difficult it would be to remedy any resulting harm”. The Company discloses more detailed information about engagement with suppliers.

Human Rights Due Diligence: Indicators

Identifying: Processes and triggers for identifying human rights risks and impacts

As stated above, it has an internal process with SHIFT to identify salient human rights risks. Unilever also engages with external bodies such as the World Economic Forum Human Rights Global Agenda Council, the Global Social Compliance Programme, AIM-PROGRESS, the UN Global Compact and others at the core of policy implementation, and held discussions with the Unilever Sustainable Living Plan Council. The Company states that identification process “demanded issue prioritisation, integration of an understanding of the perspectives of affected stakeholders and verification with expert stakeholders of the salient issues identified”.

Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)

Human Rights Report states that “human rights impact assessments, either conducted independently as mandated under the UNGPs or as part of our operations, are core to our efforts. Examples include our assessment of a salt supplier in India in 2014 as well as impact assessments around women’s safety in East Africa and labour standards in the tea industry in Turkey”. It further discloses a list of salient human rights issues identified including discrimination, fair wages, forced labour, freedom of association, harassment, health and safety, land rights, working hours.

Integrating and Acting: Integrating assessment findings internally and taking appropriate action

The Company has published a Human Rights Report which has dedicated sections for each of 7 salient issues they identified. For each salient human rights issue, the Company has disclosed actions taken, initiatives/project implemented in 2014, targets and progress where relevant and some actual examples.

Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts

For tracking the effectiveness of actions taken, Unilever states that it has engaged and trained five audit houses which its suppliers can engage in URSA audits. The audit results are then uploaded to its database (USQS – Unilever Supplier Qualification System) to track progress and compliance. The Company also has a re-audit system. The Chief Business Integrity Officer reporting to the Chief Legal Officer is responsible for the strategy and execution of an ambitious global business integrity programme, including the tracking of compliance with the Code’s provisions. Additionally, the Company describes several examples of lessons learned in its Human Rights Report and Oxfam’s study of Unilever in Vietnam.

Communicating: Accounting for how human rights impacts are addressed

The Company has published a Human Rights report in line with UN Guiding principle reporting framework. However, as the CHRB reports, there is no evidence of the Company describing the general criteria it uses for deciding what to communicate to whom, when, how. In addition, the Company has not described how it
ensures that potentially affected stakeholders/legitimate representatives are able to access and use the information communicated.

**Remedies and Grievance Mechanisms: Indicators**

**Grievance channels/mechanisms to receive complaints or concerns from workers**

The Company states that “code breaches can be raised through our 24/7 anonymous hotline or our online reporting tool, Ethics Point. External parties, including those working with us in our extended supply chain, can also use our [Global Code Breach process](#). We provide training and organise global awareness programmes on how concerns can be raised”. Human Rights report states that “during 2014, there were a total of 445 cases opened related to Code breaches involving our salient human rights issues”.

**Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities**

Once again, the Human Rights Report stipulates that: “Code breaches can be raised through our 24/7 anonymous hotline or our online reporting tool, Ethics Point. External parties, including those working with us in our extended supply chain, can also use our Global Code Breach Process. We provide training and organise global awareness programmes on how concerns can be raised.” Ethics Point is available in 14 languages, among which Spanish, Indonesian, and Chinese.

**Users are involved in the design and performance of the channel(s)/mechanism(s)**

The Human Rights Report reveals that in Kericho the Company worked with the community to improve its grievance/redress mechanisms.

**Procedures related to the mechanism(s) / channel(s) are publicly available and explained**

As the CHRB reports, Ethics Point does not provide specific details on how complaints are received, processed and addressed.

**Commitment to non-retaliation over concerns/complaints made**

The Code of Business Conduct states that it “ensures that anyone who raises concerns, or highlights potential or actual breaches, receives support and respect and that there is no retaliation against them”. Additionally, it is possible to raise complaints anonymously.

**Company involvement with State-based judicial and non-judicial grievance mechanisms**

The Company worked with the OECD’s National Contact Points in the UK and Turkey.

**Remedying adverse impacts and incorporating lessons learned**

The Company gives an example in its Human Rights Report (Kericho) and it allowed Oxfam to assess and re-assess its business in Vietnam.

**Enabling Factors and Business Processes: Indicators**

**Living Wage**
As result of the Unilever Sustainable Living Plan (USLP), the company elaborated a Framework for Fair Compensation, which was finalized in 2015 and finally applied to the business in 2016. This framework identifies the elements of the compensation package, which could assure fair compensation to all employees. It considers many principles ranging from the need for a fair living compensation to the prohibition of discrimination. Unilever aims at achieving full compliance with all these principles by 2020 and establishes internal progress monitoring systems to that end. For each principle, the Framework lists several standards for the achievement of fair compensation. Unilever requires each country business to report its status against such standards including, where appropriate, a remediation plan to rectify any issues of concern. The Framework for Fair Compensation is reviewed annually. At its heart, there is the principle of a 'living wage’. Unilever has started a close collaboration with the Fair Wage Network (FWN), an independent NGO that works to promote better wage practices through working with businesses. The Company has engaged the FNW to conduct a review of entry-level wages in its factory sites against a variety of fair wages indicators. The next step has been to set up independent benchmarks, identify gaps, address these gaps and establish the abovementioned framework for fair compensation. The FWN has granted the company access to its Global Living Wage Database, which delivers an objective external source of the living wage amount for each of the countries (108) where the company has employees. The Company recognises the critical role of collective bargaining agreements in setting and promoting fair wages. It also engages with trade unions locally through the collective bargaining process. Unilever was the only company in all the sectors considered by the Benchmark to engage in practices to publicly set target timeframes for paying workers a living wage about its own operations. For what concerns the issue of living wage in the supply chain, the Responsible Sourcing Policy mentions a 'living wage approach to fair compensation’ as a good practice. Unilever supports, among other initiatives, the Malawi Tea 2020 Programme, which is a coalition of tea producers, buyers, NGO’s and trade unions working towards the goal of living wage in the sector. The Company is among the signatories of a strong commitment to achieve a competitive, profitable Malawi tea industry in which workers earn a living wage and smallholders a living income. As shown in its 2015 Human Rights Report, Unilever also works with an external expert organisation to address issues related to migrant workers including compulsory overtime and/or deliberate non-payment of wages and recruitment agents charging workers high transaction fees, often driving them into higher levels of debt. Together with the organisation, the Company has developed best practice guidelines on the use of migrant labour. This includes paying particular attention to the recruitment process, including preventing that fees more than legally permitted amounts are paid, that any contract terms are clear and legal, that wages or benefits are not falsely promised and that repatriation terms are clear and migrants are free to return home and passports not withheld.

**Aligning Purchasing Decisions with Human Rights**

The Responsible Sourcing Policy states that “We plan to promote the achievement of a higher level of social performance and recognize those in our supply chain who go beyond the basics in responsible sourcing”, but no specifics as to how or when are given. The Company’s Responsible Sourcing Policy includes certain requirements: “employment policies and procedures are in place that specify the minimum age for employment and the means to verify and ensure implementation” and “responsible remedial measures are immediately implemented whenever any breach of that policy is identified”, but no specific guidelines are given.

**Freedom of Association and Collective Bargaining**

The Company states that “our codes are clear that people have the right to join or not join unions without threat of intimidation or victimization and are clear about our support for collective bargaining, effective information and consultation procedures.” Unilever further states that “80% of our factories are unionized”, however, it has not disclosed actual percentage of workforce covered by collective bargaining agreements.
The Company’s Responsible Sourcing Policy includes requirements on: “managers, supervisors and guards are trained to respect each workers’ right to associate freely” and “workers know and understand their rights, feel free to exercise them and are confident that other workers or supervisors or managers will not impede them”, but no specific guidelines are given.

Fatalities, Lost Days and Injury Rates

The Company has disclosed relevant health and safety related figures on its website. Regarding fatalities: “In 2015, one employee and one contractor lost their lives while working for Unilever”. The Total Recordable Frequency rate was 1.12 accidents per 1 million hours worked. The Company also provides explanation and trends (since 1998) for its figures. It further states that “we are committed to a Vision of Zero: Zero fatalities; Zero injuries; Zero motor vehicle incidents; Zero process incidents; Zero tolerance of unsafe behavior and practices. While we achieved our USLP target in 2013, seven years ahead of schedule, in 2015 we slipped behind our target of a 50% reduction in our accident rate (our Total Recordable Frequency Rate) compared to 2008. We take this lapse very seriously and are working hard in 2016 to reinforce our Vision Zero across our business”. The Company also discloses health and safety non-conformances with its Responsible Sourcing Policy in its Human Rights Report.

Land Acquisition (Focus on the supply chain)

Unilever states that “Our Palm Oil Sourcing Policy, launched in November 2013, includes requirements for suppliers to respect the rights, including land tenure rights, of indigenous peoples and local communities regarding activities on their customary lands where plantations are developed. As we began engaging suppliers and other stakeholders on our Responsible Sourcing Policy, land rights emerged as one of the issues for which our suppliers requested more information and guidance, especially in urban settings. We are, therefore, creating a new Global Land Rights Policy, which will include principles and due diligence applicable to all our operations, suppliers and business partners, and information on consultation, consent and transparency as well as environmental considerations”. Land rights are critical for food security and for inclusive social and economic development. The company is drafting principles and guidelines based on its existing commitments, and will pilot these in our operations in a number of countries.

Water and Sanitation (Focus on the Company’s own operations)

Regarding its manufacturing (including food products) activities, the Company describes how addresses the problem of water scarcity in its operations. It identifies water-scarce sites through a combination of publicly available and bespoke tools. These include locally specific data, for example, on water availability, climate, infrastructure or regulation. This classification is used to target water audits and prioritize investment into water efficiency. The cost of water in water-scarce sites rarely reflects the value it has to the company’s business or to local communities. In fact, the low cost of purchase continues to remain a challenge for driving water efficiency in its factories whilst still meeting its corporate investment criteria. To drive greater investment into efficiency in water-scarce sites, the company has relaxed its financial criteria for sites in water-scarce regions, and it places additional value on water where it is scarce. The Company continues to develop its understanding and program around water pricing and risks, responding to the commercial and reputational challenges that water and wider climate change issues pose to its business and surrounding communities and ecosystems. Concerning specific targets and progress against them in relation to water and the right to it, Unilever states that “since 2010, Lifebuoy’s hand washing programs have reached 337 million people, and since 2005 Pureit has provided 78 billion liters of safe drinking water through its purification devices. Our Domestos toilet cleaner brand is also working with governments and partners to help support access to clean, safe toilets.” It further states that “by 2020, we will help more than a billion people to improve their health and hygiene. This will help reduce the incidence of life-threatening diseases like diarrhea. We are on track to meet our 2020 commitment. By the end of 2015, we had reached around 482 million people. So far, Lifebuoy has reached 337 million people”. However, this information refers to the
approach taken to fight scarcity from and approach that does not refer to the Company’s own agricultural activities. The Company has signed the WBCSD Wash at the Workplace pledge and the Wash4Work initiative.

Women’s rights

In its Human Rights Report, the Company describes its approach to diversity in the workplace, promoting safety for women, and enhancing access to training and skills for women. The company states that “in partnership with others, by 2015 we had enabled around 800,000 women to access initiatives that aimed to develop their skills: 70,000 Shakti micro-entrepreneurs in India and around 730,000 women on tea smallholdings in Kenya and India”.

Responses to serious allegations

Case 1: Indicators

Area of allegation: Land rights in the supply chain

Headline: Allegations that Wilmar International (a supplier) was planning to take over lands without local community agreement in West Sumatra, Indonesia

Date: July 2015, January 2016

Summary

The allegations relate to lack of Free Prior and Informed Consent (FPIC) in West Sumatra, Indonesia and were raised by the Forest Peoples Programme (FPP), the Minangkabau community leaders of Kapa and NGOs who are reported to have tracked the Wilmar’s operations on the ground. FPP claimed that in West Sumatra, PT Permata Hijau Pasaman (PT PHP 1), a subsidiary of Wilmar, “was seeking to get a permit to take over their lands without their agreement”. According to FPP, the community has formally appealed to the Roundtable on Sustainable Palm Oil (RSPO), to which Wilmar is a member. In January 2016, Forest People Program released The Maninjau Resolution which stated: “Wilmar, through its wholly owned subsidiary PT PHP1, has willfully violated the rights of the Minangkabau people of Nagari Kapa in Pasaman Barat by taking over their lands with deceit and contrary to the expressed will of the people; (...) We note with alarm that Wilmar went ahead with this land grab (land taken without consent) despite the fact that the Kapa people had formally complained about Wilmar’s plans to the Complaints Panel of the Roundtable on Sustainable Palm Oil (RSPO); (...”).

The Company has responded publicly to the allegations

Wilmar International has responded publicly to these allegations through a press release dated 22 July 2015 in which it “categorically refutes allegations by Forest Peoples Programme”. Its response is detailed and relates to all the allegations made.

The Company has appropriate policies in place

Unilever’s Human Rights Policy Statement states that “we recognize the importance of land rights. We are committed to the principle of free, prior and informed consent, and support its implementation by national authorities. We are committed to zero tolerance for land grabbing”. The Company has made it clear that these apply to business partners including suppliers. Wilmar also has “No Deforestation, No Peat, No Exploitation Policy” dated 5 December 2013.”

The Company has taken appropriate action to address the alleged impacts
In its policy, Wilmar is committed to “resolve all complaints and conflicts through an open transparent and consultative process”. In the case studied here, the Company has engaged in a dialogue with affected stakeholders through the mediation of the RSPO.

**Transparency: Indicators**

As regards the information to meet the following indicators under the Transparency Theme, see the related ones above:

**Commitment from the Top**

**Board discussions**

**Responsibility and resources for day-to-day human rights functions**

**Incentives and performance management**

**Communication / dissemination of policy commitment(s) to business relationships**

**Identifying: Processes and triggers for identifying human rights risks and impacts**

**Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)**

**Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts**

**Grievance channels / mechanisms to receive complaints or concerns from workers**

**Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities**

**Remedying adverse impacts and incorporating lessons learnt**

For what concerns the indicator concerning the “Framework for engagement with potentially affected stakeholders” under the Transparency Theme, the CHRB refers directly to the Responsible Sourcing policy.

With regard to the following indicators, The CHRB has not identified disclosures highlighted in a company GRI Index or otherwise referenced by them that meet the respective requirements:

**Incentives and performance management**

**Training on human rights**

**Monitoring and corrective actions** (The CHRB points out that Company does not meet any indicator under this section, however, the latter has disclosed the number of non-conformances per country by salient human rights issue 2013 and 2014 and the percentage of non-conformances closed out corrected per country 2014)

**Engaging business relationships**

**Integrating and Acting: Integrating assessment findings internally and taking appropriate action**
Users are involved in the design and performance of the channel(s)/mechanism(s)

Procedures related to the mechanism(s) / channel(s) are publicly available and explained

Living wage (in own agricultural operations)

Aligning purchasing decisions with human rights

Child labour

Forced labour

Freedom of association and collective bargaining

Fatalities, lost days, injury rates (in own agricultural operations)

Water and sanitation (in own agricultural operations)

Water and sanitation (in the supply chain)

Women’s rights (in own agricultural operations)
**Inditex (Spain)**

**Industry of reference: Apparel**

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**Policy Commitments: Indicators**

**Commitment to respect human rights**

According to its [Code of Conduct and Responsible Practices](#), Inditex’s business culture is “deeply rooted in respecting human and labour rights”. In its relationship with employees, the Company “upholds and promotes observance of human and labour rights”. In its Code of Conduct and Responsible Practices, Inditex commits to the UN Global Compact. It renewed this commitment to the [Global Compact’s 10 Principles](#) in 2014. Additionally, on its website it states that with its [Strategic Plan](#), Inditex reinforces its commitment to the Guiding Principles on Business and Human Rights developed by the United Nations "Protect, Respect and Remedy” Framework, better known as the Ruggie Framework. With a view to applying these principles, Inditex has developed policies and procedures aimed at defending and promoting human rights both in its operations and those of its stakeholders.

**Commitment to respect the human rights of workers**

As seen above, in its Code of Conduct and Responsible Practices, Inditex commits to the UN Global Compact. It renewed its commitment to the Global Compact’s 10 Principles in 2014. In 2014 Inditex also renewed its [Global Framework Agreement](#) with IndustriALL Global Union on the implementation of international labour standards throughout the supply chain of Inditex. The [Code of Conduct for Manufacturers and Suppliers](#) states that Inditex shall not allow any form of forced or involuntary labour, shall not employ minors, defined as those persons under 16 years old; shall not apply any type of discriminatory practice, and shall ensure the right of association, union membership and collective bargaining. In its relationship with employees, Inditex “undertakes to enforce the regulations and best practices in the field of employment conditions and health and safety at work”. Regarding its supply chain policy, the Company states that manufacturers and suppliers “shall provide a safe and healthy workplace to their employees” and “shall adjust the length of the working day to the provisions of the applicable laws or of the collective bargain agreement applicable for the sector in question, if the latter affords greater protection for the workers”.

**Commitment to respect human rights particularly relevant to the apparel industry**

Inditex does not employ anyone who has not reached the age of 16. The Company expects its suppliers to also apply this principle. On its website, it states that ‘Inditex works intensively to ensure children’s rights, particularly their right to schooling, are upheld in all markets within its supply chain’. [Inditex’s Annual Report 2015](#) states that the company ‘maintains its clear commitment to equal opportunities between all groups and does not tolerate any form of discrimination’, yet it does not explicitly commit to women’s rights. Inditex states in its Code of Conduct for Manufacturers and Suppliers that ‘workers shall have access to clean toilets facilities and drinking water’. However, there is no evidence of this commitment for its own operations.

**Commitment to engage with stakeholders**

Inditex states that it “has always had a strong commitment to protecting human rights in all of its activities and in the impact these activities can have on the Group’s stakeholders”. The Company has a Global Framework Agreement with the international trade union federation IndustriALL Global Union (which aims to guarantee respect for human rights in the social and labour spheres through the promotion of decent work in the whole of Inditex’s supply chain), and participates in the platform [Better Work and Better Factories](#), in the [Ethical Trading Initiative](#) (for instance, attending at the round table organized in India on the Guiding
Principles on Business and Human Rights, and participating in working meetings in Turkey on the protection of Syrian refugees in supply chains), in the International Labour Organization (participating in the SCORE programme to improve productivity and working conditions in factories), Sustainable Apparel Coalition and Better Cotton Initiative. Additionally, Inditex participates in the Supply Chain Advisory Group and Human Rights Group of the Spain Network. The Code of Conduct establishes that “Inditex undertakes to collaborate with the local, national and international communities where it operates”.

Commitment to remedy

In the case of breaches of the Code of Conduct, Inditex establishes Corrective Action Plans. The Annual Report 2015 discloses that “these plans are monitored by local sustainability teams, who provide support and assistance to suppliers and manufacturers so that they can remedy the breaches detected during the audit, implementing the measures detailed in the plan. Other parties such as trade unions and NGOs may support or oversee the improvement measures”. In its Annual Report 2014, the Company reiterated its commitment to the Guiding Principles on Business and Human Rights, and explained the application of the remedy principle in own operations. However, the Company does not have an explicit statement of policy committing it to remedy in own operations or in its supply chain.

Commitment to respect the rights of human rights defenders

The CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator.

Board Level Accountability: Commitment from the top

The Code of Conduct and Responsible Practices of Inditex was approved by the Board of Directors in 2012, which also adapted the Code of Conduct for Manufacturers and Suppliers. The Committee of Ethics ensures compliance with the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers. The Committee of Ethics, which reports to the Board of Directors through the Audit and Control Committee, is made up of the General Counsel and Code Compliance Officer, who chairs it; the Internal Audit Director; the Human Resources Director and the Corporate Social Responsibility Director.

Board Level Accountability: Board discussions

According to the Annual Report, the Committee of Ethics submits a report twice a year to the Audit and Control Committee, reviewing its proceedings and the enforcement of the Code of Conduct and Responsible Practices and of the Code of Conduct for Manufacturers and Suppliers. However, the Company does not explicitly describe its process for discussing and addressing human rights issues at Board level.

Incentives and performance management

The CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator.

Embedding Respect for Human Rights in the Company’s culture and management systems: Indicators

Responsibility and resources for day-to-day human rights functions

The Annual Report states that “for the purposes of ensuring compliance with the Code of Conduct and Responsible Practices and with the Code of Conduct for Manufacturers and Suppliers, Inditex relies on a
Committee of Ethics”. Additionally, Inditex has 11 local sustainability teams, which are part of the supplier “clusters”. From Annual Report: “The clusters offer spaces for cooperation and dialogue, and are designed to promote a sustainable productive environment in a geographic area that is strategic to the development of Inditex’s business model and compliance with human rights and fundamental labour rights”.

Incentives and performance management

CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator.

Integration with enterprise risk management

According to the Annual Report, “the Enterprise Risks Management Policy is developed and supplemented by specific internal policies or regulations with regard to certain areas or units of the Group. Among the internal policies or regulations developed and implemented by these areas regarding the management of the different types of risks, (...) Code of Conduct and Responsible Practices and Code of Conduct for Manufacturers and Suppliers”. These two codes contain the human rights policy of the Company. Moreover, the Audit and Control Committee evaluates “any question regarding non-financial risks (including without limitation operational, technological, legal, social, environmental, political and reputational) that the control policy and the risks management systems must contain”.

Communication / dissemination of policy commitment(s) within Company's own operations

The Annual Report states that “it is incumbent on the Human Resources Department of the Group to circulate a copy of the Code of Conduct and Responsible Practices to any new employees upon their joining the organization. Likewise, such updated regulations are available on the corporate website”. Moreover, the Code of Conduct and Responsible Practices states that it “shall be made available to the employees in their own language, and remain posted on all web sites of Inditex”.

Communication / dissemination of policy commitment(s) to business relationships

The Code of Conduct for Manufacturers and Suppliers states that “Inditex undertakes to allocate the appropriate resources so that manufacturers and suppliers are acquainted with and understand this Code and are able to ensure its compliance” and “manufacturers and suppliers shall communicate the Code to all employees and those in any way involved in the Inditex Supply Chain. A copy of the Code, translated into the local language, shall be displayed in accessible locations to all workers”. Suppliers are also trained on the contents of the Code of Conduct. During 2015, a total of 1,300 suppliers received training on sustainability issues. The Company states on its website that “during the Pre-Assessment phase, all candidate suppliers are pre-evaluated so that only suppliers that respect the Code of Conduct are qualified to receive orders. [...] Suppliers that successfully pass the Pre-Assessment process are asked to sign the Inditex Minimum's Requirements statement”. From the Company Website: “Suppliers that successfully pass the Pre-Assessment process are asked to sign the Inditex Minimum’s Requirements statement. It is the document encompassing everything the Group demands in terms of Sustainability, labour and environmental performance as well as its product. It is adhered to by all of its suppliers at the outset of their business relationship with Inditex, which means that by signing this document they agree to uphold its requirements and comply with enacting programmes and initiatives”.

Training on human rights

The Annual Report discloses that during 2015, 17,312 hours were devoted to training in human rights. Regarding its supply chain, the Company states in its Annual Report that “Inditex’s sustainability teams carry out regular training activities for new auditors, as well as specific training on various aspects of the Code of Conduct” and “sustainability teams have continued to train external auditors and internal auditors in Turkey
and Portugal also received specific training on health and safety of workers”. Inditex also “actively promotes the regular training of purchasing teams in each of its brands by the Group’s sustainability teams”. It also states that there is a “regular training programme for 100% of suppliers and manufacturers”, the subjects addressed focused, among others, on the Code of Conduct and the compliance programme.

**Monitoring and corrective actions**

The Annual Report states that all suppliers are audited periodically and visit frequency varies according to compliance level and a case-by-case analysis. There is a pre-assessment audit before the supplier enter the supply chain, that “allows only manufacturers that comply with the standards established in the Code of Conduct to enter the supply chain” and “following the performance of social audits, factory compliance with each of the various sections of the Code of Conduct is analysed to identify areas for improvement and establish specific programmes to achieve improvements”. The corrective action plans “are monitored by local sustainability teams, who provide support and assistance to suppliers and manufacturers so that they can remedy the breaches detected during the audit, implementing the measures detailed in the plan. In the case of breaches of sensitive aspects of the Code of Conduct (...) a far stricter monitoring process takes place to monitor the corrective measures stipulated for a maximum duration of six months. Once that period has expired, a new social audit is performed to verify compliance”. Audits are carried out by both internal and external auditors.

**Engaging business relationships**

As seen above, the Annual Report states that “first assessment takes place before the supplier has entered the supply chain with a pre-assessment audit” and “this filter allows only manufacturers that comply with the standards established in the Code of Conduct to enter the supply chain”. It also states that in the case of breaches of sensitive aspects of the Code of Conduct, a far stricter monitoring process takes place to monitor the corrective measures stipulated, and if a supplier or manufacturer does not manage to fulfil their Corrective Action Plan, relations will be severed, and the manufacturer or supplier in question will no longer be able to form part of Inditex’s supply chain.

**Framework for engagement with potentially affected stakeholders**

The Company identifies as its stakeholders in its Annual Report: employees, customers, suppliers, community, shareholders and environment. It identifies affected and potentially affected stakeholders through different instruments, such as the supplier clusters, Ethics Committee, and Social Council. Inditex engages with workers in its supply chain through IndustriALL Global Union, “which aims to guarantee respect for human rights in the social and labour spheres through the promotion of decent work in the whole of Inditex’s supply chain”. For instance, the IndustriALL programmes in India “are aimed at understanding the management systems of the factories in Inditex’s supply chain with regards to worker rights”; in Turkey, the programmes are “to ensure the sustainability of the established worker representation systems”; and in Bangladesh, the programmes have the “objective of empowering workers through the creation of participation committees at four factories in Inditex’s supply chain”. The Annual Report also states that “Inditex regularly works with IndustriALL representatives, local trade unions and workers with the core objective of establishing and promoting initiatives involving the training and representation of workers in the supply chain”.

**Human Rights Due Diligence: Indicators**

**Identifying: Processes and triggers for identifying human rights risks and impacts**
The Company discloses a materiality analysis and the process of preparing it: “An analysis of overarching trends and identification of relevant issues at any point in the value chain; presentation of relevant issues to internal and external stakeholders in order to validate and prioritize them; internal validation by Inditex’s management and external validation via the Social Council, and Stakeholders’ conclusions regarding processes and results are taken into consideration”. However, it does not specify whether potentially affected stakeholders are consulted in this process, nor how it identifies human rights risks and impacts in specific locations or activities.

Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)
The CHRB has not identified any documents in the public domain which provide all the information required to meet the indicators in this Measurement Theme.

Integrating and Acting: Integrating assessment findings internally and taking appropriate action
The CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator.

Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts
The CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator.

Communicating: Accounting for how human rights impacts are addressed
The CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator.

Remedies and Grievance Mechanisms: Indicators

Grievance channels/mechanisms to receive complaints or concerns from workers
The Annual Report states that “a Whistle Blowing Channel is available to all employees of the Group (...), so that they may report through this Whistle Blowing Channel any breach of the Group’s internal conduct and regulatory compliance policies by any employees, manufacturers, suppliers or third parties with whom the Group has any direct employment, business or professional relationship and which affect Inditex or its Group”. Regarding access to the channel, as we have already seen, the Annual Report states that “it is incumbent on the Human Resources Department of the Group to circulate a copy of the Code of Conduct and Responsible Practices to any new employees upon their joining the organization. Likewise, such updated regulations are available on the corporate website”. Moreover, the Code of Conduct and Responsible Practices states that it “shall be made available to the employees in their own language, and remain posted on all web sites of Inditex”. Additionally, the Committee of Ethics “may act of its own motion or at the behest of any employee of Inditex, manufacturer, supplier or any third party with a direct relationship and a lawful business or professional interest, further to a report made in good faith” and indicates the means to address “any breach of the Code”, which are a postal address, an e-mail address and a fax number. This information is also communicated to suppliers through the Code of Conduct for Manufacturers and Suppliers, who can also use the Channel. The Annual Report discloses the number of reports received by the Committee of Ethics throughout financial year 2015, but it is unclear how many of these were related to human rights issues. Additionally, it is unclear how the effectiveness of the Channel is evaluated.
Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities

The Code of Conduct and Responsible Practices, which contains the Company’s Human Rights policy, states that “the Committee of Ethics may act of its own motion or at the behest of any employee of Inditex, manufacturer, supplier or any third party with a direct relationship and a lawful business or professional interest, further to a report made in good faith” and indicates the means to address “any breach of the Code”, which are a postal address, an e-mail address and a fax number. This details are also disclosed in the Annual Report. The Annual Report also states that “a Whistle Blowing Channel is available to all employees of the Group, manufacturers, suppliers or third parties with any direct relationship and a lawful business or professional interest, regardless of their tier or geographical or functional location, so that they may report through this Whistle Blowing Channel any breach of the Group’s internal conduct and regulatory compliance policies by any employees, manufacturers, suppliers or third parties with whom the Group has any direct employment, business or professional relationship and which affect Inditex or its Group”. Regarding access to the channel, it is not disclosed how the Company ensures that any third party can access to the grievance channel. Regarding suppliers, the Code of Conduct for Manufacturers and Suppliers states that “the Committee of Ethics can act at its own initiative or following a formal complaint made in good faith by a manufacturer, supplier or other interested third party that might have any direct relationship or commercial or professional interest with Inditex” and details the means to address the reports of any breach. However, it is not clear that Inditex expects its suppliers establish the whistle blowing channel for external individuals, nor supply chain external individuals have access to the Company’s own grievance channel.

Users are involved in the design and performance of the channel(s)/mechanism(s)

CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator.

Procedures related to the mechanism(s) / channel(s) are publicly available and explained

The Annual Report and the Corporate Governance Report disclose that “Upon receiving the report, the Committee of Ethics verifies first whether it falls within the remit of the Whistle Blowing Channel. If so, the Committee of Ethics will refer such report to the relevant department so that it would make the appropriate investigation. Otherwise, the Committee of Ethics will order closure of proceedings. In light of the findings reached further to the investigation, the relevant department or department shall, having heard first the interested party, propose any of the following measures to the Committee of Ethics which will have final say: remedy of the breach, if appropriate, proposal of penalties or relevant measures, closure of proceedings, where no breach has been detected”.

Commitment to non-retaliation over concerns/complaints made

The Company's Code of Conduct states that the Committee of Ethics shall ensure “the indemnity of any employee as a result of bringing complaints in good faith to the Committee”. Moreover, the Corporate Governance Report and Annual Report state that the Committee of Ethics shall ensure “the indemnity of any complainant as a result of bringing complaints in good faith to the Committee”.

Company involvement with State-based judicial and non-judicial grievance mechanisms

The only reference is that the Corporate Governance Report and Annual Report states that “the Committee of Ethics shall ensure: the confidentiality of all the information and background and of the acts and deeds performed, unless the disclosure of information is required by law or judicial order”.

Remedying adverse impacts and incorporating lessons learned
The Company gives examples of its co-operation with the IndustriALL Global Union and projects in Turkey and Bangladesh to strengthen worker representation or participation but doesn’t give clear examples of timely remedies for any salient adverse human rights impacts which it has identified and which it has caused or contributed to.

**Enabling Factors and Business Processes: Indicators**

**Living Wage (in the supply chain)**

Inditex’s Code of Conduct for Manufacturers and Suppliers establishes that a decent wage should always be sufficient to meet at least the basic needs of workers and their families and any other which can be considered as reasonable additional needs. According to the Inditex’s Annual Report 2015, the Company has worked in conjunction with IndustriALL Global Union, the University of Northumbria and Cambridge University’s Centre for Business and Public Sector Ethics to develop an assessment methodology to drive the payment of living wages throughout Inditex’s supply chain. Moreover, the commitment of manufacturers and suppliers to paying a living wage is enshrined in the Global Framework Agreement signed with IndustriALL. It is also part to the ACT group. The Company works with its suppliers to improve living wage practices through promoting collective bargaining, responsible purchasing practices, improved working methods and systems, collaboration with other stakeholders, and supporting campaigns. The Company’s Annual Report indicates that there have been progresses on wages within Inditex’s supply chain, in particular in Asia and America' and shows a graph with the evolution of compliance with the Code of Conduct in active factories on matters of wages, representing 72,4% in 2014 and 74,2% in 2015.

**Aligning purchasing decisions with Human Rights**

From the Annual Report: “Purchasing practices encompass various aspects of strategic planning within the Purchasing Department that range from logistics and the purchasing process itself to the values and principles underlying the decisions made by purchasing teams. Throughout 2015, regular specific training activities have taken place involving purchasing teams. These activities aimed to raise awareness as to how purchasing decisions can impact on the factories used for production, thereby advancing towards the introduction of a system of specific training on responsible purchasing practices at the corporate level”.

Inditex states that “purchasing practices have a direct impact on the working conditions of supplier employees, including on their remuneration. In this sense, identifying and explaining the implications of certain commercial decisions is a way of ensuring that workers receive fair wages for the work they carry out to produce the products subsequently sold in our stores”.

**Mapping and disclosing the supply chain**

The Company has mapped its suppliers by clusters. It includes in its supply chain the factories used by their suppliers, and those are also subject to the programmes and standards concerning quality, manufacturing, product health and safety, and environment, as well as all of the labour and social principles set out in Inditex’s Code of Conduct for Manufacturers and Suppliers. In these programs are included all our suppliers and factories, whether on the first tier of suppliers that have a direct commercial relationship with Inditex or on other tiers of manufacturing such as factories working with raw materials, in garment sewing, printing, or any other process required in the production of our products. With a view to ensuring the correct and efficient management of production traceability, Inditex employs a system in which suppliers disclose all factories used for manufacturing the orders, including all processes and tiers of the manufacturing process. Moreover, continual training and awareness-raising is carried out with purchasing teams and suppliers.
concerning good practices, in order to ensure that these are responsible for their own supply chain. Inditex discloses the number of direct suppliers per cluster and relevant related numbers in its Annual Report.

**Age verification and corrective actions (in the supply chain)**

The Code of Conduct for Manufacturers and Suppliers states that “Manufacturers and suppliers shall not employ minors. Inditex defines minors as those persons who have not yet reached their 16th birthday. In cases where local legislation stipulates a higher minimum age, the higher limit shall apply. Persons with the ages between of 16 and 18 years will be considered young workers. Young workers shall not work during night hours or in hazardous conditions”. All candidate suppliers are pre-evaluated so that only suppliers that respect the Code of Conduct are qualified to receive orders. The Annual Report discloses that the percentage compliance with this issue, which includes the lack of suitable systems for checking the age of workers, is more than 90%. The Company states on its website that “Inditex takes a zero-tolerance stance on child labour and will not do business with suppliers employing underage workers. In parallel, Inditex supports a series of initiatives designed to tackle this issue and ensure that children’s basic rights are upheld” and “in the event that child labour is detected, the supplier is deemed responsible for guaranteeing the child’s return to education and bearing any related costs until he or she reaches the legal working age. At that point, the employee must be given the opportunity to voluntarily reclaim his or her job. For as long as a child is subject to this Remedy Scheme, the supplier is obliged to either pay the child’s family a sum equivalent to the salary formerly earned or hire another member of the family that is of a legal age. In addition, the factory and supplier must design and implement measures to prevent further instances of child labour in the future. This entire process is carried out under the watch of Inditex’s local Sustainability teams or, where agreed, by local NGOs or other human rights organizations, with which Inditex actively collaborates’.”

**Debt bondage and other unacceptable financial costs (in the supply chain)**

The Code of Conduct for Manufacturers and Suppliers states that they “shall not make any withholdings and/or deductions from wages for disciplinary purposes, nor for any reasons other than those provided in the applicable regulations, without the express authorization of workers. Likewise, they shall provide all workers with: written and understandable information about their wages conditions upon their recruitment, and detailed information about the particulars of their wages every time that these are paid”. However, no specific guidelines on recruitment fees are included.

**Restrictions on workers (in the supply chain)**

The Code of Conduct for Manufacturers and Suppliers states that Inditex shall not allow any form of forced or involuntary labour in their manufacturers and suppliers. They may not require their employees to make any kind of “deposits”, nor are they entitled to retain employees’ identity documents. Manufacturers shall acknowledge the right of their employees to leave their employer after reasonable notice. All candidate suppliers are pre-evaluated so that only suppliers that respect the Code of Conduct are qualified to receive orders. The Annual Report discloses that the percentage compliance with prohibition of forced labour is more than 90%.

**Freedom of association and collective bargaining (in the supply chain)**

The Code of Conduct for Manufacturers and Suppliers states that they “shall ensure that their employees, without distinction, have the right of association, union membership and collective bargaining. No retaliation may arise from the exercise of such right and no remuneration or payment whatsoever may be offered to the employees in order to hinder the exercise of such a right. Likewise, they shall adopt an open and collaborative attitude towards the activities of Trade Unions. Workers’ representatives shall be protected from any type of discrimination and shall be free to carry out their representative functions in their workplace. Where the rights to Freedom of Association and Collective Bargaining are restricted under law,
the appropriate channels to ensure a reasonable and independent exercise of such rights must be designed”. All candidate suppliers are pre-evaluated so that only suppliers that respect the Code of Conduct are qualified to receive orders. The Annual Report shows a chart with the percentage compliance with the Code of Conduct standards, including respect for freedom of association and collective bargaining, by geographical region. Additionally, the company engages in different programmes and projects in cooperation with IndustriALL representatives, local trade unions suppliers and workers in order to improve suppliers’ practices in relation with freedom of association and collective bargaining.

**Fatalities, lost days, injury rates (in the supply chain)**

The CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator.

**Women’s rights (in the supply chain)**

From the Code of Conduct for Manufacturers and Suppliers: “Manufacturers and suppliers shall not apply any type of discriminatory practice with regards the recruitment, compensation, access to training, promotion, termination of the employment agreement or retirement, based on race, caste, creed, nationality, religion, age, physical or mental disability, gender, marital status, sexual orientation and/or union membership or political affiliation”. Inditex engages with the Shaki Health programme to create good practices in health, hygiene, nutrition, menstrual and reproductive health with St. John’s Medical School, and participation in the Freedom Fund to raise awareness and implement coordinated activities to combat employment schemes such as the sumangali practice.

**Working Hours (in the supply chain)**

For what concerns fair working hours, the Code of Conduct for Manufacturers and Suppliers clearly states that manufacturers and suppliers shall comply with the provisions of the applicable laws or of the collective bargain agreement that is applicable in the sector in question, if of course the latter affords greater protection for the workers. Employees cannot be demanded to work in excess of 48 hours a week and shall be granted at least one day off for every 7-calendar day period on average. According to the Code, overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate, pursuant to the provisions of the prevailing regulations in force. The Annual Report of 2015 states that only manufacturers that comply with the standards established in the Code of Conduct to enter the supply chain. It also shows a chart with the percentage compliance with the Code of Conduct standards, including working hours, by geographical region.

**Responses to serious allegations**

**Case 1: Indicators**

**Area of allegation: Excessive hours in the supply chain**

**Headline: Sweatshops' conditions in supply chain to Zara (Brazil)**

**Date: 2011 and 2015**

**Summary**

In August 2011, the Brazilian ministry of labour found evidence of excessive working hours at a factory in Sao Paulo. The factory was a supplier to Zara, a brand owned by the Company. The investigation found that 15 employees worked 12-hour shifts in “dangerous and unhealthy” conditions and sometimes worked seven days a week depending on demand. In December 2011, Brazilian prosecutors reached a settlement with Zara.
Zara agreed to make a settlement payment of USD 1.8m and was required to strengthen the auditing of its suppliers. In May 2015, SOMO alleged that the results of a recent Brazilian labour inspection, released by Reporter Brasil, identified a number of labour rights violations in Zara’s supply chain, including excessive overtime. A report, co-authored by Reporter Brasil and SOMO, identified a number of labour lawsuits filed by workers at suppliers and subcontractors included on Zara’s supplier list. One of the lawsuits identified in the NGO report was related to excessive working hours – a direct supplier to Zara, Kabriolli Industria e Comercio de Roupas Ltda, was allegedly ordered to pay a female employee for overtime worked. In December 2012, she had allegedly worked 63 hours per week.

The Company has responded publicly to the allegations

The Company has responded to the allegations. To the 2011 allegations, the Company initially said in a statement to the press that it could not be held responsible for “unauthorised outsourcing” but would compensate the workers because AHA had violated Inditex’s code of conduct. The Company added that in the previous year, only 0.03% of its seven million garments were made in unlicensed workshops and that it was working closely with the ministry of labour to eradicate sweatshop conditions. On its website, it confirmed that it has reinforced its supply chain controls in Brazil as part of the agreement with the authorities in December 2011. The Company also said it would improve its control of Zara’s supply chain in collaboration with Uniethos and improve labour conditions in Brazil through collaboration with CAMI (Migrant Worker Support Centre). In response to the May 2015 report by Reporter Brasil and SOMO, the Company stated that: “None of the cases mentioned in the report relates to the violation of human rights or the systemic breach of basic labour rights, but rather discrepancies between employees and employers in terms of their respective assessments of specific aspects of their employment contracts”.

The Company has appropriate policies in place

The Company has published its Code of Conduct for Manufacturers and Suppliers on the corporate website. This requires that suppliers “shall not require their employees to work, as a rule of thumb, in excess of 48 hours a week and workers shall be granted at least one day off for every 7-calendar day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate, pursuant to the provisions of the prevailing regulations in force”. The supplier’s Code of Conduct is clearly integrated into the Company’s procurement process. Therefore, the Company has a partial working hours’ policy for its suppliers. Although the Company refers to a “48 hours a week” policy, the CHRB doesn’t deem this policy statement to be sufficient due to the caveat “as a rule of thumb”.

The Company has taken appropriate action to address the alleged impacts

The Company conducts auditing of its supply chain with the use of internal and external auditors. The Company has signed an agreement with regulators in Brazil which is designed to prevent a recurrence of the breach. The Company’s global framework agreement with the IndustriALL trade union involves dialogue with IndustriALL representing the affected stakeholder.

Case 2: Indicators

Area of allegation: Excessive hours in the supply chain

Headline: Workers at the Jeans Plus Ltd factory (Bangladesh) were forced to work excessive hours and did not receive one day off in seven
Date: Mar 2015

Summary

In March 2015, the Institute for Global Labour and Human Rights (IGLHR) alleged that at the Jeans Plus Ltd factory in Bangladesh, workers were forced to work from 8am until 10pm or 11pm, six days a week. On their supposed weekly day-off on Fridays, workers were allegedly required to work from 8am until 5pm or 6pm. Total hours worked per week ranged between 94 and 101. Jeans Plus make ‘Pull & Bear’ stretch trousers for the Company. IGLHR also alleged that the factory’s manager routinely slapped and punched young female workers for failing to meet production targets. Shortly after the allegations were published by IGLHR, the Jeans Plus factory announced that its workers would receive Fridays off and that it would no longer open past 7pm. The factory’s management informed IGLHR that it had instructed middle management and supervisors to treat workers with respect and decency.

The Company has responded publicly to the allegations

The Company has responded specifically and in detail to the allegations. Indeed, in terms of public response to the allegations, Business & Human Rights Resource Centre (BHRRC) invited the Company to respond. The Company responded as follows: “After receiving information from NGO Institute for Global Labour and Human Rights on 11 March regarding breaches against our Code of Conduct on factory Jeans Plus, Inditex CSR team immediately visited the factory and worked along with his management to ensure its compliance with Labour Rights. As a result of that, on 15 March attached letter of commitment was received from factory management as well as we were informed by referred NGO about below actual measures implemented in the factory: Jeans Plus management guarantees that all workers will receive their Friday holiday off each week; Factory will remain open no later than 7pm (50% of the workers finished at 5pm, while the other 50% worked work until 7pm); Pregnant women workers are to receive their full legal maternity benefits as stipulated in Bangladeshi law; All workers will receive legal sick leave and earned leave benefits; Jeans Plus management guarantees full compliance with all Bangladeshi labor laws; Jeans Plus will undergo a factory audit in the coming days; Mid-level managers and supervisors have been instructed to assure an appropriate treatment to workers decently. We highly appreciate the commitment of the management with the implementation of this measure as well as the NGO Global Labour and Human Rights which has actively follow the issue. As you can see in their letter, the management looks committed in the zero tolerance towards any practice against workers’ rights. From the Inditex perspective, we will continue doing a specific follow-up to guarantee the sustainability of the above measures and commitment showed by factory management.” Jeans Plus Ltd’s response to BHRRC stated: “In response to the allegation of excessive working hours – no forced and/or excessive overtime is allowed in the factory. A new Manager has been assigned who will directly report to the Managing Director to review the factory production plan and execution to avoid any overtime that exceeds Bangladesh labor law and International ILO Conventions”. In response to the allegation of slapping and punching female workers – “Company has zero tolerance policy for any physical or inhuman treatment for all employees...Management will establish effective controls to supervise the effectiveness of training. Beside that we will form a committee consisting of a WPC member, Compliance Officer, Management representative”. Jeans Plus also stated it “will introduce necessary changes on the internal procedures in order to adjust internal policies and practices to the provisions established in the ILO Conventions, ETI Base Code provision related with Working Hours and Bangladesh Labour law, whichever gives more protection to the workers”.

The Company has appropriate policies in place

The Company has published its Code of Conduct for Manufacturers and Suppliers on the corporate website. This requires, as we have already seen, that “suppliers shall not require their employees to work, as a rule of thumb, in excess of 48 hours a week and workers shall be granted at least one day off for every 7 calendar day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be
demanded on a regular basis and shall always be compensated at a premium rate, pursuant to the provisions of the prevailing regulations in force”. The supplier Code of Conduct is clearly integrated into the Company’s procurement process. Therefore, as noted above, the Company has a partial working hours’ policy for its suppliers. Although the Company refers to “a 48 hours a week” policy, the CHRB doesn’t deem this policy statement to be sufficient due to the caveat “as a rule of thumb”.

The Company has taken appropriate action to address the alleged impacts

The Company conducts auditing of its supply chain with the use of internal and external auditors. The Company has joined a relevant industry or sector-related initiative aimed at dealing with labour standard issues in its sector. The Company’s global framework agreement with the IndustriALL trade union involves dialogue with IndustriALL representing the affected stakeholder.

Case 3: Indicators

Area of allegation: Trade union rights in the supply chain

Headline: Systemic anti-union behaviour, including threats of violence, at the Well-Tex factory in Dhaka, Bangladesh. The factory was producing garments for the Company

Date: Apr 2014

Summary

In April 2014, Danwatch, an independent media and research centre, made allegations of anti-union behaviour at the Well-Tex factory in Dhaka, Bangladesh. The factory was producing garments for the brands Zara and H&M. The allegations were: “The female vice-president of the factory workers’ trade union told Danwatch that on 9 October 2013, she was threatened by Well-Tex management to sign her own resignation”. She alleged: “The manager said, that if I did not sign the paper, me and my husband would both get shot”. A male worker, who objected to a pregnant worker being allegedly pushed off her chair to the floor by a supervisor when she asked for a few days’ leave, was fired on 23 October 2013. Since then, Danwatch alleged that more than 40 unionised workers have been fired. For example, Faruja was fired on 24 February 2014, allegedly because she was a member of the trade union. It has been reported in the press that the Company terminated its contract with Well-Tex because “H&M does not accept disciplinary or discriminatory actions from the employer against employees”.

The Company has responded publicly to the allegations

As far as CHRB has been able to ascertain, the Company has not responded publicly to these allegations.

The Company has appropriate policies in place

The Company has a supplier policy on freedom of association and collective bargaining. Indeed, the Company has published its Code of Conduct for Manufacturers and Suppliers on the corporate website. This includes the statement: “Manufacturers and suppliers shall ensure that their employees, without distinction, have the right of association, union membership and collective bargaining. No retaliation may arise from the exercise of such right and no remuneration or payment whatsoever may be offered to the employees in order to hinder the exercise of such a right. Likewise, they shall adopt an open and collaborative attitude towards the activities of Trade Unions. Workers’ representatives shall be protected from any type of discrimination and shall be free to carry out their representative functions in their workplace. Where the rights to Freedom of
Association and Collective Bargaining are restricted under law, the appropriate channels to ensure a reasonable and independent exercise of such rights must be designed”.

The Company has taken appropriate action to address the alleged impacts

The Company has systems in place for monitoring and auditing its suppliers which includes the use of external auditors. The Company has joined relative initiatives aimed at dealing with labour standards issues in its sector. It has also signed a Global Framework Agreement with IndustriALL which aims to guarantee respect for human rights in the whole of its supply chain. The Company states that it has worked with IndustriALL in Turkey and Bangladesh supplier clusters to organise elections of worker representatives in 12 factories over the last two years. This has been considered to be dialogue with a representative of the affected stakeholders.

Transparency: Indicators

Incentives and performance management

Part of the Directors’ remuneration is based upon the progress in corporate social responsibility policies.

Responsibility and resources for day-to-day human rights functions

There is a Corporate Social Responsibility Director and a Human Resources Director. Both of them integrate the Committee of Ethics, which reports to the Board of Directors through the Audit and Control Committee.

Incentives and performance management

CSR is linked to the remuneration of Directors but not senior executives.

Training on human rights

The Company discloses in its Annual Report the number of hours devoted to training on HRs issues in 2015, but it does not the % of employees trained. The company states the following in its GRI index: ”During 2015, over 1,800,000 hours were devoted to training, including 17,312 hours spent on training in human rights. The Inditex Code of Conduct and Responsible Practices applies to 100% of Inditex employees and the Inditex Code of Conduct for Manufacturers and Suppliers regulates all the Group’s operations and suppliers. Both have been drafted based on Inditex business philosophy, which has the acknowledgement of human rights as a cornerstone”. However, the fact that the Code of Conduct applies to all Inditex’s employees does not necessarily mean that all employees receive training on the Code.

Monitoring and corrective actions

See the related indicator. Information provided in the 2015 Annual Report (p. 47-46) includes percentage of suppliers reviewed (each factory is audited periodically), number of factories this represents (see tables), and number of suppliers that breach sensitive aspects of the code of conduct.

Engaging business relationships

The Company discloses the number of suppliers with purchases in 2015, and from them, the number of new suppliers in FY 2015. According to its policy, only those that comply with Inditex’s social, environmental, and product health and safety policies can be hired by the company.

Identifying: Processes and triggers for identifying human rights risks and impacts

See the related indicator. The Company discloses a materiality analysis and the process of preparing it: “analysis of overarching trends and identification of relevant issues at any point in the value chain;
presentation of relevant issues to internal and external stakeholders in order to validate and prioritize them; internal validation by Inditex’s management and external validation via the Social Council, and Stakeholders’ conclusions regarding processes and results are taken into consideration”.

**Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)**

The Annual Report includes a table with percentage compliance with the Code of Conduct in active factories associated with suppliers with purchase in 2015, split per region and human rights issue.

**Integrating and Acting: Integrating assessment findings internally and taking appropriate action**

The Company lists several actions related to living wage, freedom of association and collective bargaining, child labour, and other salient risks.

**Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts**

Inditex’s Corrective Action Plans are put in place when a breach of the code of conduct is identified, and the company states that "Any supplier that fails to commit to executing a corrective action plan or that, having implemented such a course of action has failed to adequately address the most critical breaches of the Code, will be blacklisted, which means that they can no longer manufacture for any of Inditex's brands, effectively removing them from Inditex's supply chain."

**Grievance channels / mechanisms to receive complaints or concerns from workers**

The Company discloses in its Annual Report that “the Committee of Ethics processed 119 dossiers, 112 of them after receipt of a notice or report and the other 7 ex-officio” and “The main reasons at the basis of the notices received were the report of conducts by employees or third parties which might be in breach of the commitments or ethical values addressed in the Code of Conduct and Responsible Practices or the Code of Conduct for Manufacturers and Suppliers”. These codes contain the Company's human rights policy and its labour commitments. See related indicator for more details.

**Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities**

As seen above, the Company discloses in its Annual Report that “the Committee of Ethics processed 119 dossiers, 112 of them after receipt of a notice or report and the other 7 ex-officio” and “The main reasons at the basis of the notices received were the report of conducts by employees or third parties which might be in breach of the commitments or ethical values addressed in the Code of Conduct and Responsible Practices or the Code of Conduct for Manufacturers and Suppliers”. These codes contain the Company's human rights policy and its labour commitments. See the related indicator for more details.

**Users are involved in the design and performance of the channel(s)/mechanism(s)**

The CHRB has not identified disclosures highlighted in a company GRI Index or otherwise referenced by this indicator that meet the requirements.

The CHRB has outlined that the fact that more people do raise complaints or concerns in itself does not guarantee that all people feel able and empowered to do so.

**Procedures related to the mechanism(s) / channel(s) are publicly available and explained**

The Annual Report and the Corporate Governance Report disclose that “Upon receiving the report, the Committee of Ethics verifies first whether it falls within the remit of the Whistle Blowing Channel. If so, the Committee of Ethics will refer such report to the relevant department so that it would make the appropriate
investigation. Otherwise, the Committee of Ethics will order closure of proceedings. In light of the findings reached further to the investigation, the relevant department or department shall, having heard first the interested party, propose any of the following measures to the Committee of Ethics which will have final say: remedy of the breach, if appropriate, proposal of penalties or relevant measures, closure of proceedings, where no breach has been detected”.

Remedying adverse impacts and incorporating lessons learnt

On p. 139 of its 2015 Annual Report, the company states that "The main reasons at the basis of the notices received were the report of conducts by employees or third parties which might be in breach of the commitments or ethical values addressed in the Code of Conduct and Responsible Practices or the Code of Conduct for Manufacturers and Suppliers, and clearing up doubts on certain issues regarding the enforcement of the Code of Conduct for Manufacturers and Suppliers." However, the CHRB points out that this is too general to fulfil the requirements of this indicator, which requires trends and patterns in complaints regarding each salient issue (it wanted to see to which salient issues the possible breaches mentioned were linked).

Aligning purchasing decisions with human rights

In its Annual Report, the Company explains its approach to responsible purchasing practices.

Child labour

The table at the bottom of p. 44 of the 2015 Annual Report shows that over 90% of suppliers in each of the different regions where Inditex has suppliers comply with the company's Code of Conduct requirements on child labour. The CHRB notes that however, this does not guarantee that there is no risk (90% compliance, not 100%), and the company does not report operations or suppliers considered to have significant risk. Besides, the company does not report measures taken to contribute to the effective abolition of child labour.

Forced labour

The table at the bottom of p. 44 of the 2015 Annual Report shows that over 90% of suppliers in each of the different regions where Inditex has suppliers comply with the company's Code of Conduct requirements on forced. Once again, the CHRB notes that this does not guarantee that there is no risk (90% compliance, not 100%), and the company does not report operations or suppliers considered to have significant risk. Besides, the company does not report measures taken to contribute to the elimination of all forms of forced or compulsory labour.

Freedom of association and collective bargaining

The table at the bottom of p. 44 of the 2015 Annual Report shows that over 90% of suppliers in each of the different regions where Inditex has suppliers comply with the company's Code of Conduct requirements on freedom of association and collective bargaining. The CHRB notes that however, this does not guarantee that there is no risk (90% compliance, not 100%), and the company does not report operations or suppliers considered to have significant risk. Besides, the company does not report measures taken to support rights to exercise freedom of association and collective bargaining.

As regards the information to meet the following indicators under the Transparency Theme, see the related ones above:

Commitment from the Top

Board discussions
Communication / dissemination of policy commitment(s) to business relationships

Framework for engagement with potentially affected stakeholders
Policy Commitments: Indicators

Commitment to respect human rights

The Company has an updated Human Rights Policy (dated 5 May 2016 and signed by the CEO) in which it commits “to respecting internationally recognised human rights in line with the principles and guidance contained in the UN Guiding Principles on Business and Human Rights. Our Human Rights Policy is informed by the International Bill of Human Rights, International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Children’s Rights and Business Principles, United Nations (UN) Women’s Empowerment Principles and the UN Global Compact, to which we are signatories”. Human rights are included in the Company’s so called Plan A. The Company discloses on its website that “We’re committed to respecting internationally recognised human rights and the principles and guidance in the United Nations (UN) Guiding Principles on Business and Human Rights as a basis for dialogue and action. We also support the OECD Guidelines for Multinational Enterprises”. The Company website also discloses that “The main Board is updated on Plan A at least once a year”. The Plan A Report 2016 discloses its governance structure which includes an Executive and Operational Plan A committees “to provide leadership and assess implementation” and a “Sustainable Retail Advisory Board”.

Commitment to respect the human rights of workers

The Company’s Code of Conduct (The Code of Ethics and Behaviours) commits it to respect non-discrimination and the health and safety of its employees. Moreover, the Company is signatory of the Global Compact and lists the ten principles in its Plan A Report 2016. Principles 3 to 6 are based on the ILO Declaration on Fundamental Principles and Rights at Work. Its Global Sourcing Policy (see below) states that each supplier must respect the rights of their employees related to non-discrimination, child labour, forced labour, freedom of association or collective bargaining, working hours and health and safety. These expectations of suppliers also need to be conveyed to their own suppliers (the Global Sourcing Policy also states that “We expect our suppliers to adopt similar principles in dealing with their own suppliers”).

Commitment to respect human rights particularly relevant to the agricultural and apparel industries

The Company’s Global Sourcing Principles states that “We expect all suppliers to adhere to the practice of Free and Prior informed consent for land rights and suppliers must conform to local, national and international standards of land tenure when working in communities. Where applicable this may include evidence of a due diligence process within communities to understand where established rights to property and land lie”. The same document also states that “Suppliers must provide all workers with access to clean toilet facilities which respect worker dignity and to safe and clean drinking water and, if applicable, sanitary facilities for food preparation and storage”. In its Human Rights report, it states it is “committed to ensuring that the principles of the UN Human Right to Water and Sanitation is integrated into our own business operations”. In addition, in June 2015 it became signatories to the UN Women’s Empowerment Principles and states it is “committed to empowering women as part of the way it does business”.

Commitment to engage with stakeholders

The Company states on its website that “We are committed to engage with potentially and actually affected stakeholders on human rights, including in local communities where relevant. [...] These include our
employees, customers, supply chain workers, contractors, artisanal and smallholder producers and local community and civil society groups”. On the same website, the Company discloses some engagement examples. The Code of Ethics and Behaviours “sets out the key policies and procedures that define how we engage with customers, employees, shareholders, suppliers, government, regulators, and the media”. However, there is no evidence for a commitment to engage in the development or monitoring of its human rights approach.

Commitment to remedy

The Company’s CEO has also stated in the June 2016 Human Rights report that “we will not tolerate, nor will we condone, abuse of human rights within any part of our business or supply chains, and we will take seriously any allegations that human rights are not properly respected. We place importance on the provision of effective remedy wherever human rights impacts occur through company-based grievance mechanisms. We are committed to building awareness and knowledge of our employees and suppliers on human rights encouraging them to speak up, without retribution, about any concerns they may have. Our approach to receipt of and response to grievances is evolving. We are however absolutely committed to promoting the channels through which individuals and communities who may be adversely impacted by our operations can raise complaints or concerns”.

Commitment to respect the rights of human rights defenders

Its Human Rights policy states that “M&S does not tolerate threats, intimidation, physical or legal attacks against human rights defenders, including those exercising their rights to freedom of expression, association, peaceful assembly and protest against our global operations and our Global Sourcing Principles expect our suppliers to make the same public commitment”.

Board Level Accountability: Commitment from the top

The Company website discloses that “We’ve established clear roles and responsibilities for respecting human rights at all levels of our business. Our CEO, Steve Rowe, approved the M&S Human Rights Policy and oversees our work in this area. He is supported by the M&S Board and Operating Committee who are responsible for ensuring that every part of our business is clear about the responsibility to respect human rights. Human rights are a standing agenda item on scheduled Operating Committee meetings which generally take place monthly”. The Plan A Report 2016 states that “The Executive Plan A Committee meets every two months to review strategy and provide leadership” and “Our Chief Executive chairs the committee, which includes all our Executive Directors and additional senior managers with relevant specialist knowledge and responsibilities. He updates the full Board on the committee’s activities at least once a year”. This committee includes some Board members. The Plan A includes “Development of Human Rights policies and actions”. According to the Human Rights Report 2016, the Human Rights Director Steering Group includes the Plan A Director, and “This group reports on progress on human rights to our Plan A 2020 Executive Committee which meets every two months and is chaired by Chief Executive Officer Steve Rowe, and includes all Executive Directors. Our Human Rights Policy, Strategy and Report is formally approved by Board, through a number of detailed discussions with Executive Directors in consecutive meetings”. The CEO of the Company discussed the importance of human rights to our business as part of his speech at the Plan A Stakeholders Event.

Board Level Accountability: Board discussions

As seen above, the Plan A Report 2016 states that “The Executive Plan A Committee meets every two months to review strategy and provide leadership” and “Our Chief Executive chairs the committee, which includes all our Executive Directors and additional senior managers with relevant specialist knowledge and responsibilities. He updates the full Board on the committee’s activities at least once a year”. This committee includes some Board members. The Plan A includes “Development of Human Rights policies and actions”.

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The Company states on its website that “During 2015/16, the Audit Committee reviewed management of Clothing and Home ethical sourcing risks, which included labour and human rights”.

**Board Level accountability: Incentives and performance management**

According to the [Annual Report 2016](#), some Executive directors, among them some board members, include in their remuneration Plan A key performance indicators. This document states that “Success towards Plan A targets and M&S Values underpinned the entire [annual bonus] Scheme. The Committee was satisfied that each director continued to ensure that Plan A and leadership in embedding M&S’s cultural values remained a major focus of the ways of working and that the performance supported this”.

**Embedding Respect for Human Rights and Company Culture: Indicators**

**Responsibility and resources for day-to-day human rights functions**

The Company has outlined responsibility for human rights in its Human Rights report. It states it has a “Human Rights Director Steering Group (comprising our Plan A Director, Food Technical Director, Clothing and Home Technical Director, Head of Organisational Development and Head of Responsible Sourcing) which meets bi-weekly and is a decision-making body” supporting its approach to respecting human rights across our business and extended supply chain. “This group reports on progress on human rights to our Plan A 2020 Executive Committee which meets every two months and is chaired by Chief Executive Officer Steve Rowe, and includes all Executive Directors."

**Incentives and performance management**

The Annual Report 2016 states that “The [Remuneration] Committee will continue to judge overall performance against our ecological, ethical and behavioural achievements to ensure consistency with M&S’s values and behaviours. Success towards Plan A targets and the M&S values which all employees, including executive directors, are required to uphold will underpin the entire Scheme. The Committee, in its absolute discretion, may use its judgment to adjust overall final payments accordingly”. Plan A includes human-rights related considerations within the supply chain. No evidence found, however, of the specific criteria linking senior managers’ remuneration to the human rights performance (specific incentive and what this entailed for the bonus).

**Integration with enterprise risk management**

In its [Strategic Report 2015](#), and on its website, the Company describes its approach to risk management and states that “the Board has overall accountability for ensuring that risk is effectively managed across the Group and, on behalf of the Board, the Audit Committee reviews the effectiveness of the Group Risk Process. Each business area is responsible for identifying, assessing and managing the risks in their respective area. Risks are identified and assessed by all business areas half-yearly and are measured against a defined set of criteria, considering likelihood of occurrence and potential impact to the Group”. In the report, the Company identifies twelve risks amongst which we can find “our people” (risk defined as “our organisational culture and structure limit our ability to adapt to market changes with pace”) and “Supply chain and logistics” (risk defined as “we fail to evolve our supply chain and logistics network to maximise availability to customers and speed up delivery times”). Human Rights are not part of these. On its website, however, in this context, the Company indicates that “Human Rights (as with other sustainability risks) feature within Plan A, food Integrity and ethical sourcing risks associated with our Clothing and Home division. During 2015/16, the Audit Committee reviewed management of Clothing and Home ethical sourcing risks which included labour and human rights”. No evidence found regarding the assessment of the adequacy of the systems in managing the Human rights.
**Communication / dissemination of policy commitment(s) within Company’s own operations**

Neither the Human Rights Policy nor the Code of Ethics do explicitly cover all core ILO standards (forced labour, child labour, non-discrimination, freedom of association and collective bargaining).

**Communication / dissemination of policy commitment(s) to business relationships**

The Company’s Global Sourcing commitment (which explicitly covers all core ILO standards) has been updated and is being sent to all suppliers along with a letter from the CEO. The Company has indicated in its June 2016 Human Rights report that the Global Sourcing Principles are a contractual requirement.

**Training on human rights**

The Company indicates on its website that it is carrying out training initiatives across its business areas and geographies. “During 2015/2016 key staff received third party training on Modern Slavery and wider human rights. We also developed a bespoke training for our employees on Ethical Trade, which covers human rights. Starting with our Food and Household division this is being rolled out across our entire business. All Food and Household employees will have completed this training by the end of 2017”. However, the Company’s policies for own operations don’t cover all ILO core areas. In its Human Rights Report, the Company also indicates that “we have also integrated responsible buying into the training programme of all employees who deal directly with product suppliers and to key practitioners who have direct responsibility for human rights. However, it is not clear whether all relevant employees including procurement and auditing teams have received training in the global sourcing principles or other training that covers all ILO core areas at a minimum”.

**Monitoring and corrective actions**

The Company does not own agricultural/manufacturing operations. Regarding its supply chain, the Code for Suppliers covers all ILO core areas. It describes how it monitors both food and clothing & home suppliers against the code using the 2-Pillar SMETA methodology. Audits are conducted by approved audit providers. In 2015/2016 in food supply chain, “287 sites were audited resulting in a total of 1,449 non-compliance issues being identified”. In clothing supply chain, “660 sites were audited resulting in a total of 6,226 non-compliance issues being identified’. No evidence found, however, of a clear proportion of the supply chain monitored. Following audits, the Company assigns a rating and starts the Corrective Action Plan process. “Corrective Action Plans must be uploaded onto Sedex within two weeks of the audit and all actions completed within the recommended timescales. We actively track and follow up on our suppliers’ progress towards what they’ve agreed to address within their Corrective Action Plans”. No evidence found, however, on examples of corrective action process in practice.

**Engaging business relationships**

The Company has indicated that the Global Sourcing Principles were part of the contractual requirements with suppliers. Regarding foods, the Company indicates that: “All new sites supplying into M&S must have registered on Sedex, completed the SAQ modules (Self-Assessment Questions’ Modules) in full and have had a valid audit prior production starting”. Similar procedures apply to clothing supply chain. The Company also provides an example of capacity building in its food supply chain on how, through “sustainability scorecards” tries to improve performance in health and safety and employee representation via worker committee/staff forum or trade union. The CHRB reports that no evidence has been found, however, on how performance interacts with decisions to renew, expand or terminate BRs, although it indicates that in clothing supply chain, it may disengage suppliers that remain with a “critical” rate after three follow-up reviews.

**Framework for engagement with potentially affected stakeholders**
On its website, human rights section, the company indicates the following: “It is critical that we identify and regularly interact with affected rights holders and expert stakeholders. These include our employees, customers, supply chain workers, contractors, artisanal and smallholder producers and local community and civil society groups. […] We employ a variety of techniques to identify these stakeholders which range from direct engagement and interaction, desktop research, third party assessment through to leveraging existing country knowledge and contacts”. It also indicates that “we have a map of advocates for affected stakeholders we engage with by country and where we have run in depth programmes for local work/producer and community groups around factory and farms. We also map where our business and supply chain are likely to negatively impact on the rights of holders”. It also indicates that the approach is a “continual improvement process” and it plans “to revisit how well our map of advocates represent our most vulnerable groups”. The Company has grouped stakeholders into three groups: directly affected stakeholders, advocates for affected stakeholders and human rights experts. Regarding engagement workers in supply chain, the Company indicates that “in our extended supply chain, all ethical assessments include direct workers’ interviews and we are expanding the use of mobile technology to survey workers directly”.

Human Rights Due Diligence: Indicators

Identifying: Processes and triggers for identifying human rights risks and impacts

In its human rights report, the Company has indicated how it identified its most salient human rights risks across its business (i.e. including business relationships) beyond its knowledge and experience using a “series of workshops involving practitioners from across the business who have a detailed knowledge of their supply chain of goods and services”, having each business area working “with external third party expert human rights support to consider severity and likelihood as part of their human rights risk assessment”, “learning from affected rights-holders we have directly worked with, coupled with analysis of audit data and external data sets” and “sense-checking its salient issues with some key stakeholders but this is again an area in which we see our thinking and depth of consultation strengthening over time”. In addition, the Company states that “The human rights agenda and our business and extended supply chain is not static but continually evolving” Therefore, the Company will regularly review its human rights risk and impacts and report progress on annual basis. Finally, as part of due diligence process, it states that “all new sites supplying into M&S must have registered on Sedex, completed the SAQ [Self-Assessment Questionnaire] modules in full, and have had a valid audit prior production starting”. This statement is in the context of the food supply chain; clothing supply chain has a similar due diligence process.

Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)

The Company has indicated its process to define its most salient human rights risks included key considerations such as “geographies or operations as well as the industry with particular thought about the local law, vulnerability of prevalent groups and known human rights risks”. The Company has also disclosed the result of this process and identified 7 most salient issues (forced labour, freedom of association, discrimination and women’s rights, health and safety, living wage, water & sanitation, working hours) and is watching four others (child labour, land rights, privacy, secure work).

Integrating and Acting: Integrating assessment findings internally and taking appropriate action

Following the 7 key issues identified the Company states that “we are developing specific actions and targets for each of these priority areas. For example, in some areas we’ve developed issue-specific policies and tools to tackle certain issues (e.g. health and safety) and with others which are more systemic in nature we’re participating in multi-stakeholder initiatives (e.g. forced labour and living wages). Understanding our sphere of influence and the role we can play is key to developing our plans”. In its Human Rights Report the Company
systematically reports on why each one is a salient issue, the level of risk, the policies in place to tackle the risk and discloses specific examples of due diligence actions, actions taken, collaboration and next steps. For instance, regarding discrimination, the Company describes how its policies include the issue on its Sourcing Principles and discloses the following examples of due diligence action: “In our supply chains, we actively supported the development of the ETI supervisor training in Kenya and UK and encourage the use of mobile technology, staff surveys and more effective remedy. We continue to identify and share good practice on temporary and migrant workers including supporting the publication of a new guide, Identifying Hidden Worker Maltreatment (which later became “Stronger Together”). The Company provides other examples of due diligence and actions carried out.

**Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts**

Following audits and non-compliance findings with the Company's policies the Company implements Corrective Action Plans. On its website, the Company indicates that “we actively track and follow up on our suppliers' progress towards what they've agreed to address within their corrective action plans”, covering these both foods and clothes supply chain. For its food supply chain, the Company discloses the number of non-compliances by region, and then the corrective actions that have been completed during the year including those verified, non-verified, incomplete actions which are overdue and actions closed on time or not yet overdue. The information on corrective actions progress is classified by issue area, including working hours, health & safety, wages, discrimination, etc. Finally, the Company indicates that “Of the 1,449 non-compliance issues raised during 2015/16, 64% have been completed, of which 43% have been formally verified by an independent third party”. However, regarding clothing supply chain, the Company does not disclose the tracking of Corrective Action Plans.

**Communicating: Accounting for how human rights impacts are addressed**

On its website, the Company states that, paying particular attention to affected stakeholders who have raised specific issues, “we always do everything we can to be open a transparent –both in the information we make public and the way we share it”, doing this through different channels. In the context of grievance framework, is indicates that “we will always strive to keep all parties informed of the steps that are being taken to investigate the concerns and the results of the process. Where issues have been raised by the media, trade unions or labour and human rights advocacy groups, we will always look to publish the details of our response and resolution once agreed to the satisfaction of all parties as part of our commitment to transparency. In some circumstances, our ability to be transparent may be restricted as a result of legally binding duties of confidentiality”. It also states that “these are distinct from the issues we identify through other processes which include our due diligence or complaints that we may receive directly from employees in our business or workers in our supply chain. The specific details of such complaints or the parties to the complaint are not disclosed, unless both the complainant and the subject of the complaint have agreed to this being made public, or where the complaint has already been made public by advocacy groups or through other channels such as the media. We have, however, made a commitment to report publicly on the performance of our grievance channels/mechanism”.

**Remedies and Grievance Mechanisms: Indicators**

**Grievance channels/mechanisms to receive complaints or concerns from workers**

The Company's M&S Grievance Procedure for Clothing, Home and Food Supply Chains Effective Remedy of Human Rights Issues states that “all our employees are covered by M&S' own internal grievance channels and all our suppliers covered by our Global Sourcing Principles which require them to have their own effective
grievance mechanism in place and we encourage the use of these as a first resort to settle complaints”. It is also rolling out its “workplace communications toolkit and piloting new tools such as LaborLink”. The grievance channels mechanism section of the website indicates that also “direct suppliers (anyone with whom we have a direct contract) can report a human rights or labour rights concern through our Whistleblowing Policy process”.

Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities

The Company has disclosed an email address on the website that is available for suppliers, and “to all external individuals or communities”. The Company also indicates that “the complaint can be submitted in the individual’s or organisation's own language”. We endeavour to acknowledge receipt of all emails received into this mailbox within 2 working days (5 working days if in a language other than English).

Users are involved in the design and performance of the channel(s)/mechanism(s)

The Company has disclosed an email address on the website that is available for suppliers, and “to all external individuals or communities”. The Company also indicates that “the complaint can be submitted in the individual’s or organisation's own language”. We endeavour to acknowledge receipt of all emails received into this mailbox within 2 working days (5 working days if in a language other than English).

Procedures related to the mechanism(s) / channel(s) are publicly available and explained

The Company's M&S Grievance Procedure for Clothing, Home and Food Supply Chains Effective Remedy of Human Rights Issues describes how it investigates and understands concerns raised through initial assessment of the complaint and internal investigation which may involve independent third party. Regarding timescales and informing to those who raise complaints, the Company indicates that: “Complaints vary in scale, complexity and geographical origin so it is not possible to say how long it will take to reach a resolution. The issue may be resolved in a matter of weeks or it could take months or even years. We will, however, always strive to keep all parties regularly informed (in their local language) of the steps that are being taken and the results of the process”. However, according to the CHRB, no evidence could be found on details on who is handling the complaint and how those making complaints are informed.

Commitment to non-retaliation over concerns/complaints made

The Company's M&S Grievance Procedure for Clothing, Home and Food Supply Chains Effective Remedy of Human Rights Issues states that “in executing our grievance framework, our primary concern will always be to safeguard the rights and wellbeing of any person who has raised the grievance”. It adds that given the many forms retaliation can take, it will “deal with each incidence on a case-by-case basis and look for relevant solution”. The Company states that “we have both internal and external channels available for any part wishing to raise a concern anonymously if required”. It also discloses the following statement: “We have never brought a retaliatory legal claim or dismissed any employees or any workers on the basis that they have brought or tried to bring a case against us involving any allegation of human rights impacts/abuses or against lawyers representing them and have never brought a case for deformation or similar actions against claimants or their lawyers”.

Company involvement with State-based judicial and non-judicial grievance mechanisms

The Company has disclosed the following commitment regarding this issue on its website: “Whilst we would encourage individuals or communities to raise a concern with us directly, we acknowledge that situations may arise where they feel they aren’t able to do this. On such occasions, we would never impede access to state-based judicial or non-judicial mechanisms for individuals or communities who feel their human rights have been impacted, we also would not require individuals to waive their legal rights to bring a claim through a judicial process as a condition of participating in a grievance /mediation process. Neither would we impede competent authorities in investigating or adjudicating alleged human rights impacts”. On its website it also
refers to OECD National Contact Points (NCPs) as a mechanism that “can be used in instances where individuals and communities feel they aren’t able to raise a concern with us directly”. The CHRB notes that no evidence could be found, however, of an example of an NCP claim made against the Company or one of its suppliers that it participated in and how was resolved, or a statement indicating that there has not been any.

**Remedying adverse impacts and incorporating lessons learned**

The Company has provided a case study on risks related to child labour in Ethiopia and explained how it remedied the risk identified. It explains that “a sourcing visit to Ethiopia identified an issue with young children accompanying their parents to work and sitting with them whilst they graded coffee. We understood this to be a child labour risk. To be able to understand this better we met with the mothers and cooperative management personnel and learnt that these parents lacked suitable childcare alternatives and that mothers did not want to leave their children alone at home. With our supplier, we immediately ensured that the cooperative set up a safe ‘crèche’ area away from the packing/processing areas and reviewed all of their relevant policies and procedures, including their child labour training materials and the participation list of members attending child labour trainings”. It also explains how it ensured that “this was not just a sticking plaster fix” by working with NGOs which then trained management on how to “on how to develop and implement a community based self-governing monitoring and remediation system on child labour which includes the instigation of a child labour committee (including youth representatives) which takes responsibility for enabling members to map the community, assess risks and complete household surveys on child labour and wellbeing’. It has added it is ‘already implanting this model in other suppliers”. The Company also provides another example related to the standard of accommodation of a fruit pack house in the UK (at page 55 of the 2016 Human Rights Report, together with the case study n.1 in Ethiopia).

**Enabling Factors and Business Processes: Indicators**

**Living Wage (in the supply chain)**

For what concerns supply chains practices, the company's Global Sourcing Principles, which are part of the contractual arrangements with suppliers, state that suppliers must ensure that men and women receive equal pay and conditions for the same jobs. Suppliers must compensate all their workers by providing wages, overtime pay, all legally required benefits and paid leave, which respectively meet or exceed the national legal minimum wage, and all applicable laws and regulations. Industry benchmark standards and/or collective agreements shall be followed if in place, provided they are higher than the minimum wage. Suppliers shall pay wages regularly and on time and should work towards paying workers a fair living wage. The Company stresses that if the suppliers consistently fail to live up to these standards, and are unwilling to institute improvements or are unprepared to make appropriate changes, it will take action, which may involve cancelling contracts and ceasing to trade. It has also provided examples of working with suppliers to improve their living wage practices through committing to “helping supplier factories become more efficient to help them pass more of the cost price on to employees” and partnering with Emerging Leaders to train people across 52 sites in Kenya And South Africa since 2012, it also provides examples related to India and Bangladesh. The Company has signed The Memorandum of Understanding with IndustriALL and is part of the Action, Collaboration, and Transformation (ACT). The Company reports that as part of a ‘Benefits for Business Workers’ programme it has increased wages by 7.63% in 7 factories in Bangladesh and 5.09% in 9 factories in India.

**Aligning purchases decisions with human rights**
Although the Company provides an example of agreement with farmers in UK regarding milk prices, no evidence found of a description of general practices used by the Company to avoid price or short notice requirements. Also, although the Company carries out due diligence prior to entering into new business relationships, no evidence was found by the CHRB of specific positive incentives provided to business relationships with better performance on human rights.

**Mapping and disclosing the supply chain**

The Company has an interactive map which covers both clothing and food supply chain, including the specific location of each one, the type of product involved and the number of workers & gender distribution. It covers its direct suppliers.

**Age verification and corrective actions (in the supply chain)**

The Company’s Global Sourcing Principles state that “suppliers must not recruit child labour nor exploit children in any way. If children are found working directly or indirectly for the supplier, the supplier must implement a remediation plan, develop or participate in and contribute to policies and programmes that put the best interests of the child first, and enables the child to access appropriate education until no longer a child”. In addition, it states that “Suppliers must not employ workers who are younger than i) the legal minimum age for employment applicable to the supplier or ii) the age of completion of compulsory education. In any event, a supplier must not employ a person under the age of 15 in any circumstances and must implement robust age verification checks at all times to ensure this policy is upheld”.

In addition, the Company discloses a case of study of child labour risk in a supplier in Ethiopia. Work carried out review of policies and procedures, child labour training (and review of training materials), and collaboration of the supplier with Fairtrade to implement additional measures. No evidence found, however, of examples of improving working conditions for young workers.

**Debt Bondage and other unacceptable financial costs (in the supply chain)**

The Company's Global Sourcing Principles include debt bondage guidelines and states that “suppliers must ensure that workers are not required to make deposits/financial guarantees/payments to employers, labour providers or agencies to obtain work”. It also states that “bonded/indentured labour is prohibited” and that “there must be no forced, bonded or involuntary prison labour”.

The Company also provides an example related to the Thai shrimp supply chain though it also states it does not source any shrimps from Thailand. Another example relates to collaborating with the UK Gangmaster Licensing Authority for activities related to the supply chain within the UK (page 23 of the 2016 Human Rights Report)

**Restrictions on workers (in the supply chain)**

The Company’s Global Sourcing Principles, which are part of the contractual arrangements with suppliers, state that suppliers “must not retain original copies of identity documents (such as passports, identity cards, etc.)” and “must respect the right of workers to terminate their employment after reasonable notice and to receive all owed salary. Suppliers must respect the right of workers to leave the workplace after their shift”.

It has indicated that “should suppliers consistently fail to live up to these standards, and be unwilling to institute improvements or prepared to make appropriate changes, we will take action, which may involve cancelling contracts and ceasing to trade”.

**Freedom of Association and Collective Bargaining (in the Supply Chain)**

The Company’s Global Sourcing Principles state that “workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively, without prior authorisation from
suppliers’ management, according to national law. Suppliers must not interfere with, obstruct or prevent such legitimate activities”. It also indicates that “suppliers must adopt an open attitude towards worker representation and the activities of trade unions. Suppliers must not discriminate against or otherwise penalize worker representatives or trade union members because of their membership of, or affiliation with, a trade union, or their legitimate trade union activity”. However, no evidence found of a commitment to not permit intimidation or retaliation against workers seeking to exercise these rights.

The Company has also described how it works with some garment suppliers to improve their practices stating: it now has “a global module of Workplace Communication and launched it with a two-day training course to all of the Regional Compliance Team in Turkey in 2014. The new Workplace Communications toolkit for all our suppliers sets out how to develop or improve the provision of, and management interaction with, trade unions, worker committees, effective communication channels and trade union relationships. To date, over 22,000 workers in our garment supply chain have received training from this workplace communication toolkit in China, Sri Lanka and Turkey. We have also promoted Workplace Communications to our Food supply base, and made it a requirement that all direct suppliers must have a worker committee or trade union in place’. Regarding food suppliers, it states it has also ‘promoted Workplace Communications to our Food supply base, and made it a requirement that all direct suppliers must have a worker committee or trade union in place”.

Finally, the Company also provides an analysis of progress made: “In 2015, 95% of first tier Food supply sites and 98% of Clothing and Home sites had either an elected committee or a recognised trade union in place, up from the 90% in both areas in 2012. We understand that in further tiers of the supply chain, the situation may be different. Our next step is to gain greater granularity on number of sites with collective bargaining in place”.

**Fatalities, lost days and Injuries (in the supply chain)**

The Company’s Global Sourcing Principles, which are part of the contractual arrangements with suppliers, include requirements regarding health and safety including “safe and clean conditions for all workers on site and in all work and residential facilities”, “take adequate steps to prevent accidents and injury to health”, “provide all workers with access to clean toilet facilities”, etc. It also describes how it engages with suppliers to improve their practices: “In clothing and home supply chain we are working with a consultant to develop a global health and safety and fire safety training which will train health and safety managers on conducting regular risk assessments and training health and safety worker champions who will disseminate training information to the whole workforce. In our food supply base, we have gone beyond the industry in upgrading several key fare safety non-compliances from major to a critical rating, enabling us to more quickly identify and escalate serious breaches of fire safety”.

However, although the Company discloses the cases of non-compliance on health and safety, no evidence was found by the CHRB of quantitative data on suppliers’ injury rate or frequency rate and fatalities.

**Land Acquisition (In the Supply Chain)**

The Company's Global Sourcing Principles state that “we expect all suppliers to adhere to the practice of Free and Prior informed consent for land rights and suppliers must conform to local, national and international standards of land tenure when working in communities. Where applicable this may include evidence of a due diligence process within communities to understand where established rights to property and land lie”.

**Water Sanitation (in the Supply Chain)**

The Company has indicated that it uses WWF’s Water Risk Filter tool to undertake risk mapping to identify areas of its supply chain that are more at risk from water stress and encourages better practice in its supply chain in Food. It states it is “committed to ensuring that every key supplier is reporting their water use by
2020” and encourages “suppliers to understand the water risk to their business and their supply chains and potential adverse human rights impacts, and where appropriate engage in collective action”. It reports it has carried out a risk analysis and India and Bangladesh and that it is a “signatory to the Sustainable Clothing Action Plan which sets out to reduce the water use from the UK clothing industry by 15% by 2020 and we have set a target to source 70% of our cotton from more sustainable sources by 2020. Much of this cotton will be from the Better Cotton Initiative programme which amongst other things reduces the water impact of growing the raw material. We are also working with WWF on a collaborative programme to roll out Better Cotton in the Warangal Area of India. We have signed up to the Zero Discharge of Hazardous Chemicals and to Greenpeace’s DE TOX programme which strips out 11 priority chemicals from the clothing supply chain”. It also provides examples of working with BCI in India, with WWF in South Africa and reports it has “been working with WWF and the Alliance for Water Stewardship over the past few years to develop the idea of water stewardship within our supply chains and to understand what it means to be a good water steward”.

Women’s Rights (in the Supply Chain):

The Company’s Global Sourcing Principles refer to non-discrimination and indicates that “suppliers must ensure that men and women receive equal pay and conditions for the same jobs”. It does not, however, include the elimination of health and safety concerns that are particularly prevalent among women workers (though it prohibits pregnancy testing or discrimination against pregnant women). In addition, the Company has provided examples of action taken, one of which include a survey related to child marriage and child registration, pilot programs or working with NGOs and other initiatives related to empowering women. An example of the latter is that M&S is also member of the BSR HER Project working group and have run the HER Project programme to increase women’s health awareness and access to health services in 5 countries – China, Indonesia, Vietnam, Bangladesh and Kenya. 10,000 women workers have now been trained.

Working Hours

The Company’s Global Sourcing Principles include respect for applicable international standards and national laws and regulations concerning maximum hours and rest periods but does not refer to minimum breaks. The Company also instruct food suppliers on how to interpret working hours’ requirements in highly seasonal businesses. Through its Ethical Model Factory programme in Bangladesh, the company carried out work-studies to show how better production planning could reduce the need for overtime. All factories involved in the study saw an improvement in productivity of 15% and working hours reduced in all factories.

Responses to serious allegations

Case 1: Indicators

Area of allegation: Trade union rights in the supply chain

Headline: Kuaihao (Grosby) Footwear Factory fired striking workers of the trade union

Date: May 2014

Summary

In May 2014, Kuaihao (Grosby) Footwear Factory claimed that it was required by the Hong Kong government to change its name and legal representative due to being restructured as a wholly Hong Kong-owned enterprise. China Labor Watch (CLW) alleged that Grosby used this transition as an excuse not to distribute payments to workers, including monthly wages, subsidies and social insurance. After an allegedly failed attempt at engaging in a dialogue with management, around 600 workers began a strike on 26 May. After nearly two months, Grosby had still allegedly refused to communicate with the union about the subsidy and
fired some workers who had participated in the strike. As of 16 July 2014, 109 had been fired, including a vice-chairman of the trade union. Grosby is a supplier to the Company, amongst other international brands. On 17 July 2014, a 50-year-old female worker, Ms. Zhou, jumped out of the fourth floor of a Grosby factory building to her death. Ms. Zhou had been fired the day before, allegedly for participating in the strike. On 25 July 2014, the vice-chairman of the trade union who had been dismissed testified in front of the Arbitration Committee of Labour Disputes for a case of 73 workers demanding reinstatement. He alleged that the factory’s management had been looking for ways to reduce the workforce, especially the senior workers without paying severance compensation, and that the strike was an excuse to do so.

The Company has responded publicly to the allegations

The Company has responded publicly to these allegations through a new webpage where it has begun to include its responses to human rights allegations. This includes the Grosby Factory allegations. It includes a specific and detailed response to the allegations.

The Company has appropriate policies in place

The Company has a supply chain policy on freedom of association and collective bargaining (it does not have such an explicit policy covering its own operations) which provides details on what is not acceptable. Amongst these, it states “Suppliers must not discriminate against or otherwise penalize worker representatives or trade union members because of their membership of, or affiliation with, a trade union, or their legitimate trade union activity, in accordance with international labour standards”.

The Company has taken appropriate action to address the alleged impacts

The Company reported that Grosby did engage with the affected stakeholders and compensated them as it stated: “The factory took on the recommended remediation action plan and held additional meetings with the union representatives and the workers’ representative. There were also several face-to-face sessions with workers to provide guarantees that long service payments were unaffected and would be provided should the factory close or move location. In addition, the factory offered a bonus payment for workers to return to work after the strike, to compensate for their lost strike pay”.

The Company has also improved related management systems as it added: “As a result of this case we developed a Workplace Communications Module which has been implemented in many of our sourcing countries, specifically China and over 113,000 workers and managers have attended the training”. It is also a member of the Ethical Trading Initiative, a relevant industry initiative aimed at dealing with labour standard issues in its sector.

Transparency: Indicators

Training on human rights

The company indicates in its GRI index that it does not disclose this information.

Monitoring and corrective actions

On p. 29 of its 2016 Plan A report the company reports the number of suppliers identified as needing improvements in terms of “health & safety”, “working hours”, “regular employment” & “other issues”.

Engaging business relationships
The company discloses some information related to this indicator, however the information disclosed does not meet the indicator requirements (incomplete, e.g. no separate treatment of new suppliers and no mention of relationships terminated as a result of assessment).

**Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts**

The company discloses information on the measures taken to prevent or mitigate potential impacts. However, the CHBR notes that this indicator measures how the company knows if its efforts are effective in practice, and this information was not found.

**Users are involved in the design and performance of the channel(s)/mechanism(s)**

The company states in its 2016 Human Rights report that "[they] will strengthen [their] Grievance mechanisms by reviewing the effectiveness of existing mechanisms for handling employee, supply chain and community grievances across the M&S Group and reviewing external existing best practice to define [their] improved mechanisms and publicly report on the results by 2017”. However, the CHBR pointed out that this was insufficient to fulfil the requirements of this indicator at this stage, both because the process was not in place yet and because there was no explicit mention of a verification that people feel able and empowered to raise complaints or concerns.

**Procedures related to the mechanism(s) / channel(s) are publicly available and explained**

The company describes how it processes complaints in the “investigating and remediying breaches of our standards” section of its website. However, the CHRB outlines that it does not describe how it assesses the effectiveness of outcomes.

**Aligning purchasing decisions with human rights**

"In many countries, jobs at factories or farms that produce for the international market are highly sought after - and we know from experience that the companies running them benefit from increased commitment and productivity when their employees are treated with respect, work in decent conditions, and earn fair rates of pay. Our customers benefit too – from better quality, better value products and peace of mind” ("Responsible Sourcing” section of the company’s website).

This company statement highlights that the prevention of impacts related to salient issues is not necessarily in tension with other business objectives, but it does not describe how such tensions are addressed when they do arise.

**Child labour**

On p. 13 of its 2016 Human Rights report the company states that "[they] don’t find child labour issues in M&S direct supply chain or direct operations”, and identifies which sectors of its extended supply chain are at risk of child labour. The company’s 2016 Child Labour Procedure contains measures taken by the company to contribute to the effective abolition of child labour.

**Forced labour**

The company identifies countries and regions considered to be at risk on pp. 22-24 of its 2016 Human Rights report. It also reports measures it has taken to contribute to the elimination of all forms of child labour.

**Freedom of association and collective bargaining**

On p. 26 of its 2016 Human Rights report the company reports countries where freedom of association and collective bargaining are considered to be at risk, and reports measures taken by the company.
Water and sanitation (in the supply chain)

CHRB has not identified disclosures highlighted in a company GRI Index or otherwise referenced by this indicator that meet the requirements.

As regards the information to meet the following indicators under the Transparency Theme, see the related ones above:

Commitment from the Top
Board discussions
Incentives and performance management
Responsibility and resources for day-to-day human rights functions
Incentives and performance management
Communication / dissemination of policy commitment(s) to business relationships
Framework for engagement with potentially affected stakeholders
Identifying: Processes and triggers for identifying human rights risks and impacts
Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)
Integrating and Acting: Integrating assessment findings internally and taking appropriate action
Grievance channels / mechanisms to receive complaints or concerns from workers
Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities
Remedying adverse impacts and incorporating lessons learnt
**Adidas** *(Germany)*

**Industry of reference: Apparel**

**Policy Commitments: Indicators**

**Commitment to respect human rights**

The Company has indicated that it supports the Universal Declaration on Human Rights in its Labour Rights Charter. It has also indicated that it adheres to the principles of the OECD MNEs and supports the “UN Framework” in its FAQ on human rights (a document which is part of its policies documents).

**Commitment to respect the human rights of workers**

Adidas’ Labour Rights Charter indicates that its “policies and procedures adhere to all applicable domestic laws and are consistent with core labour principles of the International Labour Organization (ILO) concerning freedom of association and collective bargaining, non-discrimination, forced labour, and underage workers in the workplace”. It is also committed to the health and safety of its workers. In its Workplace standards, the Company states it expects its suppliers to do the same and explicitly refers to forced labour, child labour, non-discrimination, freedom of association and collective bargaining as well as health and safety and working hours.

**Commitment to respect human rights particularly relevant to the apparel industry**

Although the Company has a commitment to reduce water use which also covers suppliers, it does not have any policies in which it commits to respecting women’s rights, children’s rights or migrants’ rights. However, it has guidelines on employment standards for suppliers which clearly describes what constitutes poor practices, best practices and what is considered as non-compliances. It also states on its website what it currently does to work with vulnerable groups including children, migrants and women.

**Commitment to engage with stakeholders**

The Company collaborates with multiple stakeholders at both global and local level. Some of them are involved in the approach taken on human rights, such as the Fair Labour Association, which “provides independent accreditation and oversight of our internal programmes”, or the ILO Special Action Programme against forced labour, which, in addition to collaborate in specific locations such as Qatar or Thailand regarding migrant, forced and child labour rights and concerns, “is also providing support to Adidas Group on the development of training modules for forced labour indicators and fair recruitment practices in our supply chain”. Other work with stakeholders includes, among other initiatives, the ‘Women’s empowerment Programme’ in Pakistan, with a local NGO, or the work with Fair Labour Association in Turkey. The programme in Pakistan has the objectives of improving employment opportunities of the redundant female workers and help workers in the supply chain to have better opportunities in the workplace. The Collaboration in Turkey is related to work permits for Syrian refugees and labour rights.

**Commitment to remedy**

In its Human Rights FAQ document, the Company commits to remediation where appropriate. In its workplace standards, it also indicates that it expects its suppliers to notify it of “any perceived risk of a violation of human rights” and “of the steps being taken to avoid or mitigate such a breach and, where this is not possible, for the business partner to provide for the remediation of the adverse human rights impact where they have caused or contributed to this”. It has also indicated in its submission to the CHRB that it has put in place dedicated third party grievance channels to tackle complaints. This is described in its group
complaint document which also refers to FLA and OCED NCPs (though it does not refer to collaborating with these, CHRB will accept this for the pilot benchmark).

**Commitment to respect the rights of human rights defenders**

The Company has released a strong commitment in its Adidas Group and Human Rights Defenders in 2016. One of the first of its kind. Amongst other, it refers to its “longstanding policy of non-interference with the activities of human rights defenders, including those who actively campaign on issues that may be linked to our business operations. We expect our business partners to follow the same policy; they should not inhibit the lawful actions of a human rights defender or restrict their freedom of expression, freedom of association, or right to peaceful assembly”. Adidas also commits to speak out on the protection of HRDs when they are “being threatened, intimidated or detained by the police or government officials”.

**Board level accountability: Commitment from the top**

In its submission to CHRB, Adidas indicated that “The Adidas Group’s highest level of policy commitments on human rights are contained in a document called the Labour Rights Charter. The Charter is owned and approved by the Chief Executive Officer of the Adidas Group. Resulting mandates and tasks are clearly delegated to the responsible Board members, the Chief Human Resource Officer and the Global Legal & Compliance Officer”. Whilst it is clear that the Company’s human rights policy commitments are approved by the CEO, by the responsible board members, it remains unclear which board member or Board committee is tasked with specific governance oversight of one or more areas of respect for human rights. The Company has indicated to CHRB that “The CEO is ultimately responsible for human rights for the Adidas Group and this is written into his Role Charter, which is part of our HR system”.

**Board level accountability: Board discussions**

In its submission to CHRB, the Company has described that human rights issues are reviewed by its Supervisory board, “which oversees the activities of the Executive Board. The Group’s Global Legal & Compliance Officer and the Global Director for SEA provide regular briefings to the Supervisory Board”. It has added that “the Supervisory Board requests detailed reports and regular updates from the Executive Board on corporate strategies and actions taken to ensure compliance with human rights and labour standards in the supply chain and at the company’s own sites” and provides examples of “special reports which have been submitted recently to the Supervisory Board for its consideration”, including, among others: “Company’s decision on severance payments for workers illegally dismissed by a supplier in Indonesia” or “Company’s investigations and findings on labour rights violations in a product distribution centre in Rieste (Germany) as claimed by the media”.

**Incentives and performance management**

The Company’s 2015 Compensation Report indicates that the LTIP bonus includes sustainability related improvements as well as “an increase in the percentage of female representation in management positions within the Group”. However, it has not provided further details. In the “Company feedback” the Group indicates that “Compliance with human rights principles is integral element of the Adidas Group Risk and Opportunity Management. [...] This is measured through holistic KPIs (Key Performance Indicators) measuring the company performance beyond financial performance benchmark, and these are applied to Executive management’s individual performances”. However, the CHRB outlines that re are no details on whether specific human rights elements affect board member remuneration.

**Embedding respect for human rights in the company’s culture and management systems: Indicators**
Responsibility and resources for day-to-day human rights functions

The Company has clearly outlined senior responsibility for human rights in its submission to CHRB (“In terms of governance, ultimate responsibility for the Group’s management of human rights impacts resides with the Group’s Chief Compliance Officer/Legal Counsel. He reports directly to the CEO and to the Executive Board. Responsibility for managing employee related issues across the Group rests with Chief Human Resources Officer and ultimately with the Executive Board”) as well as how day-to-day responsibility, resources and decision-making process are allocated across the range of relevant functions of the Company. It has also indicated that SEA (the Social & Environmental Affairs department), with a total of 70 staff located in 20 countries, is managing day-to-day human rights in the Company and within the supply chain and explained how it functions.

Incentives and performance management

The Company has indicated in its submission to CHRB that: “our three VPs in Social & Environmental Affairs, located in Europe, Asia and America, who are tasked with the delivery of labour and human rights programmes across the business, with our licensees, and in the global supply chain, have clear targets in our performance appraisal system which links pay with performance and the execution of our human rights policy commitments”. The company has confirmed that human rights programmes cover all international human rights norms, labour standards and health & safety requirements.

Integration with enterprise risk management

The Company has indicated that “due diligence is an integral part of our business decision-making and risk management systems”. It added it has a due diligence process in place “with respect to the way we manage labour rights, health and safety and environmental risks associated with our supply chain. This extends to and includes aspects of human rights. Such due diligence includes risk mapping, compliance monitoring, remediation, measurement, and internal as well as external (i.e. public) reporting. We also have internal processes in place to protect employee rights and entitlements, through the policies and procedures of our Human Resources department, with regular reports and updates to the Executive Management team and the Supervisory Board. Compliance of Adidas Group entities with the core policies as listed in the Global Policy Manual are regularly monitored by the Group Internal Audit function”.

Communication / dissemination of policy commitment(s) within Company’s own operations

CHRB has not identified any documents in the public domain which provide all the information required to meet this indicator.

Communication / dissemination of policy commitment(s) to business relationships

The Company has indicated that its “manufacturing partners are bound, contractually, by the Adidas Group Workplace Standards”. It has added in its submission to CHRB that “Every supplier, licensee and agent entering into a business relationship with Adidas Group must receive, read and commit to our Workplace Standards, which details our expectations for business partners to uphold labour standards and human rights”.

Training on human rights

The Company has indicated that “all new employees are given induction training to familiarize them with Adidas Group policies and procedures, including (...) adherence to our Labour Charter” (which covers the ILO core labour standards). It has also stated that its “global legal teams have received formal briefings on the application of the UN Guiding Principles on Business and Human Rights and the corresponding human rights requirements detailed in the OECD Guidelines for MNCs. Individuals within SEA have also participated in formal human rights training provided by Human Rights Education Associates. Topical training is also given.
For example, earlier in 2016, all members of SEA’s Asia-based labour monitoring programme received updates and training on modern day slavery issues”. According to the CHRB, the Company has not indicated that all employees were trained on its human rights policy (it indicates it provides training on its code of conduct but the code does not cover all the core ILO standards).

**Monitoring and corrective actions**

The Company explains how it monitors direct sourcing and indirect sourcing based on a risk management approach. It reports it had 1,255 factories visits and that its SEA team undertook 1,135 factory audits in 2015, including external third party monitors such as the FLA. It added “a total of 49 % (2014: 47%) of all active suppliers were audited in 2015. High-risk countries in Asia, the major sourcing region of the Adidas Group, received extensive monitoring in 2015 with an audit coverage that was close to 59%”. The Company reports the number of factories which received warning letters or which were terminated or rejected and a chart with non-compliances identified at supplier factories in its 2015 Sustainability Progress Report. Regarding corrective action processes, the Company indicates that for gaps in suppliers’ systems or specific non-compliance issues, “suppliers are required to develop Corrective Action Plans to address them in a sustainable manner within a set period of time. SEA team members closely monitor the development and implementation of these corrective action plans through follow-up audits and record progress, and verification status in the Fair Factories Clearinghouse (FFC) database”. Regarding examples, it provides access to FLA monitoring reports. These reports include “the corrective action plan for each risk or violation as submitted by the Company”. As an example, following non-compliance on working hours, there is a “planned completion date” and a description of three action plans. One of them is as follows: “Factory will make the production plan ensuring the control of weekly working hour to no more than 60 hours. The factory will work on equipment automation to improving work efficiency in order to gradually reduce the weekly working hours”.

**Engaging business relationships**

Adidas’s Workplace standards and related guidelines on employment include a description of which type of issues (called “zero tolerance issues”) leads to the non-selection of a supplier or to the termination of the manufacturing relationship, stop-work notices, third-party investigations, warning letters, reviewing orders, and the commissioning of special projects to remedy particular compliance problems. It also provides a chart presenting “the labour-related non-compliances identified during initial assessments and initial assessment follow-ups in supplier factories. Two-thirds of the labour-related findings belong to the top three issues: Wages, Benefits and Working Hours/Overtime”. It also explains that it works with suppliers to improve human rights performance in providing corrective actions plans following the audits and gives the example of improving safety standards for workers in Bangladesh in its Sustainability Progress Report 2015.

**Framework for engagement with potentially affected stakeholders**

The Company describes how it engages with stakeholders, including with workers in its supply chain, and vulnerable groups of workers in the supply chain. The Company also discloses a process of stakeholder engagement in the past that was used to develop the migrant labour policy. However, it does not describe a system to systematically identify stakeholders affected by their operation, or the frequency and/or triggers for engagement by type of stakeholder group.

**Human Rights Due Diligence: Indicators**

**Identifying: Processes and triggers for identifying human rights risks and impacts**
The Company has clearly explained its approach in its submission to CHRB and through the Company action platform. This includes processes to identify its human rights risks and impacts in specific locations or activities, covering its own operations as well as that of its suppliers. It also includes how the systems are triggered by new country operations, new business relationships or changes in the human rights context in particular locations, and also includes risks and impacts to which the Company may be directly linked. The Company also describes how, in these processes, it consults with stakeholders including internal or independent external human rights experts. Finally, it also indicates that potentially affected stakeholders feedback is also material considerations in human rights risk, as it includes interviews with on or off-site workers.

**Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)**

In explaining its approach to identifying human rights risks and impacts, the Company also explains how it assesses human rights risks and impacts. It also states: “through our periodic operational reviews the following have been highlighted as salient human rights risks: freedom of association & collective bargaining, working hours, safety & health, fair wages, child labour, forced labour, resource consumption, water (including chemical management), access to grievance mechanisms, diversity, mega sporting events, procurement and data protection & privacy”. The Company has also indicated that it has not published its internal assessments.

**Integrating and Acting: Integrating assessment findings internally and taking appropriate action**

The Company explains the process in relation to human rights risk and impacts of its operations and the supply chain. Regarding its own operations, it describes the process in relation to its sponsoring activities related to mega sporting events (salient issues are flagged in operational review, then carried out an engagement with affected stakeholders and developed a roadmap of follow-up actions). In relation to its supply chain and licensee partners and agents, the Company indicates that it carries out audits to evaluate social and environmental performance indicators including human rights. At the end of each month the Social & Environmental affairs department reports to executive management “highlighting critical issues, investigations and remedial efforts in relation to individual factories and other country-specific cases for our direct and indirect supply chains”. The Company also reports improvements carried out in the processes for improving the social compliance programme for its supply chain (periodical review and accreditation from the Fair Labor Association) and for licensees (creation of a scorecard, which are obligated to create compliance programmes similar to those of the Company’s in-house system). Finally, the Company has provided an example related to water and wastewater in China.

**Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts**

The Company describes in its submission to CHRB the measures that it takes to tackle human rights risks, including systems to evaluate its supply chain and licensees’ human rights performance, and measures taken to improve these systems. It however, does not describe the systems in place for tracking the actions taken in response to these measures and determining whether actions carried out have been effective or not produced the desired results. The Company provides an example of the lessons learned while tracking the effectiveness of its actions regarding protecting the rights of child in Pakistan.

**Communicating: Accounting for how human rights impacts are addressed**

The Company indicates in its submission to CHRB that “to ensure clear communications with local stakeholders, affected communities and other vulnerable groups, the SEA [Social & Environment Affairs] department has embedded local staff in all key sourcing countries. The team operates in 18 languages, but will also employ translators where needed for special investigations, stakeholder outreach or communicating...
outcomes or mechanisms to improve human rights impacts”. It provides the example of contracting Arabic translators in Turkey to support communications with Syrian refugees at risk of exploitation in the supply chain. It also states that “Communications and issues management are developed from the bottom up, through regular monitoring activities (on and off-site worker engagement) and operational complaint mechanisms, where correspondence will be in the local language”. Finally, it also states that based on engagement and feedback from stakeholders, the Company has “defined the appropriate level of communications needed for a given target audience. Some require formal communications, a written account, etc. and others more informal channels or personalized engagement”. The Company does not describe, however, the general criteria for deciding what to communicate to whom, when and how (and any criteria for deciding when not to communicate).

Remedies and grievance mechanisms: Indicators

Grievance channels/mechanisms to receive complaints or concerns from workers

The Company has a grievance channel for workers – “through worker hotlines in each country, manned either by internal staff or independent NGOs, who speak the workers’ local language”. Since June 2015, the Company discloses data about the practical operation of these mechanisms through its website. It also has a ‘SMS worker hotline’ for factory workers in the supply chain which, at the end of 2015 covered more than a quarter of a million workers in its suppliers’ factories.

Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities

Adidas has a Third-Party Grievance Mechanism through which “affected individuals, or communities, can bring issues directly to the attention of Adidas Group, or avail themselves of alternative channels for their complaints, including the FLA-managed Third Party Complaint system, or the OECD’s Contact Point, details of which are also given in the Complaint Process”. It has added that the mechanism is available in local languages given that “where complaints arise at a community level, these are normally directed through local Social & Environmental Affairs staff, who are conversant in the local language and active at a community level, through their visits and meetings with local factory employees”.

Users are involved in the design and performance of the channel(s)/mechanism(s)

The Company has indicated that its “Third Party Grievance Mechanism was originally developed with the input of trade unions, NGOs and other stakeholders involved in the London Olympics. In addition to this, we sought the review and input of Human Rights Watch”.

Procedures related to the mechanism(s) / channel(s) are publicly available and explained

The Company detailed how complaints for workers and external individuals / communities are received, processed and addressed in its Third-Party Complaint Process. For example, it stated its “preferred general approach to all complaints is based on an initial assessment of the evidence, followed by an in-depth investigation, and the development of appropriate remedial action(s) in the quickest possible timeframe”. It noted however that “it’s difficult to set a predetermined fixed timetable as complaints will vary in scale, complexity and geographical origin but most can be dealt with in weeks, rather than months”. It also detailed what it will do upon receiving a complaint (and therefore what the complainant can expect). In addition, it indicated how complaints for workers / all external individuals may be escalated to more senior levels or independent parties through its SEA department or through “other forms of redress” such as the FLA’s Third Party Complaint Process or the OECD National Contact Points (which it broadly describes and provides a link to).
Commitment to non-retaliation over concerns/complaints made

Its Third-Party Complaint process document clearly outlines its non-retaliation policy and explains that it takes prompt action in case there is retaliation by one of its business partners (this includes investigation and remedy on a case-by-case basis according to the type of retaliation). In its submission to CHRB, it has also indicated that “Adidas Group has never brought a retaliatory suit against persons or fired any workers who have brought or tried to bring a case against it involving credible allegation of human rights impacts or against the lawyers representing them and has never brought a case for defamation or similar actions against claimants or their lawyers”.

Company involvement with State-based judicial and non-judicial grievance mechanisms

The Company has indicated it aims to facilitate a fair resolution of complaints, “without impinging or impeding on the complainants right to access to other state based judicial or non-judicial mechanisms”. It also indicates in Human rights FAQs document that “whatever mechanism is adopted to address a human rights impact or violation, the Adidas Group acknowledges and upholds the rights of the affected parties to pursue matters through a judicial or non-judicial process of their choosing”. It also states that the latest version of the Complaint mechanism includes the following statement. “Will a complainant have to waive their legal rights? No. An individual, group or community submitting a complaint are free to pursue their legal rights and access all available judicial mechanisms, in parallel with, or following Adidas Group’s consideration of their complaint”. The Company also provides links to examples of issues resolved.

Remedying adverse impacts and incorporating lessons learned

The Company provides some examples. One of them, refers to child labour risks. It states in its submission to CHRB that: “Early in our programme we identified child labour risks from the sourcing model followed in rural Pakistan […] To remove the risk of children being involved in home stitching, we moved production into purpose-built stitching centres, where age, wage and safety could be checked. We also introduced a triple-layer of tracking product components and monitoring working conditions. We also supported the creation of an independent monitoring body in partnership with the ILO IPEC programme” and, “at a community level we sponsored a school programme to increase school attendance for both boys and girls. Over 28,000 children were included in the programme which was managed by a local NGO”. In addition, conducting a review to understand the impact of the creation of these stitching centres, the Company indicates that it found that they had reduced opportunities and income for rural women. To remedy this, the Company also created dedicated women’s stitching centres at a village level to allow greater participation or women. The Company states that this process has had four impacts: provided work for women, improved household income, reduced poverty and increased school attendance by their children.

Enabling factors and business processes: indicators

Living Wage (in the supply chain)

Adidas has “Workplace standards” in which it has living wage guidelines. It also states “We use the Adidas Group Workplace Standards as a tool to assist us in selecting and retaining business partners who follow business practices consistent with our policies and values. As a set of guiding principles, the Workplace Standards also help identify potential problems so that we can work with our business partners to address issues of concern as they arise”. Detailed guidelines are given to suppliers in the guidelines on employment standards which refer to ILO conventions (Minimum Wage Fixing Convention 1970; Protection of Wages Convention 1949; Protection of Workers’ Claims Convention 1992) and also states that: “additionally, we recognise those business partners who contribute to employee living standards through welfare programmes and other services which enhance quality of life”.

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Aligning purchasing decisions and human rights

In its submission to CHRB, Adidas has explained that its “sourcing practices are implemented within our direct supply chain relationships and aligned with human rights considerations. These include:

• Costing policies that acknowledge the cost of labour and time to produce the item i.e. Standard Minute Values
• Buy Ready policy that avoids last minute changes in the development process.
• Effective forecasting system that enables the suppliers to do effective planning
• Systematic dialogue with suppliers on their capacity that enables level loading during peak months
• Strategic supplier programmes developed for long-term business relationships”.

It has also given the example of having, in 2001, undertaken an analysis of the reasons for excessive working hours in supplier factories which found that “a third of the time the cause rested with Adidas Group’s own sourcing practices, late order requests, etc.”. Since then it developed tools “such as Country Manager Approval Forms where the reasons for extended working hours had to be reported, justified, and vetted for legal compliance” and “a requirement that the strategic partner factories disclose and keep up-to-date monthly tracking sheets for individual working hours for their employees, so trends and issues could be determined”. However, The CHRB notes that for this example to be considered, it would need to be less than three years old.

Mapping and disclosing the supply chain

The Company has mapped and disclosed its strategic suppliers. It has also defined its strategic suppliers as those “receiving high volume orders and delivering a higher compliance performance. Strategic suppliers account for more than 90% of global order volumes”.

Age verification and corrective actions (in the supply chain)

Adidas has a “Workplace standards” in which it has child labour guidelines. It also states “We use the Adidas Group Workplace Standards as a tool to assist us in selecting and retaining business partners who follow business practices consistent with our policies and values. As a set of guiding principles, the Workplace Standards also help identify potential problems so that we can work with our business partners to address issues of concern as they arise”. Detailed guidelines are given to suppliers in the guidelines on employment standards which refer to related ILO conventions. It added in its submission to CHRB that “If direct evidence of child labour were found during our pre-screening of a factory, the supplier would fail to qualify for use by Adidas Group and we would notify the relevant authorities, or other existing brands sourcing from the factory, of our findings. More often than not, we find inadequate recruitment practices and ID checks by suppliers and respond by providing guidance on ways to improve these systems to prevent the recruitment of underage workers”.

Debt bondage and other unacceptable financial costs (in the supply chain)

Adidas has “Workplace standards” in which it has forced labour guidelines. Further guidelines on ‘Indentured & Bonded Labour’ and on ‘Recruitment Fees’ in its guidelines on employment are provided to suppliers in it’s the Guidelines on Employment Standards. Adidas has also explained to CHRB how it monitors suppliers on this issue and how it works with them to resolve issues mainly through corrective actions plan and working with FLA.

Restriction on workers (in the supply chain)
Adidas has a “Workplace standards” in which it has forced labour guidelines. Further guidelines on “restricting freedom of movement and unlawful detention” in its guidelines on employment are provided to suppliers in it’s the Guidelines on Employment Standards. Adidas has also explained to CHRB how it monitors suppliers on this issue and how it works with them to resolve issues mainly through corrective actions plan and working with FLA.

**Freedom of association and collective bargaining (in the supply chain)**

Adidas has a “Workplace standards” it commits to freedom of association and collective bargaining and provides further guidelines and examples of non-conformance and best practice guidance related to intimidation and violence against union representatives in its Employment Guidelines. It has also explained how it works in countries where it has suppliers or with suppliers directly to improve their practices through providing instructions to local ILO trainers and other consultants who can assist management and workers, designing training modules.

It also provided figures related to “the identification of FOA non-compliances or the potential risk of non-conformance, in our pre-screening or Initial Assessments has shown a decline over the past 4 years, plateauing at 3% of all identified threshold issues” and provided further data with a proposed explanation.

**Fatalities, lost days, injury rates (in the supply chain)**

The Company does not provide quantitative data related to health and safety at suppliers.

**Women’s rights (in the supply chain)**

Again, the Company provides specific guidance on Women’s rights throughout its employment guidelines in which it refers to CEDAW, Equal Pay for Equal Work (art. 23,2 UDHCR) and, in its examples of non-compliances refer to, among others: “providing less favourable contract terms or work conditions based on a personal characteristic. For example, not providing equal pay for equal work to women on the basis of their gender”; “testing workers for pregnancy during recruitment or post-hiring”, etc.

**Working hours (in the supply chain)**

Working hours’ policy is part of contractual arrangements with suppliers (through the Workplace Standards) and specific guidelines is provided to business partners in the Guidelines on Employment. It added that “excessive working hours is treated as a threshold issue in the pre-screening of new suppliers. If excessive hours are identified Adidas Group would normally work with suppliers to develop appropriate human resources and productivity initiatives, to address the working hours issues. For our strategic partners, working hours tracking reports must be submitted monthly by our suppliers and shared with SEA for our review, to check overall work patterns”.

**Responses to serious allegations**

**Case 1: Indicators**

Area of allegation: Trade union rights in the supply chain

Headline: Illegal firings or forced resignation at Petralex, Honduras

Date: Nov 2014, March 2015

Summary
The Fair Labor Association (FLA) has alleged that between November 2014 and March 2015, the Petralex factory in Villanueva, Honduras, illegally fired or forced the resignations of at least 19 garment workers. They included nine SitraPetralex union leaders and 10 union affiliates or relatives of union leaders, according to an independent investigation by the FLA in April 2015. Petralex manufactures Outerstuff garments, a licensee for Adidas, and garments for other retailers.

The Company has responded publicly to the allegations

As far as CHRB has been able to ascertain, the Company has not responded publicly to these allegations. However, the FLA reported that its affiliated companies sourcing from Petralex agreed to waive their own assessment of the allegations and allow the FLA to investigate.

The Company has appropriate policies in place

The Company has published its Workplace Standards for suppliers, and supporting guidelines, on the corporate website. The Standards state: “Business partners must recognise and respect the right of employees to join and organise associations of their own choosing and to bargain collectively. Business partners must develop and fully implement mechanisms for resolving industrial disputes, including employee grievances, and ensure effective communication with employees and their representatives”.

The Company has taken appropriate action to address the alleged impacts

The Company has joined relevant initiatives dealing with supply chain labour standards in its sector – the Fair Labor Association and the Better Work Programme. The organisation which made the accusation has confirmed that it is satisfied each alleged breach has been remedied. However, according to the CHRB, the Company has not indicated it has entered into a dialogue with affected stakeholders.

Transparency: Indicators

Incentives and performance management

CHRB has not identified disclosures highlighted in a company GRI Index or otherwise referenced by this indicator that meet the requirements.

Monitoring and corrective actions

The Company reports the number of factories which received warning letters or which were terminated or rejected and a chart with non-compliances identified at supplier factories in its 2015 sustainability progress report.

Engaging business relationships

All new suppliers are screened through initial assessments.

Framework for engagement with potentially affected stakeholders

The company does report on the basis for identification and selection of stakeholders with whom to engage in its 2016 Stakeholder Relations Guidelines, and social topics are an element for identification and selection: “Our stakeholders are those people or organisations who affect or are affected by our operations. Companies do not operate in isolation from society and our stakeholders have a legitimate interest in the way we do business”

Child labour
In its Sustainability Progress Report 2015 it provides the Top 10 labour non-compliances found during initial assessments in 2015 - though the percentage shown points to the lack of effective management systems to prevent child labour. The 2015 Sustainability Progress Report (referenced in the company’s GRI reporting document for this GRI indicator) specifies that the company evaluates its suppliers against a number of critical compliance issues (including child & juvenile labour at page 70) and that evaluations are targeted specifically to monitor suppliers considered to be in high-risk countries. But it does not specify how risk levels are attributed, and therefore risk-assessment cannot be linked to child labour specifically based on this information alone.

**Forced labour**

In its Sustainability Progress Report 2015 it provides the Top 10 labour non-compliances found during initial assessments in 2015 - though the percentage shown points to the lack of effective management systems to prevent forced labour. The 2015 Sustainability Progress Report (referenced in the company’s GRI reporting document for this GRI indicator) specifies that the company evaluates its suppliers against a number of critical compliance issues (including forced labour at page 70) and that evaluations are targeted specifically to monitor suppliers considered to be in high-risk countries. But it does not specify how risk levels are attributed, and therefore risk-assessment cannot be linked to forced labour specifically based on this information alone.

**Freedom of association and collective bargaining**

In its Sustainability Progress Report 2015 (it provides the Top 10 labour non-compliances found during initial assessments in 2015 - though the percentage shown points to the lack of effective management systems rather than non-compliances per se).

As regards the information to meet the following indicators under the Transparency Theme, see the related ones above:

**Commitment from the Top**

**Board discussions**

**Responsibility and resources for day-to-day human rights functions**

**Incentives and performance management**

**Communication / dissemination of policy commitment(s) to business relationships**

**Identifying:** Processes and triggers for identifying human rights risks and impacts

**Assessing:** Assessment of risks and impacts identified (salient risks and key industry risks)

**Integrating and Acting:** Integrating assessment findings internally and taking appropriate action

**Tracking:** Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts

**Grievance channels / mechanisms to receive complaints or concerns from workers**

**Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities**

**Users are involved in the design and performance of the channel(s)/mechanism(s)**

**Procedures related to the mechanism(s) / channel(s) are publicly available and explained**
Remedying adverse impacts and incorporating lessons learnt

Aligning purchasing decisions with human rights
Annex 1

**UN Guiding Principles on Business and Human Rights:** The United Nations Guiding Principles on Business and Human Rights (UNGPs) is an instrument consisting of 31 principles implementing the United Nations ‘Protect, Respect and Remedy’ framework on this issue of human rights and transnational corporations and other business enterprises. Developed by the Special Representative of the Secretary-General (SRSG) John Ruggie, these Guiding Principles provided the first global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity, and continue to provide the internationally accepted framework for enhancing standards and practice regarding business and human rights. On June 16, 2011, the United Nations Human Rights Council unanimously endorsed the Guiding Principles for Business and Human Rights, making the framework the first corporate human rights responsibility initiative to be endorsed by the United Nations. The UNGPs encompass three pillars outlining how states and businesses should implement the framework:

- The state duty to protect human rights,
- The corporate responsibility to respect human rights,
- Access to remedy for victims of business-related abuses.

The UNGPs have received wide support from states, civil society organizations, and even the private sector. This has further solidified their status as the key global foundation for business and human rights. The UNGPs are informally known as the "Ruggie Principles" or the "Ruggie Framework" due to their authorship by John Ruggie, who conceived them and led the process for their consultation and implementation. The first pillar of the Guiding Principles is the state's duty to protect against human rights abuses through regulation, policymaking, investigation, and enforcement. This pillar reaffirms states’ existing obligations under international human rights law, as put forth in the 1948 Universal Declaration of Human Rights. The second principle states the “Corporate responsibility to respect”. Businesses must act with due diligence to avoid infringing on the rights of others and to address any negative impacts. The UNGPs hold that companies have the power to affect virtually all of the internationally recognized rights. Therefore, there is a responsibility of both the state and the private sector to acknowledge their role in upholding and protecting human rights. In conducting due diligence, the UNGPs encourage companies to conduct a Human Rights Impact Assessment through which they assess their actual and potential human rights impacts. The third pillar addresses both the state's responsibility to provide access to remedy through judicial, administrative, and legislative means, and the corporate responsibility to prevent and remediate any infringement of rights that they contribute to. Having effective grievance mechanisms in place is crucial in upholding the state's duty to protect and the corporate responsibility to respect. The UNGPs dictate that non-judicial mechanisms, whether state-based or independent, should be legitimate, accessible, predictable, rights-compatible, equitable, and transparent. Similarly, Company-level mechanisms are encouraged to operate through dialogue and engagement, rather than with the company acting as the adjudicator of its own actions.

This information is from the following website:


For more detailed information visit the following website:


**The International Bill of Human Rights:** The International Bill of Human Rights was the name given to UN General Assembly Resolution 217 (III) and two international treaties established by the United Nations. It
consists of the Universal Declaration of Human Rights (adopted in 1948), the International Covenant on Civil and Political Rights (1966) with its two Optional Protocols and the International Covenant on Economic, Social and Cultural Rights (1966). The two covenants entered into force in 1976, after a sufficient number of countries had ratified them. In the beginning, different views were expressed about the form the bill of rights should take. In 1948, General Assembly planned the bill to include UDHR, one Covenant and measures of implementation. The Drafting Committee decided to prepare two documents: one in the form of a declaration, which would set forth general principles or standards of human rights; the other in the form of a convention, which would define specific rights and their limitations. Accordingly, the Committee transmitted to the Commission on Human Rights draft articles of an international declaration and an international convention on human rights. At its second session, in December 1947, the Commission decided to apply the term "International Bill of Human Rights" to the series of documents in preparation and established three working groups: one on the declaration, one on the convention (which it renamed "covenant") and one on implementation. The Commission revised the draft declaration at its third session, in May/June 1948, taking into consideration comments received from Governments. It did not have time, however, to consider the covenant or the question of implementation. The declaration was therefore submitted through the United Nations Economic and Social Council to the General Assembly, meeting in Paris. Later the draft covenant was divided in two (decided by the General Assembly in 1952[1]), differing with both catalogue of rights and degree of obligations – for example, the ICESCR refers to the "progressive realisation" of the rights it contains. In 1998 it was hailed as "A Magna Carta for all humanity".

This information is from the following website:


For more detailed information visit the following website:

http://www.ohchr.org/Documents/Publications/FactSheet2Rev.1en.pdf

**OECD Guidelines on Multinational Enterprises**: The OECD Guidelines for Multinational Enterprises are the most comprehensive set of government-backed recommendations on responsible business conduct in existence today. The governments adhering to the Guidelines aim to encourage and maximise the positive impact MNEs can make to sustainable development and enduring social progress. The Guidelines are far-reaching recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide voluntary principles and standards for responsible business conduct in areas such as employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation. The Guidelines were first adopted in 1976 and have been reviewed 5 times since then to ensure that they remain a leading tool to promote responsible business conduct in the changing landscape of the global economy. The most recent update in 2011 took place with the active participation of business, labour, NGOs, non-adhering countries and international organisations. The Guidelines are part of the OECD Declaration and Decisions on International Investment and Multinational Enterprises. 48 countries adhere to the Guidelines. All 35 OECD countries, and 13 non-OECD countries have adhered to the Guidelines. Although enterprises are ultimately responsible for observing the Guidelines in their day-to-day operations, governments and stakeholders also have a vested interest in enhancing the Guidelines profile and effectiveness. In addition, governments adhering to the Guidelines have specific obligations. The role of adhering countries - Governments adhering to the Guidelines are obliged to set up National Contact Points (NCPs) whose main role is to further the effectiveness of the Guidelines by undertaking promotional activities, handling enquiries, and contributing to the resolution of issues that arise from the alleged non-observance of the Guidelines in specific instances. The Guidelines are the only government-backed international instrument on responsible business conduct
with a built-in grievance mechanism. The specific instances mechanism requires NCPs to provide a platform for discussion and assistance to stakeholders to help find a resolution for issues arising from the alleged non-observance of the Guidelines. Adhering countries have flexibility in how they organise their NCPs as long as such arrangements provide an effective basis for dealing with the broad range of issues covered by the Guidelines and enable the NCP to operate in an impartial manner while maintaining an adequate level of accountability to the adhering government. To ensure that all NCPs operate in a comparable way, the concept of “functional equivalence” is used. NCPs report to and meet regularly with the OECD Investment Committee and its Working Party on Responsible Business Conduct. NCPs rely heavily on multi-stakeholder input and are committed to developing and maintaining relationships with representatives of the business community, worker organisations, NGOs and other interested parties that are able to contribute to the effective implementation of the Guidelines. The role of the Working Party on Responsible Business Conduct - The only inter-governmental body of this kind in the world, this working party of the OECD Investment Committee was inaugurated in 2013 with a mandate to assist in furthering the effectiveness of the Guidelines, fostering NCP functional equivalence, pursuing the proactive agenda, promoting engagement with non-adhering countries, partner organisations, and stakeholders, and serving as central point of information on the Guidelines. The OECD Investment Committee is the body responsible for overseeing the functioning of all elements of the Declaration on International Investment and Multinational Enterprises. The role of the OECD Secretariat - The OECD Secretariat supports the Guidelines work. It provides continuous analytical and logistical assistance to NCPs and the Working Party and serves as central hub for Guidelines-related information to NCPs and the public at large.

This information is from the following website:

http://mneguidelines.oecd.org/about/

For more detailed information visit the following website:


The ILO Declaration on Fundamental Principles and Rights at Work: The Declaration adopted in 1998, makes it clear that these rights are universal, and that they apply to all people in all States - regardless of the level of economic development. It particularly mentions groups with special needs, including the unemployed and migrant workers. It recognizes that economic growth alone is not enough to ensure equity, social progress and to eradicate poverty. This commitment is supported by a Follow-up procedure. Member States that have not ratified one or more of the core Conventions are asked each year to report on the status of the relevant rights and principles within their borders, noting impediments to ratification, and areas where assistance may be required. These reports are reviewed by the Committee of Independent Expert Advisers. In turn, their observations are considered by the ILO’s Governing Body. The Declaration and its Follow-up provides three ways to help countries, employers and workers achieve the full realization of the Declaration’s objective:

1) Annual Review Reports composed of reports from countries that have not yet ratified one or more of the ILO Conventions that directly relate to the specific principles and rights stated in the Declaration. This reporting process provides Governments with an opportunity to state what measures they have taken towards achieving respect for the Declaration. It also gives organizations of employers and workers a chance to voice their views on progress made and actions taken.

2) Global Reports which provides a dynamic global picture of the current situation of the principles and rights expressed in the Declaration. The Global Report is an objective view of the global and regional trends on the issues relevant to the Declaration and serves to highlight those areas that require greater attention. It serves as a basis for determining priorities for technical cooperation.
3) Technical Cooperation Projects, the third way to give effect to the Declaration, are designed to address identifiable needs in relation to the Declaration and to strengthen local capacities thereby translating principles into practice.

This information is from the following website:


For more detailed information visit the following website:


**Unilever’s Human Rights Policy Statement:** Unilever’s Human Rights Statement contains overarching principles embedded into the company’s policies and systems. In line with the UN Guiding Principles on Business and Human Rights, Unilever bases its human rights policy commitment on the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and the principles concerning fundamental rights set out in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. It follows the OECD Guidelines for Multinational Enterprises and is a founding signatory to the United Nations Global Compact. It is committed to respecting all internationally recognised human rights as relevant to its operations. Where national law and international human rights standards differ, the Company states that it will follow the higher standard; where they are in conflict, it will adhere to national law, while seeking ways to respect international human rights to the greatest extent possible. Unilever’s vision is to double the size of the business, whilst reducing its environmental footprint and increasing its positive social impact. The Code of Business Principles states that “we conduct our operations with honesty, integrity and openness, and with respect for the human rights and interests of our employees and that we shall similarly respect the legitimate interests of those with whom we have relationships.” In its business dealings, the Company expects its partners to adhere to business principles consistent with its own. It prohibits discrimination, forced, trafficked and child labour and are committed to safe and healthy working conditions and the dignity of the individual. The Statement also considers the right to freedom of association and collective bargaining and effective information and consultation procedures. The Company conducts its Security operations in alignment with the Group Security Framework, national legal requirements and international standards. It recognises the importance of land rights, it is committed to the principle of free, prior and informed consent, and supports its implementation by national authorities. The Responsible Sourcing Policy sets out the Company’s expectations with regards to the respect for the human rights, including labour rights, of the workers in its extended supply chain. The Company states that it will only work with suppliers who implement its Responsible Sourcing Policy. They must agree to ensure transparency, to remedy any shortcomings, and to drive continuous improvement. Unilever recognises that it must take steps to identify and address any actual or potential adverse impacts with which it may be involved whether directly or indirectly through our own activities or our business relationships. It manages these risks by integrating the responses to its due diligence into its policies and internal systems, acting on the findings, tracking its actions, and communicating with its stakeholders about how to address impacts. Human rights due diligence is an ongoing process that requires particular attention at certain stages in its business activities. Where there are particularly high, systemic risks of human rights abuses and the Company understands that it must put in place additional due diligence to assess these risks and address them effectively, where appropriate, using its leverage to work either in one-to-one relationships or in broad-based
partnerships. The Company recognises the importance of dialogue with its employees, workers and external stakeholders who are or could potentially be affected by its actions. Unilever pays particular attention to individuals or groups who may be at greater risk of negative human rights impacts due to their vulnerability or marginalisation and recognise that women and men may face different risks. The Statement places importance on the provision of effective remedy wherever human rights impacts occur through company-based grievance mechanisms. The company commits to continue to build awareness and knowledge of its employees and workers on human rights, including labour rights, encouraging them to speak up, without retribution, about any concerns they may have, including through its grievance channels. The Company aims at increasing the capacity of its management to effectively identify and respond to concerns. It also promotes the provision of effective grievance mechanisms by its suppliers. The Company seeks to manage and grow socially responsible businesses where women participate on an equal basis. Women’s rights and economic inclusion are priorities to win long-term. Unilever’s approach starts with the respect of the rights of women and extends to their promotion as well as helping to develop skills and open up opportunities, both in its own operations and its value chain. Work in this area is overseen by the Unilever Chief Executive Officer, supported by the Unilever Leadership Executive including the Chief Supply Chain Officer, Chief Human Resources Officer, Chief Marketing and Communications Officer and the Chief Legal Officer and also the Chief Sustainability Officer and the Global Vice President for Social Impact. This ensures that every part of the business is clear about the responsibility to respect human rights. Board-level oversight is provided by the Corporate Responsibility Committee of Unilever PLC. The Statement includes the Company’s commitment to Fairness in the Workplace, Opportunities for Women and Inclusive Business. Unilever continually evaluates and review how best to strengthen its approach to addressing human rights, including labour rights. Working through external initiatives and partnerships, for example with other industry, NGO, trade union, supplier and other business partners, is often the best way to address shared challenges. The Company will track and publicly report on progress on an annual basis. This Human Rights Policy Statement consolidates the existing commitments and brings increased clarity on the Company’s processes and procedures. Its principles are implemented across the Company’s operations and value chain.

This information is from the following website:

For more detailed information visit the website mentioned above.

The Third United Nations Forum on Business and Human Rights: The United Nations Forum on Business and Human Rights is a space for representatives and practitioners from civil society, business, government, international organizations and affected stakeholders to take stock of challenges and discuss ways to move forward in carrying out the Guiding Principles on Business and Human Rights – a global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity. The Forum was established by the Human Rights Council, and is guided by the United Nations Working Group on Business and Human Rights. The third annual Forum attracted around 2,000 persons from over 100 countries. Building on the previous two fora of 2012 and 2013, the third annual Forum focused on:

1) Strengthening multi-stakeholder dialogue and engagement
2) Discussing national action plans to implement the Guiding Principles
3) Exploring access to effective remedy
4) Identifying current and good practice

The Forum was chaired by Mo Ibrahim (Sudan and UK). The relationship between business and human rights has become an issue that States and businesses worldwide cannot ignore. On one hand, businesses can help advance human rights, including by offering access to decent work and higher living standards. On the other,
businesses can also hinder human rights, as underlined by recurring reports from around the world of unsafe working conditions, migrant worker exploitation, and damage to community environments. Meanwhile, there is growing worldwide recognition of the human rights aspects of sustainable development and the role business can and should play in addressing global challenges such as climate change, poverty and inequality.

Accordingly, the Human Rights Council in 2011 unanimously endorsed the Guiding Principles on Business and Human Rights, and more and more States and businesses are taking real steps to put into practice its three pillars: The State duty to protect human rights, the corporate responsibility to respect human rights, and the right of victims to access an effective remedy. Important implementation challenges, however, remain. The United Nations Human Rights Council, under paragraph 12 of its resolution 17/4, established the United Nations Forum on Business and Human Rights, under the guidance of the Working Group on human rights and business, to serve as a key global platform for stakeholders to discuss trends and challenges in the implementation of the Guiding Principles and promote dialogue and cooperation on issues linked to business and human rights.

This information is from the following website:


For more detailed information visit the website mentioned above and related web-pages.

**Code of Business Principles and Policies:** “Standard of Conduct: We conduct our operations with honesty, integrity and openness, and with respect for the human rights and interests of our employees. We shall similarly respect the legitimate interests of those with whom we have relationships.

Obeying the Law: Unilever companies and employees are required to comply with the laws and regulations of the countries in which we operate.

Employees: Unilever is committed to a working environment that promotes diversity and equal opportunity and where there is mutual trust, respect for human rights and no discrimination. We will recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed. We are committed to safe and healthy working conditions for all employees. We will provide employees with total remuneration package that meets or exceeds the legal minimum standards or appropriate prevailing industry standards. We will not use any form of forced, compulsory, trafficked or child labour. We are committed to working with employees to develop and enhance each individual’s skills and capabilities. We respect the dignity of the individual and the right of employees to freedom of association and collective bargaining. We will maintain good communications with employees through company based information and consultation procedures. We will ensure transparent, fair and confidential procedures for employees to raise concerns.

Consumers: Unilever is committed to providing branded products and services which consistently offer value in terms of price and quality, and which are safe for their intended use. Products and services will be accurately and properly labelled, advertised and communicated.

Shareholders: Unilever will conduct its operations in accordance with internationally accepted principles of good corporate governance. We will provide timely, regular and reliable information on our activities, structure, financial situation and performance to all shareholders.

Business Partners: Unilever is committed to establishing mutually beneficial relations with our suppliers, customers and business partners. In our business dealings, we expect our partners to adhere to business principles consistent with our own.
Community Involvement: Unilever strives to be a trusted corporate citizen and, as an integral part of society, to fulfil our responsibilities to the societies and communities in which we operate.

Public Activities: Unilever companies are encouraged to promote and defend their legitimate business interests. Unilever will co-operate with governments and other organisations, both directly and through bodies such as trade associations, in the development of proposed legislation and other regulations which may affect legitimate business interests. Unilever neither supports political parties nor contributes to the funds of groups whose activities are calculated to promote party interests.

The Environment: Unilever is committed to making continuous improvements in the management of our environmental impact and to the longer-term goal of developing a sustainable business. Unilever will work in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice.

Innovation: In our scientific innovation to meet consumer needs we will respect the concerns of our consumers and of society. We will work on the basis of sound science, applying rigorous standards of product safety.

Competition: Unilever believes in vigorous yet fair competition and supports the development of appropriate competition laws. Unilever companies and employees will conduct their operations in accordance with the principles of fair competition and all applicable regulations.

Business Integrity: Unilever does not give or receive, whether directly or indirectly, bribes or other improper advantages for business or financial gain. No employee may offer, give or receive any gift or payment which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to management. Unilever accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

Conflicts of Interests: All employees and others working for Unilever are expected to avoid personal activities and financial interests which could conflict with their responsibilities to the company. Employees must not seek gain for themselves or others through misuse of their positions.

Compliance – Monitoring – Reporting: Compliance with these principles is an essential element in our business success. The Unilever Board is responsible for ensuring these principles are applied throughout Unilever. The Chief Executive Officer is responsible for implementing these principles and is supported in this by the Global Code and Policy Committee which is chaired by the Chief Legal Officer. Day-to-day responsibility is delegated to all senior management of the geographies, categories, functions and operating companies. They are responsible for implementing these principles, supported by local Code Committees. Assurance of compliance is given and monitored each year. Compliance is subject to review by the Board supported by the Corporate Responsibility Committee and for financial and accounting issues the Audit Committee. Any breaches of the Code must be reported. The Board of Unilever will not criticise management for any loss of business resulting from adherence to these principles and other mandatory policies. Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so”.

This information is from the following website:


For more detailed information visit the website mentioned above.
SHIFT: The UN Guiding Principles on Business and Human Rights were unanimously endorsed by the UN Human Rights Council in 2011. Caroline Rees and Rachel Davis, two founders of Shift, had spent over five years working on the development of the Guiding Principles as part of the team supporting their author, John Ruggie, then the Special Representative of the UN Secretary-General for Business and Human Rights. With the era of their development at a successful conclusion, the focus turned to the Guiding Principles' implementation. Shift was founded as a non-profit organization just days after the endorsement of the Guiding Principles at the UN to help deliver on their promise. Its mission is to put the Guiding Principles into practice to support greater respect for the human rights of all people affected by business. Shift is a US-registered 501(c)3 non-profit organization. It is funded primarily by governments, both for advisory work with individual government departments under the Government Engagement program as well as bigger projects under our International Partnerships program, like its cross-cutting reporting program and for its Education and Outreach program.

This information is from the following website:

https://www.shiftproject.org/who-we-are/

For more detailed information visit the following website:

https://www.shiftproject.org/

Respect, Dignity and Fair Treatment Policy: Unilever recognises that business has the responsibility to respect human rights and the ability to contribute to positive human rights impacts. There is both a business and a moral case for ensuring that human rights are upheld across Unilever’s operations and value chain. Unilever is committed to ensuring that all employees work in an environment that promotes diversity and where there is mutual trust, respect for human rights and equal opportunity, and no unlawful discrimination or victimisation. This Code Policy sets out what Unilever and its employees must do to ensure that all workplaces maintain such an environment.

Unilever employees must respect the dignity and human rights of colleagues and all others they come into contact with as part of their jobs and treat everyone fairly and equally, without discrimination on the grounds of race, age, role, gender, gender identity, colour, religion, country of origin, sexual orientation, marital status, dependants, disability, social class or political views. This includes consideration for recruitment, redundancy, promotion, reward and benefits, training or retirement which must be based on merit.

Unilever companies must ensure all employees’ work is conducted on the basis of freely agreed and documented terms of employment, clearly understood by and made available to relevant employees and others working for Unilever. They must also ensure all employees are provided with fair wages including a total remuneration package that meets or exceeds legal minimum standards or appropriate prevailing industry standards, and that remuneration terms established by legally binding collective agreements are implemented and adhered to. Other than legally mandated deductions, all other deductions from wages require the express and written consent of the employee. Unilever’s companies must respect employees’ rights to join or not to join a legally recognised trade union, or any other body representing their collective interests, and establish constructive dialogue and bargain in good faith with trade unions or representative bodies on employment conditions, labour management relations and matters of mutual concern, to the extent practicable taking national laws into consideration. They shall comply with legal requirements in relation to short-term, casual or agency employees and ensure all employees are provided with fair wages including a total remuneration package that meets or exceeds legal minimum standards or appropriate prevailing industry standards, and that remuneration terms established by legally binding collective agreements are implemented and adhered to. Other than legally mandated deductions, all other deductions
from wages require the express and written consent of the employee. Unilever’s companies must respect employees’ rights to join or not to join a legally recognised trade union, or any other body representing their collective interests, and establish constructive dialogue and bargain in good faith with trade unions or representative bodies on employment conditions, labour management relations and matters of mutual concern, to the extent practicable taking national laws into consideration. In addition, they must comply with legal requirements in relation to short-term, casual or agency employees. They have to maintain a clear and transparent system of employee and management communication that enables employees to consult and have an effective dialogue with management. Unilever’s companies must provide transparent, fair and confidential procedures for employees to raise relevant concerns. These must enable employees to discuss any situation where they believe they have been discriminated against or treated unfairly or without respect or dignity, with their line manager – or an independent manager – without fear of retaliation.

Employees must not engage in any direct behaviour that is offensive, intimidating, malicious or insulting. This includes any form of sexual or other harassment or bullying, whether individual or collective and whether motivated by race, age, role, gender, gender identity, colour, religion, country of origin, sexual orientation, marital status, dependants, disability, social class or political views. They must not engage in any indirect behaviour which could be construed as sexual or other harassment or bullying, such as making offensive or sexually explicit jokes or insults, displaying, emailing, texting, or otherwise distributing, offensive material or material of a sexually explicitly nature, misusing personal information, creating a hostile or intimidating environment, isolating or not co-operating with a colleague, or spreading malicious or insulting rumours. Employees must not work more than the regular and overtime hours allowed by the laws of the country where they are employed. All overtime work will be on a voluntary basis.

Unilever Companies must not use, or permit to be used, forced or compulsory or trafficked labour. They must not use child labour, i.e. individuals under the age of 15 or under the local legal minimum working age or mandatory schooling age, whichever is the higher. When young workers are employed (insofar as short-term work experience schemes and work that forms part of an educational programme are permitted), Unilever’s companies must not require or allow them to do work that is mentally, physically, socially or morally dangerous or interferes with their schooling by depriving them of the opportunity to attend school.

This information is from the following website:


For more detailed information visit also the following website:


**The World Economic Forum’s Network of Global Future Councils:** The World Economic Forum’s network of Global Future Councils is the world’s foremost interdisciplinary knowledge network dedicated to promoting innovative thinking on the future. The network convenes the most relevant and knowledgeable thought leaders from academia, government, business and civil society to challenge conventional thinking and develop new insights and perspectives on the key global systems, as well as the impact and governance of key emerging technologies. In a global environment marked by short-term orientation and siloed thinking, the network fosters interdisciplinary and long-range thinking to support a sustainable and equitable future. Members of the network meet annually at the Annual Meeting for the Global Future Councils in the United Arab Emirates, and virtually several times a year to monitor trends, identify global risks, discuss ideas and explore interconnections between issues. They also develop recommendations and integrate their findings.
into World Economic Forum activities such as the Annual Meeting in Davos and regional and industry events, as well as into global decision-making processes.

This information is from the following website:

https://www.weforum.org/communities/global-future-councils

For more detailed information visit the following website:

https://www.weforum.org/

On the Global agenda council on Human Rights’ engagement with regard to global supply chains, visit the following website:

https://bhr.stern.nyu.edu/blogs/wef-gac-supply-chains

The Global Social Compliance Programme (GSCP): The GSCP brings together key actors of the consumer goods industry to collaborate on a common goal: driving positive change and business efficiency in the areas of social and environmental sustainability along the supply chain. Motivated by the conviction that the way forward in sustainability is through collaboration and convergence, these experts from various sectors and affiliations, including major retail companies, brand manufacturers, international organisations, academia and government, have joined forces within the GSCP framework to deliver a harmonised, global approach for more efficient and sustainable supply chains, as well as the eradication of forced labour. This work is accomplished through a complete suite of Reference Tools, a robust Equivalence Process and the 2016 CGF Board Resolution on Forced Labour. The GSCP is not a new standard or monitoring initiative. Its members rely on sustainability standards and compliance initiatives and they created the GSCP to set the international reference on best practices for sustainable supply chain management for all actors to use. It is an open-source platform that helps its members work towards and promote the harmonisation of efforts for the improvement of working and environmental conditions in global supply chains, and membership to its collaborative platform provides many community benefits.

This information is from the following website:


For more detailed information visit the website mentioned above.

AIM-PROGRESS: AIM-PROGRESS is a forum of leading Fast Moving Consumer Goods (FMCG) manufacturers and common suppliers, assembled to enable and promote responsible sourcing practices and sustainable supply chains. It is a global initiative supported and sponsored by AIM in Europe and GMA in North America. It’s goal of is to positively impact people’s lives through its combined leadership of robust responsible sourcing practices throughout its supply chains. Its key objectives include:

- Building supply chain capability so that member organisations and their suppliers are competent in executing robust responsible sourcing programs.
- Effectively assuring compliance in the members supply chains through aligning practices, standards and metrics.
- Driving continuous improvement in member supply chains.

AIM-PROGRESS works through:
- the provision of a forum to exchange views and share learnings regarding responsible sourcing practices.
- leveraging synergies and supporting collaboration with other global initiatives having similar aims or interests.
- mutual recognition of audits, where possible, thereby reducing audit fatigue for suppliers
- supplier capability building events.

AIM-PROGRESS is open to any manufacturer or supplier from the FMCG supply chain who meets the membership criteria except for companies from the arms and tobacco sectors.

This information is from the following website:

For more detailed information visit the following website:
http://aim-progress.com/

**The UN Global Compact:** The United Nations Global Compact is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption. Under the Global Compact, companies are brought together with UN agencies, labour groups and civil society. Cities can join the Global Compact through the Cities Programme. The UN Global Compact is the world's largest corporate sustainability (a.k.a. corporate social responsibility) initiative with 13000 corporate participants and other stakeholders over 170 countries with two objectives: "Mainstream the ten principles in business activities around the world" and "Catalyse actions in support of broader UN goals, such as the Millennium Development Goals (MDGs) and Sustainable Development Goals (SDGs)". Moving forward, The UN Global Compact and its signatories are deeply invested and enthusiastic about supporting work towards the SDGs. The UN Global Compact was announced by then UN Secretary-General Kofi Annan in an address to the World Economic Forum on 31 January 1999, and was officially launched at UN Headquarters in New York on 26 July 2000. The Global Compact Office works on the basis of a mandate set out by the UN General Assembly as an organization that "promotes responsible business practices and UN values among the global business community and the UN System." The UN Global Compact is a founding member of the United Nations Sustainable Stock Exchanges (SSE) initiative along with the Principles for Responsible Investment (PRI), the United Nations Environment Programme Finance Initiative (UNEP-FI), and the United Nations Conference on Trade and Development (UNCTAD).

This information is from the following website:

For more detailed information visit the following website:
https://www.unglobalcompact.org/what-is-gc

**Unilever Supplier Qualification System (USQS):** The Unilever Supplier Qualification System is for all suppliers of products and services to Unilever. By being invited to register in USQS, suppliers will be assessed against the principles detailed in the Unilever Responsible Sourcing Policy (RSP). The RSP embodies the way that Unilever seeks to operate and in addition, the standards it expects of our suppliers. Unilever only wishes to work with like-minded suppliers. By going through the USQS process, Unilever will consider supplier practices and policies and seeks assurance that they align with the values of the RSP. As a multi-national company,
Unilever’s Procurement team purchases from tens of thousands of suppliers worldwide. The Supplier Qualification System helps Unilever to qualify which suppliers the Company will do business with. USQS forms part of the selection and ongoing business process. Unilever’s Responsible Sourcing Policy is for all of its suppliers. The policy contains 12 fundamental principles, which define the way Unilever operates and the way it expects others that interact with Unilever to operate too. Aligning with and incorporating the Fundamental Principles into operations is not an event, but a journey. The policy has a continuous improvement ladder that provides guidelines and tips for three performance levels: Mandatory Requirements, Good and Best Practices. In USQS, Unilever seeks to assure that, as a minimum, its suppliers are working to the mandatory principles of its policy and either have or are willing to develop a policy to demonstrate this. USQS provides a single Global platform for Unilever to evaluate its supply base. USQS will help Unilever to:

- Identify approved suppliers for the products and services they want to buy
- Better understand the potential risks of buying products or services in all geographies
- Encourage improvements in supplier standards

The system will streamline the supplier qualification process, enhance the Company’s risk management and position it to comply with future changes to regulations and legislation on a global basis. With regard to suppliers, successful registration in USQS enables them to be qualified to work with Unilever, be that a new supplier to the business or an existing supplier who wishes to continue working with Unilever. USQS allows suppliers to better understand how Unilever wishes to operate. By considering practices against this framework, suppliers can understand their readiness to work with Unilever and the steps required to achieve such standards. Unilever believe that working to the same principles and values detailed in the RSP will help suppliers to operate in an ethical, fair and legal way that will facilitate good practices across the entire supply chain of its suppliers.

This information is from the following website:

https://www.unilever.com/about/suppliers-centre/unilever-supplier-qualification-system/

For more detailed information visit the website mentioned above.

**Oxfam’s Study on Unilever:** Oxfam has a long history of engagement with Unilever at the global level. Building on this experience, during 2011 Oxfam undertook a study of labour standards in Unilever’s operations and supply chain, with Unilever’s active cooperation. Vietnam was selected as the country case study, and an initial Oxfam report was published in 2013. The aim of the study was to assess labour standards in Unilever’s operations and supply chain, looking at the gaps between the company’s policies and the reality on the ground. A secondary objective was to develop a set of principles and measures to guide Unilever and other companies to meet their social responsibilities. Oxfam analysed four labour issues. The first was freedom of association and collective bargaining, looking at the extent to which workers could exercise these rights despite the legal limitations in Vietnam and whether Unilever helped facilitate the rights. Secondly, the study looked at wages, including the concept of a ‘living wage’, assessing wage levels in relation to workers’ basic needs. The study also considered working hours and instances of excessive working hours. Finally, it examined contract labour, a precarious form of employment, analyzing why jobs are contracted and the impact of this on workers’ well-being. At the global level, Unilever’s corporate policies on these four labour issues were found to be adequate, although they were in need of updating in line with current good practice. At the factory level, the study found that all wages paid in Unilever’s Vietnam factory were higher than the minimum wage and therefore compliant with national law and Unilever policy. However, they were not sufficient to meet the basic needs of employees and their families. The study also found that workers do not have any trusted avenues to raise issues and concerns collectively with management and no opportunity for
collective bargaining. Just over half of the workers in the factory, most of them migrant men, were found to be sub-contracted through a labour provider, rather than being directly employed. These workers had lower wages and benefits than regular employees. While their average basic wages were still in excess of the legal minimum wage and the international poverty line, they were less than half of Oxfam’s estimation of what is needed to cover average expenses. At the supply chain level, just over half (28) of 48 suppliers interviewed said they were asked to commit to Unilever’s Supplier Code, which sets out expectations of suppliers. The study looked in detail at three suppliers. Of these, two were found to pay wages just above the minimum level. One had problems with seriously excessive hours and another had a high ratio of temporary labour. The third supplier had good labour practices, but there was no evidence that this had anything to do with Unilever’s processes. Based on the study Oxfam developed a number of suggestions. First of all, Oxfam recommended that Unilever should adjust its policies and business model to deliver better quality jobs for workers. This should, for example, include a commitment to support a living wage and to minimise precarious work in Unilever’s operations and supply chain. Secondly, Unilever needs to better align procurement and other business processes with its policies, including training buyers on labour standards and incentivising suppliers to raise labour standards. Third, there is a need to strengthen the supply chain due diligence process to take account of people’s vulnerability to speak out. This includes raising workers’ awareness of their rights and strengthening their voices, making sure local grievance processes are in line with international standards and ensuring more nuanced audit programmes. Fourth, Unilever should work with other partners to promote ways to realise workers’ rights and increase their collective leverage. As part of this it was recommended to produce a progress report, enabling Oxfam in Vietnam to check what has changed against the Oxfam recommendations and Unilever commitments. Fifth, the report included a number of recommendations on how Unilever could address the Vietnam specific concerns at the factory site and with suppliers. Finally, Oxfam recommended Unilever to incorporate measures of labour rights and job quality into its public reporting processes so that stakeholders can assess its progress in managing these issues. The study findings were presented at a very senior level within Unilever and secured CEO commitment to a number of issues, including a sustainable living review in all 180 countries of operation. The report was also listed in Unilever’s ground-breaking human rights report in 2015 as a milestone in the company’s understanding of human and labour rights affecting its supply chain. In Vietnam, the launch of the report reached key government, civil society and media audiences, and also opened the door to discussions with the National Assembly on living wage issues.

This information is from the following website:

https://vietnam.oxfam.org/unilever-study

For more detailed information visit the following website:


**Global Code Policy Process:** All employees must immediately report actual or potential breaches of the Code or Code Policies, whether relating to them, colleagues or people acting on Unilever’s behalf and whether accidental or deliberate. This includes instances where business partners’ behavior may not meet the same standards. Their line manager is usually the right person to report potential or actual breaches. If this is not appropriate, they must talk to one of the following: – Their Business Integrity Officer – A member of the Business Integrity Committee in the country where concerns occur – Unilever’s confidential Code Support Line (where allowed by local law), by telephone or web using the telephone number or web address communicated locally. If asked not to report a potential breach by their line manager or another employee, they must immediately report to their Business Integrity Officer and/or the Code Support Line. Confidential online and telephone service, allowing the user to raise a concern about an actual or potential breach of the
Code or Code Policies, to ask a question if clarification is needed and to check back on the status of a concern raised or a question asked. The service is available at:

https://secure.ethicspoint.com/domain/en/report_company.asp?clientid=16291&override=yes&agreement=t=no (Ethics Point)

This information is from the following website (Code Policies):


For more detailed information visit also the following website and related web-pages:


**Unilever Sustainable Living Plan (USLP):** Unilever’s website defines the USLP as “our blueprint for achieving our vision to grow our business, whilst decoupling our environmental footprint from our growth and increasing our positive social impact”. The Plan sets ambitious stretching targets. By 2020, the company will help more than 1 billion people take action to improve their health and well-being. With regard to health and hygiene, by the end of 2016, the company has reached around 538 million people through its programmes on hand washing, safe drinking water, sanitation, oral health and self-esteem. 55 M people have already reached with safe drinking water (85 billion litres since 2005), 6.2 M people have gained access to a toilet over 2012-2015 and 75 M people have been reached with oral health programs since 2010. 23 million people also received help via self-esteem programs over 2004-2016. With regard to nutrition, in 2016, 35% of Unilever’s portfolio by volume met the highest nutritional standards. 61% of its food met 5g per day target for salt intake, -12% sugar across all its sweetened tea based products since 2010, and 91% of its packaged ice cream contained 250 calories or fewer per portion. The commitments set out in the Plan will help reduce the incidence of life-threatening diseases like diarrhoea and will enable hundreds of millions of people to achieve a healthier diet. The focus is on: selling appealing products with leading-edge health, hygiene and nutrition benefits, encouraging people to take action through behaviour change programmes, advocating to bring these issues higher up the policy agenda, working with partners dedicated to health, hygiene and nutrition, to broaden the impact. By 2030, the company will halve the environmental footprint of the making and use of its products. Its vision is to grow its business whilst decoupling its environmental impact from its growth. The Plan considers the reduction of greenhouse gas (GHG), water and waste impacts within manufacturing and beyond, across the value chain. It also aims to source all agricultural raw materials sustainably. Its environmental targets for GHG, water and waste are expressed on a ‘per consumer use’ basis - this means a single use, portion or serving of a product, such as the lifecycle impacts of one load of washing. Its 2016 performance is measured against a baseline of 2010. The company has achieved the following results: +8% Greenhouse Gas emissions across the Lifecycle, -28% waste associated with its products per consumer use and 51% of the agricultural raw materials sourced sustainably. With regard to manufacturing, the company has lowered CO2 emissions from energy (-43% per tonne of production), total waste sent for disposal (-96% per tonne of production) and water abstraction by -37% per tonne of production. The Plan focuses on: tackling climate change by halting deforestation, championing sustainable agriculture and food security, helping consumers use less water, less energy and recycle more, making manufacturing and distribution more eco-efficient, advocating public policy to tackle climate change. Finally, by 2020 the Company will enhance the livelihoods of millions of people as it grows its business. In 2016 it made steady progress across the three pillars of its Enhancing Livelihoods goal – Fairness in the Workplace, Opportunities for Women and Inclusive Business. The company continued to embed human rights focusing on 8 salient in its human rights report. 67% of procurement has been spent through suppliers meeting requirements of their Responsible Sourcing Policy and the company has rolled out the Fair Compensation Framework. 83,000
employees across 70 countries have been enrolled in their lamplighter health programme and safety performance has improved to 1.01 accidents per million hours worked. Finally, 920,000 women have been enabled to access various initiatives and 46% of managers are now female. The company enabled access to initiatives aiming to improve agricultural practises or increase incomes for 650,000 smallholder farmers and 1.5 million small-scale retailers. Three pillars of its Plan support its big goal to enhance livelihoods. The first pillar concerns driving fairness in the workplace by implementing the UN Guiding Principles on Business and Human Rights throughout the operations of the company and working with suppliers who commit to promote fundamental human rights. The second pillar consists of advancing opportunities for women by empowering 5 million women through opportunities in the operations of the company, promoting safety, providing up-skilling and expanding opportunities in the value chain. The last pillar concerns the development of inclusive business by improving the livelihoods of 500,000 smallholder farmers and the incomes of 5 million small-scale retailers, and by increasing the participation of young entrepreneurs in the value chain. In order to achieve these, the company recognises the need to work in its own operations, through its extended supply chain and distribution channels.

This information is from the following website and related web-pages:
https://www.unileverusa.com/sustainable-living/?gclid=Cj0KCQjw4eXPBRCTARISAdVoCy1EhRdyoemQpmzURIibUOvarKiAaLP94zZbOcTShStxJ38Cp0jSswaAsAYEALw_wcB&gclsrc=aw.ds

For more detailed information visit the website mentioned above and related web-pages.

**Fair Wage Network (FWN):** The decision to set up the Fair Wage Network was taken on the first Fair Wage conference, organized in Washington on October 26, 2009. The aim of this network is to regroup all the actors involved along the supply chain and present in the CSR arena who would be ready to commit themselves to work to promote better wage practices. The idea is to set up an interactive and dynamic process, involving NGOs, managers, workers’ representatives and researchers. This initiative is also aimed at ensuring the coherence needed in the wage area and helping to liaise the proposed fair wage approach in relation to all wage initiatives at international and national level. The aim is gradually to move up individual factories’ wage practices, in terms of the different elements that should be part of the ‘fair wage’ approach. In order to succeed, this process would require a step-by-step approach to overcome the possible difficulties involved in collecting information and avoiding a possible initial reluctance from the different stakeholders. Only by means of such a cooperative framework could the different stakeholders see the mutual benefits they could obtain from this collective approach. The Fair Wage Network represents a key step in incorporating wage issues within the CSR process. Its website provides with a [General Definition and an Extended Definition of Fair Wages](https://www.unileverusa.com/sustainable-living/?gclid=0J0KCIqjw4eXPBRCTARISAdVoCy1EhRdyoemQpmzURIibUOvarKiAaLP94zZbOcTShStxJ38Cp0jSswaAsAYEALw_wcB&gclsrc=aw.ds). The General definition refers to company practices that lead to sustainable wage developments. The Extended definition refers to “wage levels and wage-fixing mechanisms that provide a living wage floor for workers, while complying with national wage regulations, ensure proper wage adjustments and lead to balanced wage developments in the company”. The website also explores the 12 dimensions of Fair Wage including the aspects of a wage which is regularly and formally paid in full to the workers, that ensures minimum acceptable living standards, respects the minimum wage regulations and that is comparable to wages in similar enterprises in the same sector. The FWN website remarks that, besides a general willingness to address wage issues along the supply chain, a growing number of enterprises have asked for a full Fair Wage assessment process, which involves extensive interviews with managers and workers among their production units and suppliers, complemented by in-depth qualitative case studies. On the basis of such an assessment a full picture can be drawn of wage practices of suppliers and then of a brand’s production chain as a whole. The exercise is aimed at better identifying the performance of each supplier – and thus of the brand – on the twelve key dimensions identified in the Fair Wage approach. These
include wage levels and their ability to provide a living wage and a decent market wage, but also their regular adjustment – to reflect inflation and company performance. Other dimensions include pay systems and other wage practices at company level, for example, legal compliance and so on. A Fair Wage assessment was also carried out for ADIDAS in 2013, at 29 strategic suppliers in eight countries (China, Indonesia, the Philippines, Thailand, Vietnam, Brazil, El Salvador and Mexico, with 1,807 workers interviewed and also a series of in-depth case studies in four suppliers in the Philippines. With regard to its collaboration with the Fair Wage Network, the company made the following statement in 2012: “The Fair Wage Assessments have helped us improve the way we monitor compensation and pay issues. We have integrated the Fair Wage idea into our supplier training on Human Resources Management Systems. This has helped to clarify where gaps existed in monitoring and measuring wage performance and what sustainable remediation practices might look like. The Fair Wage model complements our initiatives promoting manufacturing excellence and responsible buying practices”. Fair Wage assessments have also been carried out in the food sector for UNILEVER in Vietnam, which later committed to adopt the Framework for Fair Compensation.

This information is from the following website and related web-pages:


For more detailed information visit the website mentioned above and related web-pages


**Responsible Sourcing Policy:** The Unilever Responsible Sourcing Policy has been developed in close collaboration with leading figures in responsible sourcing across industry, government and non-governmental organisations. It is based on twelve fundamental principles and is aligned with its business growth goals of reducing the environmental footprint of the company and increasing its social impact. Every aspect of this policy is focused on achieving and upholding these Fundamental Principles. The 12 principles are both the foundation and vision to achieve its responsible business ambitions. Only as its suppliers commit to these Principles both within their own business and across their extended supply chain, will Unilever be able to affect change. The Principles are not a Unilever ‘creation’. They are anchored in internationally recognised standards. Unilever endorses the UN Guiding Principles on Business and Human Rights and embeds them throughout its operations. In line with the Fundamental Principles, it bases its Human Rights commitment on the International Bill of Human Rights consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights; and the International Labour Organization’s fundamental conventions on Rights at Work. Unilever also supports the OECD Guidelines for Multinational Enterprises. Aligning with and incorporating the Fundamental Principles into operations is not an event, but a journey. The policy introduces a continuous improvement ladder that provides benchmarks for three performance levels, Mandatory Requirements, Good and Best Practices. The first stage is to implement the Mandatory Requirements. Mandatory requirements ensure that all suppliers who work with Unilever are grounded in the foundational elements of the Fundamental Principles. Progression up the ladder to Good Practice and achieving Best Practice and the subsequent cascading of the same principles throughout the supply chain will require a commitment to the vision of social responsibility. In the first section, the Policy describes the Mandatory Requirements for suppliers to establish and maintain a business relationship with Unilever. All suppliers who work with or for Unilever have to respect and confirm that all their activities comply with these Mandatory Requirements. The second section contains benchmarks relating to all the Fundamental Principles encompassed in this Responsible Sourcing Policy. They include criteria that are essential to meeting the
Mandatory Requirements and benchmarks the company expects its suppliers to achieve over a reasonable period of time in order to reach Good and ultimately Best Practice.

This information is from the following website:


For more detailed information visit the website mentioned above.

**Framework for Fair Compensation**: “Fair Compensation” means ensuring that the pay for employees is set at a level that is both fair and liveable, and providing equal pay for equal work. A Framework for Fair Compensation covers the overall compensation process. It provides a structured way for a company to outline how the various elements of its compensation packages deliver fair compensation to its employees. Unilever’s Framework for Fair Compensation covers its own direct employees. The Company also looks to extend the concept to the numerous organisations that supply materials, services or contingent labour through its Responsible Sourcing Policy. The Framework applies globally and has a number of over-arching principles, based on existing Unilever’s Fundamental Reward Principles and Policies, its commitments to Diversity and Inclusion, and to Free and Fair Representation. It now explicitly includes also a Liveable Wage commitment. The company has also referenced the work of the Fair Wage Network in developing the Framework. The application of the Framework is through the various compensation policies and procedures applicable in each country in which Unilever has employees. Unilever’s intent is to achieve full global compliance with its Framework principles by 2020 (or sooner) and it is establishing an internal process to monitor progress. Here are the over-arching principles and the relative fair compensation delivery:

1) Fair and Liveable compensation: Lowest grades of full-time employees in any country will receive at least fixed compensation (fixed cash amounts and fixed non-cash benefits) sufficient for their needs and provide some discretionary income (using a Living Wage comparison). Fixed compensation amounts will be achievable without need to work excessive hours (ex. overtime), or rely on any non-guaranteed compensation (ex. bonus). Part-time employee compensation based on the full-time fixed compensation pro-rated for hours worked.

2) Market-based compensation: Compensation will be market-based and fairly reflect an employee’s skill, education and experience. Fixed compensation amounts meet or exceed any legal minimum standards or appropriate prevailing industry standards. There will be a regular review of the compensation amounts.

3) No Discrimination in compensation: Equal compensation for equal work with no discrimination on the grounds of race, age, role, gender, colour, religion, country of origin, sexual orientation, marital status, dependants, disability, social class or political views.

4) Performance Focus compensation providing alignment to the business: Employees benefit from the improved performance of their local Unilever business through participation in appropriate business performance-linked bonus plans. Employees (where possible) will have the opportunity to take a financial interest in Unilever through acquiring shares.

5) Open and Explainable compensation: Employees have sufficient information to understand how their compensation package is calculated, what amounts to expect and how they will receive these amounts. Where its employees have chosen to be represented by Trade Unions, then the company will look to use collective bargaining as the primary mechanism for pay reviews to the extent appropriate. Where employees have chosen not to be represented then other appropriate mechanisms will be used. Answers always provided to any employee compensation queries. Employees receive their compensation regularly, in full and on time.
The over-arching principle to provide Fair and Liveable Wages requires to be aware of what is a credible Living Wage amount for each country in which the company has employees. In some countries, however, there are different Living Wage amounts quoted by different organisations and often based on different criteria. To overcome the issue of deciding what is the most appropriate amount to use, Unilever has contracted the Fair Wage Network, an independent recognised authority on fair and living wages, to provide a global solution. The Fair Wage Network has developed a global database containing all known Living Wage amounts for each country, along with summary details of the calculation basis for each Living Wage. To recognise there may be different dates when some country Living Wage amounts were developed, or that the amounts are based on different family unit sizes etc. the Fair Wage Network (without losing the core essence of the original Living Wage methodology) normalised these varying amounts using sophisticated calculations to:

a. A common date (updated each year reflecting inflation since the original amount was developed).

b. A standard family unit size (2 adults + 2 dependants).

c. The local currency (if the original amount was quoted such as US Dollars or Euros).

Then, based on these normalised amounts, the Fair Wage Network has developed a mean Living Wage amount for each country. Where any country region or city-level Living Wage amount is available, this data is also included in its database. The Fair Wage Network will update its database at least annually to reflect any changes to Living Wage levels for each country. Approved Unilever managers will be able to access the Fair Wage Network’s database through a secure online portal to identify the Living Wage amount (or mean amount) for their countries. The Fair Wage Network has guided the company that, for fair and liveable wage comparison purposes, it should compare the fixed compensation amount of its lowest grade of employee in a country to the Living Wage amount in its online database. This fixed compensation amount would typically include:

a. The employee’s contractual full time fixed cash pay.

b. Any fixed additional cash allowances.

c. The cash equivalent value of any fixed benefits provided (medical, food, accommodation, transport, etc.).

The last item reflects that most Living Wage methodologies assume employees have to fund medical care, accommodation, food etc. themselves, therefore if Unilever provides these as benefits it is fair to include a cash equivalent value in the fixed compensation amount. Overtime and bonus amounts are not included in any fixed compensation comparisons as these are neither fixed nor guaranteed. Long-term benefits, such as pensions, are not a source of current liveable income so the cash equivalent value of these is also not included in fixed compensation.

This information is from the following website:


For more detailed information visit the website mentioned above.

The Malawi Tea Programme 2020: The Malawi 2020 Tea programme aims to improve the competitiveness of the Malawian Tea sector where workers earn a living wage and smallholders are thriving. The companies all along the tea value chain support the programme. Tea producers are part of the programme through the Tea Association of Malawi (TAML). The main buyers of Malawi tea, tea traders, packers as well as retailers are involved together with the main certification schemes, civil society actors and trade unions in the sector. The government of Malawi also endorses this partnership. The multi-stakeholder
nature of the programme demonstrates the commitment of all supply chain actors, civil society, government and unions to work together to ensure a profitable future for Malawian tea growers and improved livelihoods for workers and their families. This type of collaboration is a first for the tea industry anywhere in the world. The 2016 report shows that significant progress has been made in areas such as improved worker nutrition, a very first Collective Bargaining Agreement between TAML and the Plantations Union, and an increase in Farmer Field Schools. Studies into sustainable procurement practices, industry risk management and improved HR policies have been undertaken and capacity building of union representatives, estate management and small farmers has been continuous during the year. Despite the good progress with many activities, momentum has to increase in other areas. An updated living wage benchmark has to be agreed by all stakeholders, the living income study needs to be completed, and strengthened TAML HR policies, particularly for women workers and housing, need urgent implementation. The experience has also provided useful lessons on how stakeholders can work together and the Steering Committee is looking at ways to further improve collaboration and programme governance.

This information is from the following websites:

http://www.malawitea2020.com/

For more detailed information visit the websites mentioned above.

Human Rights Report (2015): The report outlines Unilever’s goal not only to respect Human Rights but to actively advance them across all areas of its business. It documents areas where the company has taken significant steps forward, and assesses some of the challenges ahead. Paul Polman, CEO, Unilever said: “Business can only flourish in societies in which human rights are respected, upheld and advanced. People are our greatest asset, and empowering them across our supply chain is not only the right thing to do, but also ensures a sustainable future for the business. As we look ahead to the agreement of the UN Sustainable Development Goals in September and to the prospect of a global climate agreement in Paris at the end of the year, it is a fitting time to open an honest discussion about human rights. The effects of climate change threaten us all, with expected impacts hitting the poorest people and communities the hardest. They are often also those most at risk from negative human rights impacts. It is no longer enough for business to merely respect human rights. Our role must be far more active to ensure we succeed in our commitment.” In 2014, Unilever formalized its commitment to respecting human rights as part of the Unilever Sustainable Living Plan [USLP], the company’s blueprint for sustainable and responsible business. Part of that commitment was to report publicly on human rights. Unilever became the first company to adopt the UN Guiding Principles Reporting Framework; the world’s first comprehensive guidance for businesses to report on how they are implementing the UN Guiding Principles on Business and Human Rights. Unilever also became the first company to produce a detailed, stand-alone report using the Framework in 2015. Marcela Manubens, Global Vice President, Social Impact, Unilever said: “Our ambition is to embed the promotion of human rights into every function, every role, and every corner of our organization. We have 172 000 employees, 76 000 suppliers and sales in more than 190 countries across the globe, with varying cultural norms and socio-economic challenges. We will know that we have been successful when all of these 172 000 people around the world understand what this agenda means in their job, and are empowered into action. We have a long way to go and we cannot do this alone - but being honest about the challenge we face is crucial to making progress.” The report highlights key areas of progress, including Unilever’s work to empower women, its progress in the fight against sexual harassment, and addressing health and safety issues across the supply chain. It also describes key areas of focus for the future, which include addressing human
rights issues beyond first-tier suppliers, working conditions for migrant labor, and continuing to collaborate with other organizations in order to influence systemic change. Looking ahead, Unilever is committed to building frameworks for improved data collection, verification and analysis, which will feed into the company’s future reports.

This information is from the following website:


For more detailed information visit the following website:


**Vision Zero:** With a vision of zero fatalities and workplace injuries, safety is non-negotiable across Unilever’s business. The Company is relentless in improving safety through visible leadership, the positive behavior of our people, the design of its plants, facilities and products, and by implementing safe systems and procedures. Unilever’s Vision Zero strategy means zero: fatalities; injuries; motor vehicle accidents; process incidents; tolerance of unsafe behaviour and practices. Its focus on safety also supports Unilever’s growth ambition, recognizing that sustainable growth is only achieved if it also grows responsibly – protecting not only its own employees, but also the people and communities in which the company operates. Unilever’s safety mission is: “Through authentic leadership, to build an interdependent safety culture that protects the well-being of our employees, visitors, contractors and assets, and delivers on responsible growth.” The Company has achieved our Unilever Sustainable Living Plan 2020 target for the reduction of workplace injuries and accidents in 2013, seven years ahead of schedule. It has maintained this level of safety excellence, with the exception of 2015, where it saw a downward trend. Unilever has since refocused its efforts and exceeded its target once more in 2016.

This information is from the following website:


For more detailed information visit the website mentioned above and related webpages

**Palm Oil Sourcing Policy:** To achieve its goal to eliminate deforestation from its supply chains and reach 100% physically certified sustainable palm oil by 2019, Unilever needs to ensure that its own purchases are fully traceable and certified sustainable as committed in our Sustainable Palm Oil Sourcing Policy. The company first launched its policy in 2013 and refreshed it in 2016 with stronger commitments to human rights, smallholder inclusion and traceability implementation. Being open and transparent about the progress made as a company and ultimately as an industry is key to a more sustainable business model for palm oil production and trade. The company has put in place a time-bound implementation plan to achieve its goal of only sourcing physically certified sustainable palm oil by 2019. It regularly publishes its progress towards achieving its sustainable palm oil sourcing targets. For its core volumes in 2016, it achieved 41% or 573,000 tons. Core volumes exclude derivatives of palm fatty acid distillates (which are by-products of the refining process), tail ingredients and materials processed by third-party manufacturers. Physically certified palm oil is sustainable palm oil certified through either the RSPO Mass Balance or Segregated certification standards or an equivalent standard that is independently verified by a third party. These options contribute to the protection of forests and enhance the livelihoods of farmers and local communities on the ground. Unilever is working toward greater visibility of the mills where its palm oil is processed (it currently has visibility of
approximately 1,300 mills). Mill locations are an important indicator of where palm fruit is processed and therefore tell more about where palm plantations are located. Unilever has partnered with the World Resources Institute (WRI) on the PALM Risk Tool which helped better understand the potential risks related to the location of the mills where its palm oil originates. This helps assess where action on the ground is needed to ensure it stops deforestation and encourage sustainable agricultural practices. The initial results from the PALM Risk Tool pilot in 2016 are a first indication of areas that may pose a deforestation risk. Unilever is working with WRI and Daemeter on a more detailed analysis of the identified mills – this work includes research on forest cover, peat lands and fires. A risk index is applied against five environmental factors: (i) fire severity, (ii) extent of forest, (iii) recent deforestation, (iv) peat, and (v) overall risk across these factors based on mill data generated from the Global Forest Watch Commodities platform. At present, there is no standardized method of measuring social risks (For more information, visit the Global Forest Watch Blog). The majority of the palm oil Unilever buys is grown in Malaysia and Indonesia – the biggest producing countries worldwide. Smallholder farmers play an important role in palm oil production – they represent 40% of all palm oil production in South East Asia. The company aims to support 25,000 smallholder farmers by sourcing directly from independent smallholders and working with NGO partners to help smallholders adopt sustainable management and agricultural practices. An example of its work in this area is the three-year Memorandum of Understanding signed in 2016 with the provincial government of Central Kalimantan, district government of Kotawaringin Barat, and Yayasan Penelitian Inovasi Bumi (INOBU). This is to support a jurisdictional approach for sustainable palm oil at village level which will initially impact around 600 independent smallholder farmers on around 1,400 hectares of land. Its key implementation partners are: Daemeter, IDH, Institut Penelitian Inovasi Bumi (INOBU), Proforest, UTZ Certified, World Resources Institute (WRI). Unilever believes initiatives with key stakeholders are essential to drive transformational change in the palm oil industry.

This information is from the following website:


For more detailed information visit the following websites:


The Roundtable on Sustainable Palm Oil Rights (RSPO): RSPO is a not-for-profit that unites stakeholders from the 7 sectors of the palm oil industry: oil palm producers, processors or traders, consumer goods manufacturers, retailers, banks/investors, and environmental and social non-governmental organizations (NGOs), to develop and implement global standards for sustainable palm oil. The RSPO has developed a set of environmental and social criteria which companies must comply with in order to produce Certified Sustainable Palm Oil (CSPO). When they are properly applied, these criteria can help to minimize the negative impact of palm oil cultivation on the environment and communities in palm oil-producing regions. The RSPO has more than 3,000 members worldwide who represent all links along the palm oil supply chain. They have committed to produce, source and/or use sustainable palm oil certified by the RSPO.

This information is from the following website:

https://www.rspo.org/about
For more detailed information visit the following website:

https://www.rspo.org/

The WASH at the workplace Pledge: The WBCSD Pledge for Access to Safe Water, Sanitation and Hygiene (WASH) at the Workplace is an opportunity for companies to contribute concretely to the implementation of SDG 6, while at the same time ensuring that they provide international best practice on WASH. By signing the WASH Pledge, companies commit to implementing access to safe water, sanitation and hygiene at the workplace at an appropriate level of standard for all employees in all premises under their control within three years of signature. The WBCSD WASH Pledge implementation support materials outline what international best practice on WASH at the workplace represents, provide advocacy materials as well as guidance on implementation. One third of the world’s population is without access to a safe toilet, 10% of the world’s population does not have access to safe drinking water, and 1 in every 8 people practice open defecation. Conversely, every USD 1 invested in water and sanitation yields a return of USD 4.3, through increased worker productivity and reduced absenteeism. By signing the WASH Pledge, companies:

Demonstrate leadership by joining WBCSD members in setting a higher standard for the health and safety of company employees

Generate impact by contributing to the implementation of the SDGs

Reap business benefits by investing in a healthier and more productive workforce and strengthening their social license to operate

This information is from the following website:

http://www.wbcsd.org/Clusters/Water/WASH-access-to-water-sanitation-and-hygiene/WASH-at-the-workplace-Pledge

For more detailed information visit the website mentioned above and related web-pages.

WASH4Work initiative: On World Water Day, 2016, a diverse group of stakeholders from the public and private sectors joined together to launch the WASH4Work initiative to mobilize business to improve access to water, sanitation and hygiene (WASH) in the workplace, in the communities where workers live, and across supply chains. The initiative, a response to the UN Deputy Secretary-General’s “Call to Action on Sanitation”, will enable partners to align, coordinate, and expand existing efforts in this area, while serving as a means for greater private sector engagement in efforts to achieve the new Sustainable Development Goals. Collaboration via WASH4Work will help to improve health outcomes, stimulate economies, contribute to business growth, and help people realize their human rights to water and sanitation. Building upon existing initiatives, WASH4Work partners will develop tools and resources to support the mobilization of:

1) businesses to act,

2) governments to create policies and regulatory frameworks which facilitate business action,

3) the public and civil society to support business action on WASH and ensure accountability.

WASH4Work Partners will work in the following areas: evidence gathering and solution creation, global and national advocacy and enable and monitor business action.

WASH4Work partners will further WASH along the following dimensions:
WASH in the Workplace: Ensuring that workers have access to and can use safe drinking water, improved sanitation and adequate hygiene to meet their health, safety, and dignity needs.

WASH across Supply Chains: Encouraging businesses to require suppliers to implement equitable and adequate WASH solutions in the workplace and to work with suppliers to manage impacts on communities throughout the suppliers’ operations.

WASH in the Community: Ensuring business operations do not negatively impact WASH in the surrounding community and supporting workers’ access and use of safe drinking water, improved sanitation, and adequate hygiene at home.

This information is from the following website:
https://wash4work.org/about/

For more detailed information visit the following website:
https://wash4work.org/

The Forest Peoples Programme: FPP supports forest peoples and indigenous organizations to promote an alternative vision of how forests should be managed and controlled, based on respect for the rights of the peoples who know them best. Forests are owned and controlled by forest peoples in ways that ensure sustainable livelihoods, equity and well-being based on respect for their rights, knowledge, cultures and identities. Forest Peoples Programme supports the rights of peoples who live in forests and depend on them for their livelihoods. It works to create political space for forest peoples to secure their rights, control their lands and decide their own futures. It supports and advances the exercise of self-determination by indigenous and forest peoples by strengthening community governance, mobilization and representation and aims at creating and facilitating the use of political spaces where indigenous and forest peoples’ voices can be heard. It seeks to ensure access to justice by developing and using accountability and redress mechanisms in both public and private institutions that are directly accessible to indigenous and forest peoples and their communities. It partners advocacy towards legal and policy reform and the development of best practice and standards consistent with indigenous and forest peoples’ rights in international law. It engages in networking, sharing information and building solidarity for coordinated action among a wide range of actors. Forest Peoples Programme (FPP) was founded in 1990 in response to the forest crisis, specifically to support indigenous forest peoples’ struggles to defend their lands and livelihoods. It registered as a non-governmental human rights Dutch Stichting in 1997, and then later, in 2000, as a UK charity, No. 1082158 and a company limited by guarantee (England & Wales) Reg. No. 3868836, with a registered office in the UK and an administrative office in the Netherlands. FPP’s focus, in the beginning, came from the expertise and relationships that the small founding team had with specific communities, primarily in the Guyanas and in South and South East Asia. Forest Peoples Programme has grown into a respected and successful organization that now operates right around the tropical forest belt where it serves to bridge the gap between policy makers and forest peoples. Through advocacy, practical projects and capacity building, FPP supports forest peoples to deal directly with the outside powers, regionally, nationally, and internationally that shape their lives and futures. Forest Peoples Programme has contributed to, and continues supporting, the growing indigenous peoples' movement whose voice is gaining influence and attention on the world-wide stage.

This information is from the following website:
http://www.forestpeoples.org/en/about

For more detailed information visit the following website:
Annex 2

**Code of Conduct and Responsible Practices:** Inditex’s “Code of Conduct and Responsible Practices” (hereinafter, the “Code”) is the updated and consolidated version in a single document of two codes: the “Internal Code of Conduct” and the “Internal Guidelines for Responsible Practices”, which were approved by the Board of Directors of Inditex, S.A. in 2001 and 2006, respectively. The Code provides the action lines which must be followed by the Inditex Group (hereinafter, “Inditex” or the “Company”) and its employees in the performance of their professional duties. The goal of this Code consists of exacting an ethical and responsible professional conduct from Inditex and its entire workforce in the conduct of their business anywhere in the world, as a gist of its corporate culture upon which the training and the personal and professional career of its employees is based. For such purposes, the principles and values which shall govern the relationship between Inditex and its stakeholders (employees, customers, shareholders, business partners, suppliers and the societies where its business model is implemented) are defined. Therefore, the Code:

1) Allows gaining awareness and enforcing Inditex’s business culture, deeply rooted in respecting human and labour rights and in the effective inclusion within the company of the whole group of employees, respecting their diversity.

2) Lays down the principle of due diligence regarding the prevention, detection and removal of irregular conducts, regardless of their nature, including, among others, risks review, definition of liabilities, training of employees and, where appropriate, of third parties linked to the company, and procedures standardization, namely to give notice and to immediately remove irregular conducts.

3) The Code takes into account the principle of criminal liability of legal persons, addressed in the legal system of different jurisdictions where Inditex operates, and prevents and forbids the existence of any behaviour which may entail that the company is deemed to be liable, from its legal representatives, directors, employees or any other party under the authority of any staff member.

The Code applies to all the companies which form Inditex and it is binding for their whole staff, regardless of the office they hold and the duties they perform. The enforcement of the Code, in full or in part, may extend to any physical and/or natural person linked to Inditex, where this is expedient to achieve its goal and possible, given the nature of the relationship. Notice of this Code shall be given in person to all the Directors, Officers and any other person representing Inditex, where the type of relationship with the company so requires, and they shall undertake in writing to abide by it. Likewise, this obligation to enforce the Code shall be expressly provided in the employment agreements entered into with the employees, who will receive a copy of the Code upon joining the company. The exemption from the obligation for specific cases duly evidenced may be authorized by the Committee of Ethics exclusively, which shall report such fact, as soon as possible, to the Audit and Control Committee. The Code of Conduct is defined as an ethical commitment that includes basic principles and standards for the proper development of the relations between INDITEX and its principle stakeholders wherever it carries out its business activities. The Code is based upon the following principles:

1) All the operations of the Inditex Group shall be developed under an ethical and responsible perspective.
2) Compliance with laws and regulations of each country.
3) The conduct of Inditex’s employees shall follow in letter and spirit the provisions of this Code of Conduct and Responsible Practices.

4) All persons, whether natural or legal, who maintain, directly or indirectly, any kind of professional, economic, social or industrial relationships with Inditex shall be treated in a fair and honourable manner.

5) All the activities of Inditex shall be carried out in the manner that most respects the environment, promoting biodiversity preservation and sustainable management of natural resources.

The Inditex Group does not employ anyone who has not reached the age of 16. No one who is employed at Inditex shall be discriminated against because of their race, physical disability, illness, religion, sexual orientation, political views, age, nationality or gender. Inditex forbids any manner of physical, sexual, psychological or verbal harassment or abuse to its employees, as well as any other behaviour which may create an intimidating, offensive or hostile environment. The employees of Inditex have their right recognised to associate or organise themselves or to bargain collectively. Working hours and overtime shall not exceed the statutory limit set forth in the laws and regulations of each country. Overtime shall always be voluntary and paid according to law. Inditex’s employees are paid wages in accordance with the duties performed, always respecting the agreements of each sector in each country. All Inditex’s employees perform their work in safe and healthy workplaces. Customers Inditex undertakes to offer to all its customers a high standard of excellence, quality and safety in all its products, and to have a smooth and transparent communication with them. Such products shall be manufactured in an ethical and responsible manner. Shareholders Inditex will perform its activity pursuant to the social interest, it being understood as the feasibility and maximization of the company’s value in the long run in the common interest of all the shareholders. Business partners Inditex’s business partners are bound to comply with the contents of this Code. Suppliers Manufacturers which produce the goods sold by Inditex are bound to comply with the Code of Conduct for Manufacturers and Suppliers and with this Code, as applicable. The remaining suppliers of goods and services for Inditex shall comply with both Codes, as applicable to them. Likewise, they shall allow any monitoring by Inditex or any authorised third parties, to verify such compliance. Society Inditex undertakes to collaborate with the local, national and international communities where it operates.

This information is from the following website:

https://www.inditex.com/documents/10279/241587/Code+of+Conduct+and+Responsible+Practices/aa0ee7c0-74b5-4f8d-a210-5581678919fe)

For more detailed information visit the website mentioned above.

Global Compact’s ten principles: Corporate sustainability starts with a company’s value system and a principled approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another. By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success. The Ten Principles of the United Nations Global Compact are derived from: The Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

Human Rights
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.

Labour
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and

Environment
Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

This information is from the following website:
https://www.unglobalcompact.org/what-is-gc/mission/principles
For more detailed information visit the website mentioned above and related webpages.

Inditex’s Strategic Plan 2014-2018: The Strategic Plan for a Stable and Sustainable Supply Chain 2014-2018 includes identifying and properly knowing suppliers and manufacturers, performing exhaustive assessments and helping them to improve and optimize the social and working conditions of their employees, thus ensuring their sustainability and adjustment to the standards required by Inditex, creating stable and long-term business relations.

This information is from the following website:
For more detailed information visit the website mentioned above.

View also the Annual Report 2014 (pages 41-42 in particular):

View also the Annual Report 2015 (pages 38-39 in particular):
**IndustriALL Global Union:** IndustriALL Global Union represents 50 million workers in 140 countries in the mining, energy and manufacturing sectors and is a force in global solidarity taking up the fight for better working conditions and trade union rights around the world. It challenges the power of multinational companies, negotiates with them on a global level and fights for another model of globalization and a new economic and social model that puts people first, based on democracy and social justice. It strives to build stronger unions, organize and increase union membership, fight for trade union rights and against precarious work (including contract and agency labour), build union power to confront global capital, promote industrial policy, sustainability, social justice and globalization, increase Women’s participation and improve democracy and inclusiveness. Founded on 19 June 2012, the organization brings together affiliates of the former global union federations: International Metalworkers’ Federation (IMF), International Federation of Chemical, Energy, Mine and General Workers’ Unions (ICEM) and International Textiles Garment and Leather Workers’ Federation (ITGLWF). IndustriALL Global Union represents workers in a wide range of sectors from extraction of oil and gas, mining, generation and distribution of electric power, to manufacturing of metals and metal products, shipbuilding, automotive, aerospace, mechanical engineering, electronics, chemicals, rubber, pulp and paper, building materials, textiles, garments, leather and footwear and environmental services.

This information is from the following website:

[http://www.industriall-union.org/about-us](http://www.industriall-union.org/about-us)

For more detailed information visit the following website and related web-pages:


**Global Framework Agreement (GFA):** The Global Framework Agreement (GFA) with Inditex is designed to promote decent work across the group’s vast supply chain, covering over a million workers in more than 6,000 supplier factories worldwide. This ground-breaking agreement, which was renewed in 2014, is the first of its kind to cover a retail supply chain. It underlines that freedom of association and the right to bargain collectively play a central role in a sustainable supply chain because they provide workers with the mechanisms to monitor and enforce their rights at work. Under the GFA, which was originally signed with IndustriALL’s predecessor the International Textile, Garment and Leather Workers’ Federation in 2007, Inditex recognizes IndustriALL as its global trade union counterpart. Both parties undertake to collaborate to ensure the sustainable and long-term observance of all international labour standards across Inditex’s operations, including its suppliers. Inditex’s Code of Conduct for External Manufacturers and Suppliers underpins the agreement, which outlaws forced labour, child labour, discrimination and harsh and inhumane treatment throughout the Inditex supply chain. It provides for the payment of a living wage for a standard workweek, limitations on working hours, healthy and safe workplaces, regular employment and environmental awareness. The terms of the agreement apply equally to direct suppliers, contractors and subcontractors including homeworkers. No subcontracting is allowed without the prior written consent of Inditex and suppliers allowed to subcontract will be responsible for subcontractor compliance. Recognizing the role of organized labour and collective bargaining, Inditex and IndustriALL will keep constantly under review developments in this area in the Inditex supply chain and will co-operate in finding solutions where problems are detected, including collaborating on training programmes for management and workers. To facilitate this ongoing review, Inditex will provide IndustriALL with relevant information on its supply chain and both Inditex and IndustriALL will jointly develop training policies and programmes to drive compliance. The application of the agreement will be reviewed annually by a six-person group drawn jointly from Inditex and IndustriALL.

This information is from the following website:
Code of Conduct for Manufacturers and Suppliers: The Code defines minimum standards of ethical and responsible behaviour, which must be met by the manufacturers and suppliers of the products commercialized by Inditex in the course of its business, in line with the corporate culture of Inditex Group, firmly based on the respect for Human and Labour Rights. Inditex undertakes to allocate the appropriate resources so that manufacturers and suppliers are acquainted with, understand this Code, and are able to ensure its compliance. The Code shall be applied to all manufacturers and suppliers that take part in the purchasing, manufacturing and finishing processes, fosters and is based upon the following general principles that define Inditex’s ethical behaviour:

1) All Inditex’s operations are developed under an ethical and responsible perspective.
2) All persons, individuals or entities, who maintain, directly or indirectly, any kind of employment, economic, social and/or industrial relationship with Inditex, are treated fairly and with dignity.
3) All Inditex’s activities are carried out in a manner that most respects the environment.
4) All manufacturers and suppliers (production centres that are not property of Inditex) fully adhere to these commitments and undertake to ensure that the standards which are set forth in the Code are met.

Action, Collaboration, and Transformation (ACT): ACT is a ground-breaking agreement between global brands, retailers and trade unions to transform the garment and textile industry and achieve living wages for workers through industry-wide collective bargaining linked to purchasing practices. Industry-wide collective bargaining means that workers in the garment and textile industry within a country can negotiate their wages under the same conditions, regardless of the factory they work in, and the retailers and brands they produce for. With regard to purchasing practices, it means that payment of the negotiated wage is supported and enabled by the terms of contracts with global brands and retailers. ACT is the first global commitment on living wages in the sector that provides a framework through which all relevant actors, including brands and retailers, trade unions, manufacturers, and governments, can exercise their responsibility and role in achieving living wages. ACT members have agreed the following principles:

- A joint approach is needed where all participants in global supply chains assume their respective responsibilities in achieving freedom of association, collective bargaining and living wages.
- The agreement on a living wage should be reached through collective bargaining between employers and workers and their representatives, at national industry level.
- Workers must be free and able to exercise their right to organize and bargain collectively in accordance with ILO Conventions.

In most garment and textile producing countries, workers’ wages are currently set well below what could be considered a living wage. There is increasing awareness that retailers and brands acting alone cannot achieve
raising wages of workers in the textile and garment supply chain to a living wage. Minimum wage mechanisms have proven to be insufficient in raising wages to a living wage standard. ACT works to establish industry-wide collective bargaining agreements that build upon the minimum wage mechanism, enabling living wages to be achieved, negotiated by workers and manufacturers together. The role of purchasing practices has been recognized as essential to achieving living wages. ACT members shall ensure that their respective purchasing practices facilitate the payment of a living wage. It will establish programs in garment and textile producing countries to initiate and support negotiation between national representatives of manufacturers, such as employer organisations, and trade unions, towards industry-wide collective bargaining agreements. Such agreements are legally binding and enforceable for the signatory parties, and can be extended to the whole industry within that country, and as such covering every worker within it. ACT programs will be based on a consultative process to build support among manufacturers, trade unions and governments. They will include capacity-building to support the negotiations between manufacturers and trade unions as well as cooperation with the International Labour Organisation (ILO) and development cooperation organisations to provide the necessary technical assistance. ACT members have also importantly committed to ensure that their respective purchasing practices facilitate the payment of a living wage.

ACT shall develop mechanisms to link purchasing practices to industry-wide collective bargaining, enabling manufacturers to meet the terms of the agreements on wages and working conditions that are negotiated. At the same time, ACT shall work with manufacturers in countries to develop and implement improvements to manufacturing standards and systems, such as efficient human resources and wage management systems, stimulating accelerated growth in productivity and industrial upgrading, recognising also that business security and commitment to production countries and manufacturers are a key enabler for paying living wages.

A living wage is the minimum income necessary for a worker to meet the basic needs of themselves and their family, including some discretionary income. This should be earned during legal working hour limits, and should not include overtime. ACT members abide by the principle that employers, workers, and their representatives should reach agreement on a living wage through industry-wide collective bargaining. This means that the negotiated wage will differ according to national contexts, and will reflect the needs of workers and employers, rather than any particular external benchmarks. ACT global brands and retailers will work with their manufacturers and IndustriALL will work with its affiliated unions in target countries to bring them together to negotiate towards a living wage. To reach living wages ACT aims to deliver a mechanism that is achievable, functional, scalable, and is legally recognised and enforceable.

This information is from the following website:

https://actonlivingwages.com/fact-sheet/

For more detailed information visit the following website and related webpages:

https://actonlivingwages.com/

**Inditex’s Annual Report 2015:** Inditex’s Annual Report 2015 has been conceived as an Integrated Report, in order to inform the stakeholders of how Inditex creates value in the short, mid and long-term. With the aim of conveying this information in a transparent, truthful, relevant and detailed way, the Group includes the best practices in reporting and complement this information in our corporate webpage. This Annual Report has been drafted based on the principles of the United Nations Global Compaq and the guidelines and principles of the G4 Global Reporting Initiative and the International Framework as well as those principles standards included in AA1000 APS (2008) norm for Accountability. According to these criteria, the report presents all the issues that have an economic, social and environmental impact relevant to Inditex,
since they can substantially influence the evaluation and decision making of stakeholders. These issues are identified and evaluated from a materiality process that involves the main stakeholders. Inditex’s Annual Report has been verified by SGS ICS Ibérica, SA, in accordance with ISO 19011 and in line with the principles established in the G4 Guide to Sustainability Reporting of the Global Reporting Initiative, the principles established in the International Integrated Reporting Framework, and AA1000 Accountability Principles Standard 2008 (AA1000APS). Equally, a selection of relevant indicators was reviewed by KPMG Asesores in accordance with standard ISAE 3000. This selection of indicators was produced based on Inditex’s annual materiality analysis, carried out in conjunction with stakeholders. The results of this verification demonstrate that the application level (In Accordance – Exhaustive) declared for the GRI Guide (G4) is appropriate.

This information is from the following website:


For more detailed information visit the following website:


Inditex’s Annual Report 2014: This Annual Report has been drafted based on the principles of the United Nations Global Compact and the guidelines and principles of the G4 Global Reporting Initiative and the International Framework as well as those principles standards included in AA1000 APS (2008) norm for Accountability. According to these criteria, the report presents all the issues that have an economic, social and environmental impact relevant to Inditex, since they can substantially influence the evaluation and decision making of stakeholders. These issues are identified and evaluated from a materiality process that involves the main stakeholders. Our Annual Report has been conceived as an Integrated Report, in order to inform our stakeholders of how Inditex creates value in the short, mid and long-term. With the aim of conveying this information in a transparent, truthful, relevant and detailed way, we include the best practices in reporting and complement this information in our corporate webpage. Inditex’s Annual Report has been verified by SGS ICS Ibérica, SA, in accordance with ISO 19011 and in line with the principles established in the G4 Guide to Sustainability Reporting of the Global Reporting Initiative, the principles established in the International Integrated Reporting Framework, and AA1000 Accountability Principles Standard 2008 (AA1000APS). Equally, a selection of relevant indicators was reviewed by KPMG Asesores in accordance with standard ISAE 3000. This selection of indicators was produced based on Inditex’s annual materiality analysis, carried out in conjunction with stakeholders. The results of this verification demonstrate that the application level (In Accordance – Exhaustive) declared for the GRI Guide (G4) is appropriate.

This information is from the following website:


For more detailed information visit the following website:


Better Work and Better Factories: Better Work – a collaboration between the United Nation’s International Labour Organization (ILO) and the International Finance Corporation (IFC), a member of the World Bank Group – is a comprehensive programme bringing together all levels of the garment industry to improve working conditions and respect of labour rights for workers, and boost the competitiveness of apparel
As a result of their participation with Better Work, factories have steadily improved compliance with ILO core labour standards and national legislation covering compensation, contracts, occupational safety and health and working time. This has significantly improved working conditions and, at the same time enhanced factories’ productivity and profitability. Currently, the programme is active in 1,450 factories employing more than 1.9 million workers in seven countries. As well as advising factories, Better Work collaborates with governments to improve labour laws, and with brands to ensure progress is sustained. We also advise unions on how to give workers a greater say in their lives, and work with donors to help achieve their broader development goals. Its vision is a global garment industry that lifts millions of people out of poverty by providing decent work, empowering women, driving business competitiveness and promoting inclusive economic growth.

This information is from the following website:
https://betterwork.org/about-us/the-programme/

For more detailed information visit the following website:
https://betterwork.org/

Since 2001, Better Factories Cambodia has joined with workers, employers and government to improve working conditions and boost the competitiveness of the garment industry. Originally, the project was linked to an innovative trade agreement with the United States that provided market access in return for improving working conditions in the garment sector. After the expiration of the trade agreement in 2004, the Cambodian Government, together with unions and employers, requested that the ILO set up a sustainability strategy to turn Better Factories Cambodia into a self-financing local institution. The ILO teamed up with the IFC to design and implement this strategy. The first programme of its kind, BFC pioneered a unique approach to drive change that has inspired the establishment of the Better Work programme in seven other countries. With a current coverage of over 550 factories and 550,000 workers, BFC has helped to spur improvements in factory working conditions and workplace environment across the industry. In Cambodia, the garment industry is a key provider of jobs that help to improve livelihoods of workers and their families. In 2015, it employed more than 650,000 workers and accounted for USD 6.28 billion, or roughly 80%, of Cambodia’s total export revenue. The total exports of the garment and footwear sector reached USD 6.3 billion in 2015, representing 7.6% growth over 2014. Researchers from Tufts University studied data collected from 2001 to 2010 on Better Factories Cambodia, and found that significant progress has been made during this period, with potential for further improvements. Here are some of their findings: Factories subscribed with BFC consistently increase compliance with ILO core labour standards and national labour law in the Cambodian apparel sector. By the fourth BFC assessment visit, average compliance rates range from a low of 52% to a high of 95%, with the mass of the distribution between 75% and 95% compliance. As compliance improves, workers’ income also increases. Cambodian households that include one garment worker earn 36.3% more than the national average income for similar households with no garment worker(s). There is also a significant gender dimension in the payment of wages in the Cambodian apparel sector. In 1996, women workers earned nearly 40% less than men. In 2007, the gender wage gap had decreased to 17%. This reduction is correlated to the growth in apparel exports witnessed since BFC started.

This information is from the following website:
https://betterwork.org/where-we-work/cambodia/bfc-programme/

For more detailed information visit the following website and related web-pages:
http://betterfactories.org/
**Ethical Trading Initiative (ETI):** The Ethical Trading Initiative (ETI) is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. Its vision is a world where all workers are free from exploitation and discrimination, and enjoy conditions of freedom, security and equity. Ethical trade means that retailers, brands and their suppliers take responsibility for improving the working conditions of the people who make the products they sell. Most of these workers are employed by supplier companies around the world, many of them based in poor countries where laws designed to protect workers' rights are inadequate or not enforced. Companies with a commitment to ethical trade adopt a code of labour practice that they expect all their suppliers to work towards. Such codes address issues like wages, hours of work, health and safety and the right to join free trade unions. Doing ethical trade is much harder than it sounds. Modern supply chains are vast, complex and span the globe. Labour issues are themselves challenging. For example, what exactly is 'a living wage'? What should a company do if it finds children working in a supplier's worksite? Evicting children from the workplace can, paradoxically, make their lives worse. ETI brings corporate, trade union and voluntary sector members together in a unique alliance that allows to collectively tackle many thorny issues that cannot be addressed by individual companies working alone.

This information is from the following website:

https://www.ethicaltrade.org/about-eti

For more detailed information visit the following website:

https://www.ethicaltrade.org/

**The Sustainable Apparel Coalition (SAC):**

For detailed information visit the website: https://apparelcoalition.org/the-sac/.

**The Better Cotton Initiative (BCI):**

For detailed Information visit the website: https://bettercotton.org/about-bci/who-we-are/.

**Enterprise Risk Management Policy:** Risks management in the Inditex Group is a process driven by the Board of Directors and the Senior Management, incumbent on each and every single member of the Organization, which seeks to provide reasonable safety in the achievement of the targets established by the Group, ensuring the shareholders, other stakeholders and the market in general, an appropriate level of guarantee which ensures protection of value built. In this context, the Enterprise Risks Management Policy of the Group sets the overarching principles, key risk factors and the general action lines to manage and control the risks which affect the Group. This Policy is enforced on the whole Group and is at the basis of an Integral Risks Management System which is currently being implemented at corporate level and within key business areas. The Enterprise Risks Management Policy is developed and supplemented by specific internal policies or regulations with regard to certain areas or units of the Group. Among the internal policies or regulations developed and implemented by these areas regarding the management of the different types of risks, the following should be pointed out:

- Investment Policy.
- External Financing Policy.
Payment Management Policy.
Code of Conduct and Responsible Practices.
Internal Regulations of Conduct of the Inditex Group regarding Transactions in Securities.
Corporate Social Responsibility Policy.
Code of Conduct for Manufacturers and Suppliers.
Occupational Hazards Policy.
Environmental Sustainability Policy.
Information Security Policy
Procurement Policy
Tax Policy and Tax Strategy

The risk management process is described in detail in the Risks Management Manual attached to the Enterprise Risk Management Policy. The whole process is based upon the identification and assessment of the factors which may have a negative impact on achievement of the business objectives, which translates into a risks map that includes the main risks which are classified in different groups, together with an assessment thereof based upon their potential impact, the likelihood of their occurrence and the level of preparedness of the Group to face up to them. The risks map is regularly reviewed to keep it updated, in order to include amendments related to the evolution of the Group itself and the environment where it operates. This risks management process also addresses a certain response vis-à-vis such factors, and the establishment of the control measures which are necessary for such response to be effective. Within the Risks Management System, business units represent the first line of defense, and they report the relevant information to the Enterprise Risks Management Department, which coordinates the System as second line of defense. Internal Audit acts as third line of defense, overseeing in an independent and objective manner the Risks Management System and reporting to the Board of Directors through the Audit and Control Committee.

This information is from the following website:

For more detailed information view also the section about “System for Controls and Risks” in the Annual Report 2015 (pages 236-237 in particular).

Corrective Action Plans (CAP): Following a social audit, Inditex establishes Corrective Action Plans for each factory, regardless of the ranking they have obtained. These plans are monitored by local sustainability teams, who provide support and assistance to suppliers and manufacturers so that they can remedy the breaches detected during the audit, implementing the measures detailed in the plan. Other parties such as trade unions and NGOs may support or oversee the improvement measures. In the case of breaches of sensitive aspects of the Code of Conduct, such plans come under the name Project D, in which a far stricter monitoring process takes place to monitor the corrective measures stipulated for a maximum duration of six
months. Once that period has expired, a new social audit is performed to verify compliance. If a supplier or manufacturer does not manage to fulfil their Corrective Action Plan, relations will be severed, and the manufacturer or supplier in question will no longer be able to form part of Inditex’s supply chain. Inditex considers continual improvement to be a fundamental aspect of achieving a stable and sustainable supply chain; with this in mind, the Corrective Action Plan method is designed to give suppliers and manufacturers the chance to make improvements. In 2015, a total of 510 Corrective Action Plans were implemented, of which 64% were completed successfully. This percentage represents an increase in the success rates over previous year (59% success rate), an improvement that can be attributed to the efforts of local sustainability teams and suppliers to ensure the implementation of the improvements proposed. With a view to the completion of Corrective Action Plans, Inditex’s internal teams performed 1,124 competence visits to factories to ensure that the improvements were being implemented, as well as to offer guidance. These plans also received assistance from a range of organizations including the Association for the Support of Contemporary Living in Turkey and Pratham in India.

This information is from the following website (Inditex’s Annual report 2015):


For more information visit the website mention above (look in particular at the section on the Integrity in the Supply Chain in the Annual Report 2015).

Whistle Blowing Channel: A Whistle Blowing Channel is available to all employees of the Group, manufacturers, suppliers or third parties with any direct relationship and a lawful business or professional interest, regardless of their tier or geographical or functional location, so that they may report through this Whistle Blowing Channel any breach of the Group’s internal conduct and regulatory compliance policies by any employees, manufacturers, suppliers or third parties with whom the Group has any direct employment, business or professional relationship and which affect Inditex or its Group. Therefore, any breach and any manner of malpractice in respect of any codes may be reported, including those of a financial and accounting nature. It is incumbent on the Committee of Ethics to oversee the Whistle Blowing Channel and the enforcement of the Whistle Blowing Channel Procedure. The proceedings of such Whistle Blowing Channel are implemented in the Whistle Blowing Channel Procedure approved by the Board of Directors last 17 July 2012; such document is available on the INET. Reports about any breach or any queries regarding the construction or application of internal conduct and regulatory compliance policies may be sent to the Company by post, for the attention of the Committee of Ethics (to Avenida de la Diputación, Edificio INDITEX, 15142 Arteixo, A Coruña (Spain)); by e-mail to: (comiteedeetica@inditex.com), or by fax (+34 981186211). The confidentiality of such reports is ensured Upon receiving the report, the Committee of Ethics verifies first whether it falls within the remit of the Whistle Blowing Channel. If so, the Committee of Ethics will refer such report to the relevant department so that it would make the appropriate investigation. Otherwise, the Committee of Ethics will order closure of proceedings. In light of the findings reached further to the investigation, the relevant department or department shall, having heard first the interested party, propose any of the following measures to the Committee of Ethics which will have final say:

- Remedy of the breach, if appropriate,
- Proposal of penalties or relevant measures
- Closure of proceedings, where no breach has been detected.

This information is from the following website (Inditex’s Annual Report 2015):
Inditex’s Human Rights Policy (approved in December 2016): Inditex recognizes that respect for Human Rights, as enshrined in the UN Guiding Principles on Business and Human Rights, is a vital part of sustainable development. That’s why its human rights strategy focuses on decision-making and value creation. In this regard, the strategy:

is integrated into the entire business model;

is developed through continual improvement;

promotes and systematizes opportunities for dialogue;

promotes internal training and involvement at all levels of the Group.

its implementation is assessed based on measurable indicators.

On 12 December 2016, Inditex’s Board of Directors approved the Group’s Policy on Human Rights, which forms a fundamental pillar and cornerstone of Inditex’s human rights strategy. This policy has not been created from scratch; rather, it is an updated reflection of all the values that were already reflected in the Group’s guiding principles, as set out in the Code of Conduct and Responsible Practices, and Code of Conduct for Manufacturers and Suppliers. In its Policy on Human Rights, Inditex makes a commitment to play a conscientious role in promoting Human Rights, working proactively in this area. The Group also undertakes to avoid or mitigate the negative consequences on human rights of its own activities.

The second of the fundamental pillars of this strategy – apart from political commitment – is due diligence. This means identifying Human Rights related to each of the areas or processes that the company is involved in throughout the value chain. Conclusions are incorporated and integrated into the company’s strategies and processes. The involvement of all areas of the Group and external stakeholders is particularly vital. In 2016, Inditex embarked on a review and update of its due diligence processes, using best practices identified both within and outside the company to create a global due diligence model that will be applied to the whole organization throughout 2017 and beyond.

As a third pillar of this strategy, grievance mechanisms strengthen due diligence processes as they help in identifying and providing timely solutions to any potential negative impacts on Human Rights while strengthening relations with our stakeholders. Inditex’s main grievance mechanism is the Whistleblowing Channel managed by the Ethics Committee, which is available to all employees and third parties with a legitimate interest.

This information is from the following website:


For more detailed information visit the following website:

Committee of Ethics: For the purposes of ensuring compliance with the Code of Conduct and Responsible Practices and with the Code of Conduct for Manufacturers and Suppliers, Inditex relies on a Committee of Ethics, which composition has been provided above. The Committee of Ethics reports to the Board of Directors through the Audit and Control Committee and has the following duties:

- To oversee compliance with the Code and the internal circulation thereof to the Group’s personnel.
- To receive any manner of written instruments with regard to the enforcement of the Code and to send them, where appropriate, to the relevant body or Department which may be responsible for dealing with and settling such instrument.
- To monitor and supervise the management and settlement of any file.
- To solve any doubts which may arise, regarding the enforcement of the Code.
- To propose to the Board of Directors, after report from the Audit and Control Committee, any explanation or implementation rule which the enforcement of the Code may require, and at least, an annual report to review its enforcement.
- To oversee the Whistle Blowing Channel and compliance with the Procedure.

In the performance of its duties, the Committee of Ethics shall ensure:

- The confidentiality of all the information and background and of the acts and deeds performed, unless the disclosure of information is required by law or judicial order.
- The thorough review of any information or document that originated its action.
- The commencement of such proceedings that adjust to the circumstances, where it shall always act with independence and full respect of the right of the affected person to be heard as well as of the presumption of innocence.
- The indemnity of any employee as a result of bringing complaints in good faith to the Committee.

The Committee of Ethics submits a report twice a year to the Audit and Control Committee, reviewing its proceedings and the enforcement of the Code of Conduct and Responsible Practices and of the Code of Conduct for Manufacturers and Suppliers. Additionally, the Audit and Control Committee reports to the Board of Directors, on an annual basis (twice during Fy2015) as well as whenever this latter so requires, on the enforcement of the Code of Conduct and Responsible Practices and of the additional documents which comprise the Corporate Compliance policy of the group from time to time in force. The Committee of Ethics may act of its own motion or at the behest of any of Inditex employees, manufacturer, supplier or any third party involved in a direct relationship and with a lawful business or professional interest, further to a report made in good faith. Decisions of the Committee of Ethics are binding for the company and for the employees.

This information is from the following website:


For more detailed information look directly at the Corporate Governance section in the Annual Report 2015:


Corporate Governance Report (2015): Corporate Governance is usually defined as the manner wherein companies are organized, managed and controlled. In this context, corporate governance is deemed to be good, where directors and officers responsible for governance proceed diligently, ethically and with transparency in the performance of their duties.
Section 5.4. of the Board of Directors’ Regulations reads as follows: “The Board of Directors shall perform its duties in accordance with the corporate interest, it being understood as the viability and the maximization of the Company’s value in the long term for the common interest of all the shareholders, which shall not prevent taking into account also other lawful interests, whether public or private, concurring on the development of the business activity, especially those of the other “stakeholders” of the Company: employees, clients, suppliers and the civil society in general. The Board of Directors shall determine and review the business and financial strategies of the Company in the light of said criterion, seeking a reasonable balance between the proposals passed and the risks assumed.” Thus, the enhancement of the value of the company may only be understood as an ongoing process of building value for each and every stakeholder therein involved: employees, shareholders, clients, business partners, suppliers and society in general, i.e., a socially responsible business model that allows an ongoing dialogue and that serves the common interests all of groups associated with the company.

The concept of good corporate governance arises thus as a necessary instrument to meet the goal of creating net worth in the long term. It shall be necessarily embodied through a Management that must act in an ethic and transparent manner, subject to control and verification, both internal and external. This good corporate governance is an active part of the concept of corporate social responsibility, in its broadest term, which is a strategic tool to increase the effectiveness of the company, to achieve competitive advantages, together with the social responsibility strictu sensu, and environmental sustainability.

In line with the foregoing, the Annual Corporate Governance Report for financial year 2015 (from 1 February 2015 through 31 January 2016) approved by the Board of Directors of Industria de Diseño Textil, S.A. (Inditex, S.A.) (hereinafter, Inditex, the Company or the Group) and available at the corporate website (www.inditex.com) and at CNMV’s [Spanish SEC] website (www.cnmv.es) furnishes full and reasoned information about the structure and governance practices of the company, so that the market and the stakeholders may obtain a true image and a full and grounded view of corporate governance of the Group, as well as of the degree of compliance with the recommendations of the Unified Good Governance Code of Listed Companies. During FY2015, such degree of compliance stands at 99% regarding the recommendations which apply to Inditex.

During FY2015, Inditex has carried out the review of a large number of its internal regulations to adjust them to the latest regulatory requirements, the latest recommendations in the area of good governance and the most recent trends in the area of corporate governance. They include, inter alia, the Articles of Association and the Regulations on the General Meeting of Shareholders. Good governance requires that stakeholders may have regular and timely access to any relevant, appropriate and reliable information, both as regards corporate governance regulations and exercise, and the results achieved. Therefore, in order to achieve maximum transparency, in addition to including all relevant information and communications on its corporate website (www.inditex.com), Inditex has kept the market regularly posted during financial year 2015 by means of the submission of the relevant “Results releases” and proceedings with institutional investors.

A summary of the most relevant issues of the 2015 Annual Corporate Governance Report is included in the 2015 Annual Report:

Ownership structure

General Meeting of Shareholders

Board of Directors

Board of Directors’ Committees

Remunerations
Senior management

Related-party transactions and situations of conflict of interest

Transparency, independence and good governance

Code of Conduct and Responsible Practices and the Committee of Ethics

Approval of the Good Corporate Governance policies

This information is from the following website:


For more detailed information visit the following website:


Shakis Health Programme:

For detailed information look at the following website:

http://www.shakishealth.com/about-us/

Freedom Fund:

For detailed information visit the following website:

http://freedomfund.org/

The Institute for Global Labour and Human Rights (IGLHR): The Institute for Global Labour and Human Rights (the Institute) was a non-profit 501(c)(3) human rights organization dedicated to the promotion and defence of internationally recognized worker rights in the global economy. Founded in 1981 as the National Labor Committee, the Institute's research, in-depth reports, high profile public campaigns and widespread media coverage have been instrumental in creating the anti-sweatshop movement in the United States and internationally. The Institute was headquartered in Pittsburgh with regional offices in Dhaka and San Salvador and research/advocacy partnerships in China, Jordan, and South Asia. The Institute for Global Labour and Human Rights has suspended operations. After some 30 years, the Institute for Global Labour and Human Rights (formerly National Labor Committee) has now closed its doors.

This information is from the following website:

http://www.globallabourrights.org/about

For more detailed information visit the following website:

http://www.globallabourrights.org/

The Business & Human Rights Resource Centre (BHRRS):

For detailed information visit the following website:
Danwatch: Danwatch is a Danish award-winning independent media and research centre specialized in investigative journalism on global issues. It investigates states’ and companies’ impacts on human rights and the environment, and holds power to account in the public interest.

Through its in-depth journalistic investigations, it addresses structural problems and uncover the truth behind, with no corporate or political agenda. Its subjects are often highly complex and span many different countries and sectors, but through fact-based, unbiased reporting, it exposes systemic wrongs, counter misinformation and provoke change. Its investigations focus on serious issues affecting our society and can last many months with very thorough desk research combined with fieldwork in multiple countries. Often, it works together with local journalists in cross-border collaborative, and have built up a very strong network of investigating journalists, local media, CSO, contacts and whistle-blowers in several countries.

It collaborates nationally and internationally with major mainstream media and broadcasters (DR, Politiken, TV2 The Guardian, Aljazeera among others). Its investigations have appeared in major newspapers, broadcasters and news outlets around the world. Its belief is that independent journalism is a crucial part of any democracy. Its journalistic investigations have prompted political inquiries and hearings both national and international and have influenced policy changes at some of the biggest multinational companies.

This information is from the following website:
https://danwatch.dk/en/about-danwatch/

For more detailed information visit the following website:
https://danwatch.dk/en/

GRI Content Index: Annual Report 2015 has been defined and elaborated in accordance with the comprehensive option of the new G4 Guidelines from the Global Reporting Initiative (GRI). For the elaboration of this report, Inditex has used the G4 principles for defining report content:

Stakeholders: Inditex identifies and keeps a constant dialogue with its stakeholders. By doing this, the Group is able to describe its further response to its stakeholders’ expectations and interests.

Sustainability strategic context: Inditex contributes, or pretends to do so in the future, to the improvement of the economic, environmental and social trends, advances and conditions, at a local, regional or global level, all of them interconnected.

Materiality: Inditex covers those aspects and indicators which best reflect the organisation’s most significant social, environmental and economic impacts, or those which could be substantially influential on its stakeholders’ evaluations and decisions.

Exhaustiveness: the scope of the indicators Inditex is using and the definition of the information’s scope must be enough to reflect the social, economic and environmental significant impacts and to allow that stakeholders are able to evaluate the Group’s performance during the fiscal year.

In accordance with the principles established in the G4 Guide, this report’s content has been determined from a materiality analysis, aimed at identifying the economic, environmental and social impacts of Inditex’s value chain and their influence in its stakeholders’ decisions. As a result of consulting its stakeholders, Inditex has identified 32 relevant issues which are the foundations of this Annual Report, as reflected in the G4 Guide
indicators. In this way, Inditex responds to those issues that are of interest for the Group’s different stakeholders.

In addition to the material main indicators, those indicators that are specific to the textile and footwear sector, which Inditex helped draft, have also been included and are identified as “SPECIFIC INDICATORS FOR THE SECTOR”.

19 of the GRI indicators identified in the materiality analysis carried out by Inditex were analysed by KPMG auditors, pursuant to regulation ISAE 3000. These indicators can be found in the GRI index and are marked with a tick. Inditex adheres to the U.N. Global Compact. In the GRI index of this Report, which also doubles as a Report on Progress, the different parts of the document related to each of the Global Compact principles are indicated.

Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2. Businesses should make sure that they are not complicit in human rights abuses.

Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5. Businesses should uphold the effective abolition of child labour.


Principle 7. Businesses should support a precautionary approach to environmental challenges.

Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.


Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.

This information is from the following website:


For more detailed information visit the following websites:

https://www.globalreporting.org/INFORMATION/G4/Pages/default.aspx

https://www.globalreporting.org/Pages/default.aspx
Annex 3

**Human Rights Policy:** "Marks and Spencer Group plc and other relevant group companies ("M&S") respects and supports the dignity, wellbeing and human rights of our employees, the workers in our extended supply chain, the communities in which we live and those affected by our operations.

M&S is committed to respecting internationally recognised human rights in line with the principles and guidance contained in the UN Guiding Principles on Business and Human Rights. Our Human Rights Policy is informed by the International Bill of Human Rights, International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Children’s Rights and Business Principles, United Nations (UN) Women’s Empowerment Principles and the UN Global Compact, to which we are signatories. We recognise that while states have a duty to protect human rights, companies have a responsibility to respect human rights. This means acting with due diligence to avoid infringing on the rights of others and addressing the adverse impacts of our global operations.

We believe respecting human rights is of growing importance to our employees, workers, shareholders, investors, customers, consumers, the communities where we operate and civil society groups. There is both a business and a moral case for ensuring that human rights are upheld across our operations and our supply chain. As part of this commitment M&S does not tolerate threats, intimidation, physical or legal attacks against human rights defenders, including those exercising their rights to freedom of expression, association, peaceful assembly and protest against our global operations and our Global Sourcing Principles expect our suppliers to make the same public commitment.

M&S has policies and processes in place to identify, prevent or mitigate human rights risks, and remediate any adverse impact our global operations have caused or contributed to. Our principle is that where national law and international human rights standards are in conflict, we will adhere to national law, while seeking ways to respect international human rights relevant to our operations.

Through appropriate contractual arrangements and our Global Sourcing Principles we make our suppliers, i.e. those with whom we have a direct contract for goods or services, aware of and expect their compliance with our human rights commitments. Suppliers of branded goods and our franchise partners are expected to have noted the requirements and to have established similar arrangements which include respecting our commitments to uphold human rights.

Partnerships, collaborations and advocacy: Our ambition is to accelerate change by leading with others. We’re committed to working collaboratively with suppliers, civil society, governments and other businesses on human rights to inform our approach, share our experiences and help address root causes and influence systemic positive change.

Remedy: We will not tolerate, nor will we condone, abuse of human rights within any part of our business or supply chains, and we will take seriously any allegations that human rights are not properly respected. We place importance on the provision of effective remedy wherever human rights impacts occur through company-based grievance mechanisms. We are committed to building awareness and knowledge of our employees and suppliers on human rights encouraging them to speak up, without retribution, about any concerns they may have.

Our approach to receipt of and response to grievances is evolving. We are however absolutely committed to promoting the channels through which individuals and communities who may be adversely impacted by our operations can raise complaints or concerns”.

This information is from the following website:
The Children’s Rights and Business Principles*: Children under 18 years old account for almost one third of the world’s population. In many countries, children and youth make up almost one half of the national population. It is inevitable that business, whether small or large, will interact with and have an effect on the lives of children both directly and indirectly. Children are key stakeholders of business – as consumers, family members of employees, young workers, and as future employees and business leaders. At the same time, children are key members of the communities and environments in which business operates. With increased attention being paid to the role of business in society in parallel to governments and other societal actors, and with greater awareness of the links between business and human rights, the explicit focus on the impact of business on children is also timely. Children are among the most marginalized and vulnerable members of society and this is evident from their lacking a public voice. They are rarely given a say or consulted about how communities make decisions – even decisions affecting them directly, such as planning for schools and recreational areas. Yet, when given the opportunity to participate, children have demonstrated that they can provide important alternative view points and make valuable contributions. The effects that business has on children can be long-lasting and even irreversible. Childhood is a unique period of rapid physical and psychological development during which young people’s physical, mental and emotional health and well-being can be permanently affected for better or worse. Adequate food, clean water, and care and affection during a child’s developing years are essential to his or her survival and health. Children are even affected by everyday hazards differently and more severely than adults. Due to their physiology, children absorb a higher percentage of pollutants to which they are exposed, and thus their immune systems are more compromised and vulnerable. Children employed or affected by a business are often invisible. Typical examples include children working illicitly in the supply chain, children on or around company premises, children employed as domestic workers in employee housing, children exposed to business products, children arrested and detained by security services and children of migrant workers left at home. To date, recognition of the responsibility of business towards children has often focused on preventing or eliminating child labour. While reinforcing standards and actions necessary to prevent and eliminate child labour, the Children’s Rights and Business Principles also highlight the diversity of ways in which business affects children. This includes the impact of their overall business operations – such as their products and services and their marketing methods and distribution practices – as well as through their relationships with national and local governments, and investments in local communities. Respecting and supporting children’s rights requires business to both prevent harm and actively safeguard children’s interests. By integrating respect and support for children’s rights into the core strategies and operations, they can strengthen their existing corporate sustainability initiatives while ensuring benefits for their business. Such efforts can build reputation, improve risk management and secure their ‘social license to operate’. A commitment to children can also help recruit and maintain a motivated workforce. Supporting employees in their roles as parents and caregivers, and promoting youth employment and talent generation are just some of the concrete steps that business can take. Considering how products and services can better meet children’s needs can also be a source of innovation and create new markets. Finally, working for children helps build strong, well-educated communities that are vital to a stable, inclusive and sustainable business environment. The Children’s Rights and Business Principles provide a comprehensive framework for understanding and addressing the impact of
business on the rights and well-being of children. Save the Children, the UN Global Compact and UNICEF hope that these Principles will serve as inspiration and a guide for all business in their interactions with children.

The Principles state that all business should:

1) Meet their responsibility to respect children’s rights and commit to supporting the human rights of children
2) Contribute to the elimination of child labour, including in all business activities and business relationships
3) Provide decent work for young workers, parents and caregivers
4) Ensure the protection and safety of children in all business activities and facilities
5) Ensure that products and services are safe, and seek to support children’s rights through them
6) Use marketing and advertising that respect and support children’s rights
7) respect and support children’s rights in relation to the environment and to land acquisition and use
8) respect and support children’s rights in security arrangements
9) Help protect children affected by emergencies
10) reinforce community and government efforts to protect and fulfil children’s rights

This information is from the following websites:

http://childrenandbusiness.org/the-principles/introduction/

For more detailed information visit the first website mentioned above and the following one:

http://childrenandbusiness.org/

*(I personally found no reference to the Children’s Rights and Business Principles in Unilever’s Human Rights Policy Statement)*

**UN Women’s Empowerment Principles**: Empowering women to participate fully in economic life across all sectors is essential to build stronger economies, achieve internationally agreed goals for development and sustainability, and improve the quality of life for women, men, families and communities. The private sector is a key partner in efforts to advance gender equality and empower women. Current research demonstrating that gender diversity helps businesses perform better signals that self-interest and common interest can come together. Yet, ensuring the inclusion of women’s talents, skills and energies—from executive offices to the factory floor and the supply chain—requires intentional actions and deliberate policies. The Women’s Empowerment Principles offer practical guidance to business and the private sector on how to empower women in the workplace, marketplace and community. Developed through a partnership between UN Women and the United Nations Global Compact, the Principles are designed to support companies in reviewing existing policies and practices—or establishing new ones—to realize women’s empowerment. In brief, the Principles are:

- Establish high-level corporate leadership for gender equality,
- Treat all women and men fairly at work—respect and support human rights and non-discrimination,
- Ensure the health, safety and well-being of all women and men workers,
- Promote education, training and professional development for women,
- Implement enterprise development, supply chain and marketing practices that empower women,
- Promote equality through community initiatives and advocacy,
- Measure and publicly report on progress to achieve gender equality.
The Principles emphasize the business case for corporate action to promote gender equality and women’s empowerment and are informed by real-life business practices and input gathered from across the globe. They also reflect the interests of governments and civil society and serve to support interactions among stakeholders, as achieving gender equality requires the participation of all actors at all levels. Introduced on International Women’s Day 2010, the Women’s Empowerment Principles are adapted from the Calvert Women’s Principles. The Calvert Women’s Principles were originally developed in partnership with UNIFEM (now UN Women) and launched in 2004 as the first global corporate code of conduct focused exclusively on empowering, advancing and investing in women worldwide.

This Information is from the following website:


For more information visit the following website:


*(I personally found no reference to the Women Empowerment Principles in Unilever’s Human Rights’ Policy Statement)*

**M&S’s Plan A:** “Ten years ago, we launched Plan A. We made 100 commitments to tackle five big issues – climate change, waste, resources, fair partnerships, and health. These issues are still as relevant as ever. They’re the beating heart of Plan A. Plan A 2025 strengthens our commitment to address these issues with 100 bold new targets. Crucially, it forces us to address questions to which we don’t yet have answers, but must address if we are to become a truly sustainable retailer.

We listened to our stakeholders: Changing customer needs and expectations have helped to define Plan A 2025, but the plan is also informed by the insights of many other stakeholders. We commissioned GlobeScan to ask stakeholders how they expected retail to evolve and about their expectations of M&S. We received more than 300 responses to our global survey, which we shared widely across M&S. Our Sustainable Retail Advisory Board then helped us to shape Plan A 2025, providing guidance throughout its 12-month development period.

What’s different about Plan A 2025? We have achieved a lot with Plan A over the last ten years but we need to accelerate our work in our own operations, supply chains and with our customers too. Even for a plan as ambitious as Plan A it’s clear that ‘steady as she goes’ is not enough given the scale of wellbeing, community and planetary challenges we face. Nor is it enough to race ahead alone, we’ll fail if the rest of the business community and the policy ecosystem within which it operates does not change too, so we have to continue to build bigger and bolder partnerships to affect collective change. So, more ambition, more pace and more scale all define Plan A 2025. What does not change is our determination to be the retail leader globally in sustainable business. Having listened to our stakeholders and reviewed the most recent scientific insights we have made several very important changes with Plan A 2025. In particular, by 2025 we want:

1. To be the world’s leading retailer on engaging and supporting customers in sustainable living.

Our customers want us to help them live more sustainably and we’ve made good progress over the last ten years, for example via Shwopping, our clothes recycling campaign, through our charity partnerships with Breast Cancer Now and Macmillan Cancer Support, and by growing our healthy food ranges. However, there is much more we can do and Plan A 2025 will see us fully integrate sustainability into our brand and deliver
a step change in the way we engage and support our customers. This will be achieved through new products and services, through even stronger community partnerships, and by providing advice and incentives on areas such as healthy living. We have set bold targets, such as 50% of our food sales coming from healthier products by 2023, and we will work with the 5.7m of support members of our Sparks club to incentivize them to make more sustainable choices.

2. To help 10 million people live happier and healthier lives.

We have worked hard on many aspects of wellbeing in the last decade, but now we are bringing this work together so we can offer our customers and colleagues one integrated package of support. We will extend the work we’ve done on our food products to our clothing, home and beauty offers too. We will have a particular focus on addressing issues of mental wellbeing, ensuring people are connected and happy as well as physically healthier. We will also work hard to ensure we support our customers and colleagues with cancer, heart disease, dementia and mental health issues.

3. To help transform 1000 Communities.

We have a long tradition of our stores, offices and warehouses supporting their neighboring community. In Plan A 2025 we are going to bring together these many individual activities to ensure that our stores are able to help play a transformative role in the communities we serve, many of which face enormous challenges. Starting in 10 communities (Birmingham, Bradford, Derry~Londonderry, Glasgow, London Borough of Newham, Liverpool, Merthyr Tydfil, Middlesbrough, Norwich, Rochdale) we are going to undertake a range of activities to identify how our stores and people can make a positive and measurable difference to their neighborhood. We’ll rollout this approach to a further 100 communities by 2023 and then share any transformative learning with the other 1000 communities we serve.

4. To champion Human Rights by taking a lead on addressing in-work poverty, modern day slavery and an inclusive society.

Plan A 2025 sees a decisive step change on social issues. We have worked hard to manage ethical compliance over the last decade, but now we’re setting more aspirational goals to respect and positively impact individual human rights in all that we do. Over the past twelve months we’ve improved our approach to human rights significantly, culminating in the recent Corporate Human Rights Benchmark scoring us as the best apparel and food business. Now we want to build on this position through an important new collaboration with Oxfam and by taking a lead on tackling issues such as in-work poverty and the living wage, modern day slavery and social inclusion.

5. To ensure 100% of our products address 100% of their material social and environmental impacts.

We have an existing commitment that every one of the 3 billion food, clothing, home and beauty products we sell every year has at least one Plan A attribute by 2020. An attribute being, for example, Fairtrade certified tea or coffee or FSC certified timber in furniture. We believe it’s vital that Plan A should apply to everything we sell and not be a niche ‘ethical range’ in the corner of a store. Today, 79% of our products have a Plan A attribute — putting us well on the way to our 2020 goal. However, we are now extending this commitment so that by 2025 every one of our products will have Plan A attributes that address every single one of its material social and environmental impacts. For example, covering the key raw materials, factory, use and disposal stages in a product’s lifecycle. This will put all our products well on the path to being truly sustainable. members of our Sparks club to incentivize them to make more sustainable choices.

6. To ensure 100% of factories are on a sustainability ladder with 50% of our products coming from the very highest Gold Standard.
Currently, every factory that supplies M&S food is on a Bronze/Silver/Gold sustainability ladder to drive measurable improvements in its social and environmental performance. For example, Silver factories need to have reduced energy use by 20% and regularly use a staff survey to improve staff satisfaction. We’ve previously had a goal that by 2020 100% of the food we sell should come from Silver rated factories and have made good progress with 56% now validated as Silver, 70% of supplier sites sending zero waste to landfill and 54% having reduced their water and energy use per tonne of production in the last 12 months. Now we are upping our target for food suppliers to 50% of the food we sell coming from Gold ranked factories by 2025, with 95% of the remainder achieving Silver standards (note, there are always new factories joining our supply chain and some will need time to progress to Silver Then Gold standards). Crucially, we are now making the same commitment for factories producing our clothing, home and beauty products as well as factories and suppliers to our Property Division. By 2025, every factory producing products for us will be systemically improving its environmental and ethical performance.

7. To ensure our 50 key raw materials (80% by volume of what we use) come from a sustainable source.

Many of the raw materials we use today come from more sustainable sources. For example, 100% of the coffee and tea we sell, 99% of the wood, 100% of the fish and 47% of the cotton. With Plan A 2025 we are extending our commitment to a much greater range of the raw materials we use. We are setting a goal that 100% of the key raw materials we sell will come from sources respecting people, communities, planet and animal welfare. These key raw materials will represent at least 80% by volume of the raw materials used in our business. As a retailer selling 35,000 unique product lines we use thousands of different raw materials but a few dominate. For example, in our food supply chain, 40 key raw materials make up more than 80% of the raw materials we use. So it’s important we focus on the raw materials where we have the scale to make a real difference. Raw materials we will be addressing include sugar, cocoa, fruit, vegetables, cotton, wool and leather.

8. To set a science-based target to accelerate our shift to a low carbon business.

In 2007, when we launched Plan A we had 29 targets to tackle climate change. Since then we’ve led the way in becoming more efficient, reducing our absolute operational carbon footprint by 70% and making our global operations carbon neutral to accelerate climate action. The new plan includes a bold new (approved) science-based target to further improve the efficiency of our own operations as well as cutting 13.3m tonnes of CO2e from our wider value chain. We will also continue to invest in carbon offsets for our own operations to in order to remain carbon neutral.

9. To be a circular business generating zero waste.

Since 2012, we have been zero waste to landfill across our own operations in the UK and Republic of Ireland. Plan A 2025 sets a bold new goal to be a zero-waste business across all that we do - our operations, our supply chains and of course when our customers come to remove packaging and use our products. This includes designing our products and packaging to underpin the creation of a circular economy in the markets we serve.

10. To be a leader on transparency.

Over the past 12 months we have published digital transparency maps identifying all the factories that produce food, clothing, home and beauty products for us. With Plan A 2025, we’ll add information on the raw material sources we use and also translate this into ‘on product’ information to help guide our customers’ decision making.

This is just a snapshot of the key changes we’ll be making and importantly, we will be rolling them out across our franchise partners to encourage and support them to make progress. We are very clear that with Plan A
2025 we want to set a course to being a truly sustainable business – one that is low carbon, circular, restorative, committed to wellbeing, equality and fairness in all that it does”

This information is from the following website:


(Extract from “M&S’s Plan A 2025”, an ambitious customer focus sustainability plan, Overview)

For more detailed information visit the website mentioned above (other sections).

Plan A Report 2016: Here are the 2015/16 Plan A highlights:

• Charity donations help reduce food waste by 9%,
• Plastic microbeads removed to help protect marine life,
• Clothing and food suppliers detailed on interactive supply chain map,
• Only certified sustainable palm oil used in M&S products,
• Nearly three quarters of M&S products have an eco or ethical quality,
• 90% of Sparks card holders have chosen a charity to support and donations set to pass £1 million mark,
• Store and warehouse energy use down 39%, water use down 31%,
• First M&S Human Rights Report published.

Marks & Spencer today reported more good progress on Plan A, its eco and ethical programme, in its 2016 Plan A Report. A further 22 commitments were achieved in 2015/16 and good progress was made in engaging its 32 million customers in Plan A. The first report under new CEO Steve Rowe pledges to go even further on customer engagement by putting the customer at the heart of the plan. Steve Rowe, Marks & Spencer’s Chief Executive said: “We are putting customers right at the heart of our business. That includes Plan A as much as any other part of our business and that’s why Plan A is now part of our customer and marketing team. It is a crucial part of how we engage with our customers, gain their trust and make every moment special for them. We know that Plan A is a win-win approach – a simpler, more efficient, less wasteful business is better for the planet and our bottom line – so we’ll chase that even harder.”

Highlights from the new report include nearly three quarters (73%) of all M&S products now have an eco or ethical quality (up from 64% last year) notable progress on improving UK and Ireland store and warehouse energy efficiency (energy use down 39%) and water efficiency (water use down 31%) and several firsts including the launch of an interactive supply chain map and the publication of the M&S Human Rights report. Mike Barry, Director of Sustainable Business at Marks & Spencer, said: “2015 was an important year for sustainable business and Plan A. Yet again we’ve achieved tough and stretching targets. The successful Paris Climate negotiations and the launch of the UN’s 17 Sustainable Development Goals have created a long-term direction of travel for the global economy and companies need a bold vision and comprehensive plan to make sure they are aligned with these important agreements. Under Steve’s leadership we’ll continue to play our part and crucially put the customer at the heart of everything we do, nurturing the strong trust they have in us and inspiring them with new and innovative solutions to more sustainable living that feels personal and local to them.”

This information is from the following website:


For more information visit the following websites:
Code of Ethics and Behaviour (Code of Conduct): “At Marks & Spencer we are committed to our core values of Inspiration, Innovation, Integrity, and In Touch. They are key to the way we work and interact with our customers, suppliers and colleagues across the business and underpin our customer promise of ‘Enhancing Lives, Every Day’. Our Code of Ethics and Behaviours (the ‘Code’) outlines the standards and behaviours that help to shape and strengthen our culture. All colleagues are expected to uphold these high standards wherever in the world we conduct business, ensuring that honesty and integrity is maintained. The Code sets out in brief, with some explanation, key Company policies and procedures. This Code, although not addressing every situation you may face as an employee, does provide a guide to the values, behaviours and ways of working which are core to M&S and which each of us is responsible for upholding as an employee. You should read the Code carefully and refer to it if facing an ethical dilemma at work. It is essential to create a supportive environment in which you feel able to raise concerns internally without fear of disciplinary action. If you have any concerns or something you come across doesn’t feel right, speak up. Our values of Inspiration, Innovation, Integrity, and In Touch have been shaped by building on the core values that have characterised M&S since it was founded in 1884. They are at the heart of everything we do as a business, and provide the direction and sense of common purpose that ensures we are doing the right things in the right way, to deliver for our customers.

- Inspiration – we aim to excite and inspire our customers;
- Innovation – we are restless in our aim to improve things for the better;
- Integrity – we always strive to do the right thing;
- In Touch – we listen actively and act thoughtfully.

We all have a responsibility to protect the Company’s reputation in everything we do and say. This also includes:

- Complying with the applicable laws and regulations in all countries in which we operate;
- Conducting ourselves in a professional manner with the highest standards of honesty and integrity;
- Following Company policies and procedures;
- Working with our suppliers, third parties and agencies to ensure our high ethical standards are maintained;
- If in doubt, seeking guidance and always doing the right thing.

We’re also on a journey to make our business more sustainable. We believe a successful business must also be environmentally and socially sustainable. Originally launched in 2007, Plan A is designed to equip us for the future in which our success will depend on our ability to deliver exceptional products and services in a world that is increasingly resource constrained and experiencing social change. Our purpose and values are integral to achieving this goal”.

This information is from the following website:

(Extracts from the Code: “Introduction” and “Principles and Values”)

For more information visit the website mentioned above.
Global Sourcing Principles (Updated November 16th): “For many years Marks & Spencer has worked to ensure that our suppliers’ employees, producing our products, are provided with good working conditions. This drive supports our core brand value of integrity – our customers expect high standards and trust us to work ethically. In addition, we understand that when people are treated with respect, work in decent conditions and earn fair rates of pay, both they and their companies benefit from increased commitment and productivity. Ultimately, our customers benefit too, from better quality, better value products and peace of mind. We achieve these objectives by developing agreed standards with our suppliers, supported by regular site visits and a policy of continual improvement. Strict sanctions are applied when standards are not met, or where there is no commitment to improve standards. Increasing global expansion and international competition bring new challenges. We are a major retailer, selling a diverse range of exclusive own-brand products in more than fifty countries. Marks & Spencer products are now manufactured around the world. Because our suppliers often have their own complex supply chains, it would be impossible for us to monitor or control the working conditions of each individual who contributes to what ultimately becomes a Marks & Spencer product. We will not under any circumstances accept production from non-approved factories or goods supplied from sites that differ from our contracts system for each specific contract. However, we are determined to do everything we can to bring fair sourcing principles to all stages of our supply chain. We have therefore published our Global Sourcing Principles (also referred to as the ‘Principles’) to set out our beliefs and standards and guide our suppliers. A copy of the Principles is attached to this letter. These principles set out what is required and expected from our contracted suppliers – i.e. those with whom we have a direct contract for goods or services – to ensure their facilities meet acceptable standards, and are continually improving. We take appropriate measures to promote and enforce compliance with these principles by our contracted suppliers and expect them to do the same within their supply chain. Suppliers of branded goods and are franchise partners are expected to have noted the requirements and to have established similar arrangements. At Marks & Spencer, we take great care selecting the companies who supply us directly with products and services. Our Global Sourcing Principles establish the standards for suppliers working with us.

As our business relationship develops, we expect suppliers to raise their standards and improve working conditions, taking account of internationally recognised codes of practice. We have adopted several elements of international codes as well as the Ethical Trading Initiative (ETI) Base Code into the Principles.

Supplier’s responsibility: We have a clear set of standards appropriate to the industries and countries manufacturing our products. It is the supplier’s responsibility to achieve and maintain these standards and to enforce these standards with their own supply chain.

Transparency: In today’s increasingly transparent world there is a greater need than ever to make these standards and management systems part of our suppliers’ everyday business and for them to be able to demonstrate they are doing so. In this spirit M&S is committed to working with our suppliers in an open, constructive and transparent manner and we request our suppliers do the same.

Workforce and Human Rights: The people working for our suppliers are to be treated with respect, and their health, safety and basic human rights must be protected and promoted. Each supplier must strive to comply with all relevant local and national laws and regulations and its obligations in the Principles particularly with regard to: HR Management Systems and Processes - Labour Standards and Human Rights - No Discrimination and Equal Opportunities - Decent Working Conditions - Health and Safety - Terms of Employment - Working Hours and Wages - Avoidance of Modern Slavery and Forced Labour

Production sites and labelling: Suppliers must agree with us in advance the production site or sites to be used for each order: no subcontracting of our orders from these agreed locations is allowed. All products sold by Marks & Spencer must be labelled with their country of origin.
Regular assessment: All product production sites are visited and assessed regularly by our suppliers and by our own people. Together we strive for continual improvement.

Environmental responsibility: At the very least, suppliers must meet all relevant local and national regulations. In addition, we expect them to meet all the relevant Marks & Spencer standards relating to the environment.

We expect our suppliers to adopt similar principles in dealing with their own suppliers.

M&S acknowledge that it has responsibilities to its suppliers. The final section of the Global Sourcing Principles sets out some of the key commitments M&S gives to its suppliers.

Suppliers must apply these principles at all times, and must also be able to demonstrate that they are doing so. We will work with suppliers to support any necessary improvements but we will also take action, which may involve cancelling contracts and ceasing to trade, if suppliers are not prepared to make appropriate changes”.

This information is from the following website:


(Extract from “Global Sourcing Principles”, pages 1-3)

For more detailed information visit the website mentioned above.

Human Rights Report 2016: “Human rights are fundamental to everyone. They are the basis for people’s ability to achieve their economic, social, cultural and civil potential. Sustainable business can only succeed in societies in which human rights are respected, upheld and advanced and when business itself respects human rights. Today that is not always the case: exposés of modern slavery in raw material supply chains from shrimp to cotton, and incidents such as Rana Plaza in 2013, remind us that human rights abuses do happen the supply chains of global businesses. We all must ensure that respect for human rights becomes an irremovable foundation of doing business: we are not there yet. In line with our core brand value of Integrity, Marks & Spencer is committed to driving a sustainable business that is both commercially successful and socially and environmentally responsible. Over the last 18 months, we have been working with our leadership teams to ensure we are fit to lead in a ‘VUCA’ world. A world that’s more Volatile with a much faster and turbulent pace of change. Uncertain, in that outcomes, even from familiar actions, are less predictable. Complex, reflecting the vastness of interdependencies in globally connected economies and societies. And Ambiguous, conveying the multitude of options and potential outcomes resulting from them. Our customers are increasingly aware of their personal impact on the world, asking what the role of business is and wanting increased assurance that they can maintain their trust. In the past nine years, we have made good progress on environmental issues through our sustainability programme, Plan A, but we recognise there is more to do in understanding and addressing our human rights impacts. Our People Principles (page 11) and our Global Sourcing Principles (page 11) are based on the long-held belief that when people work in decent conditions, earn fair rates of pay, and are treated with respect and as equals, both they and their companies benefit from increased commitment and productivity. Ultimately, our customers benefit too, from better quality, better value products and peace of mind. M&S is committed to respecting internationally recognised human rights, in line with the principles and commentary contained in the UN Guiding Principles on Business and Human Rights and as a signatory to the UN Global Compact. This applies throughout our business operations, including our extended supply chain. Our ambition is that by 2020, in line with our business strategy, we will embed respect for human rights, and seek to advance human rights throughout our business operations, including our extended supply chain. We know on many of these serious issues we cannot do it alone; we
have to work in collaboration with other businesses, civil society and government to encourage responsible and inclusive economic development and greater respect for human rights. Every day the decisions we make as a business can have either a positive or a negative impact on people directly and indirectly linked to our operations. We recognise there is a huge opportunity through respecting and seeking to advance human rights to make this a positive impact. This is our first human rights report and it reflects 132 years of the way our company does business, and nearly two decades of Marks & Spencer’s learning through our ethical trade and sustainability programme Plan A. We are still learning on this complex topic and I’m sure we will learn more from the feedback on this report”.

This information is from the following website:


For more detailed information visit the website mentioned above (other sections of the Report)

**Strategic Report 2015:** “This year we have seen outstanding performance in some areas of the business but performance below our expectations in others. The overall result is that underlying profits before tax moved ahead 6.1% to £661.2m. We have achieved a number of the strategic priorities we set out at the beginning of the year, becoming a more capable company with significantly stronger infrastructure, but we experienced some implementation issues along the way. We embedded new values aligned with our strategic goals. These values, which put integrity at their core, respect our heritage whilst helping us to become the modern, agile company we need to be. Above all, we remain focused on one thing: offering our customers products of exceptional quality and value that they can trust, however they choose to shop with us.

Our Food business had an outstanding year in a sector that continues to go through profound change. In the most competitive food market of recent years, we delivered like-for-like growth in every quarter and maintained our margin. We have a clear and distinct offering and our growth plans look clear and achievable. Our General Merchandise (GM) business delivered significant margin gains – the first step in reaping the benefits of the investment we have made – and our products were well received by our customers and the fashion press. Whilst our overall performance was affected by the implementation issues outlined below, it was pleasing to exit the year in the final quarter with all elements of our GM business showing growth. Performance in our International business was disappointing. Strong sales performance in key owned markets, for example India and Hong Kong, was more than offset by macroeconomic issues and performance in key franchise markets, particularly Russia, Ukraine and Turkey. We implemented two crucial pieces of infrastructure: our new M&S.com website and our automated distribution centre at Castle Donington, two of the largest projects of their kind in Europe. Whilst projects of this scale are likely to experience some initial performance issues, these were greater than we anticipated. Our skilled teams acted decisively to address the issues. The strategic rationale for both projects remains clear.

The Board’s three priorities have remained the same since I became Chairman in 2011: we are focused on strategy and execution, people and succession, and values. Having completed the bulk of our major three-year investment programme to transform M&S into an international, multi-channel retailer, the Board’s focus again this year was on ensuring that our substantial investment delivers the required returns. We also devoted time to ensuring we have the right talent and skills required in our business, and to debating and articulating our values, discussed below.
There have been a number of changes to the Board this year. Jan du Plessis, our Senior Independent Director, stepped down in March 2015, having served on the Board since 2008. I would like to thank Jan for his commitment and contribution to M&S over the years. His insights and experience have been invaluable. Vindi Banga, who has served on our Board since 2012, took on the position of Senior Independent Director; he also chairs the Remuneration Committee. In April 2015, Richard Solomons joined the Board as a non-executive director. Richard is Chief Executive of InterContinental Hotels Group and brings strong commercial, consumer, branding and global experience to the M&S Board. On the executive team I would like to extend a warm welcome to Helen Weir, our new Chief Finance Officer. Helen has exceptional credentials in both retail and finance having previously held the same position at John Lewis Partnership, Lloyds Banking Group and Kingfisher. This year we reviewed our senior remuneration framework to align it more clearly with our strategic objectives. Further details are laid out in our Remuneration Summary on page 27.

The culture at M&S is important to the Board. Our values are a fundamental part of how we do business — they are what makes M&S different. Last June we introduced four new core values built on the principles that have guided M&S since it was founded in 1884. The values — Inspiration, Innovation, Integrity and In Touch — aim to equip us all to deliver our strategic plans. But while the words are new, we have not changed what matters to us. Acting with integrity is at the heart of the way we do business. So our customers can be sure that the GM margin gains we achieve will not come at the expense of the standards we expect in our factories; they can be safe in the knowledge that we will not compromise on the provenance of our food; and they can rely on us to be a force for good in the communities in which we operate. Our commitment to Plan A, the programme we launched eight years ago to become the world’s most sustainable major retailer, remains as deeply held today as it ever was. As people become increasingly aware of how their behaviour impacts the world around them, we believe businesses need to connect with the communities in which they operate. From healthy living to ethical sourcing, we are committed to leading the way and striving to offer our customers the most sustainable options possible. As M&S becomes more international, our ability to lead with others on a global scale grows, whether by using our scale to drive improvements in our own supply chain, or by lending our expertise to global industry initiatives.

Engaging with stakeholders and employees is particularly important during times of change. We communicate regularly with our shareholders to ensure they understand our progress and plans. Outside our results, this year, we held investor briefings on M&S.com and our International business, and Marc Bolland and his executive team had many meetings with investors. All information shared at these events is available to shareholders at marksandspencer.com/investors. We again held a governance event for our largest shareholders, which I led with our Senior Independent Director. We have recently implemented a new loyalty scheme for our private investors. The scheme allows over 190,000 of our UK-registered private investors to use money from their dividend payment to buy an M&S Shareholder Card at a discount. It operates much like a gift card. The initiative reflects the fact our private investors are also some of our most loyal customers and we value them greatly. Our ‘Fit for the Future’ programme was one of our biggest ever engagement exercises, where employees discussed the shape of the new values. We also launched a scheme for the 3,500 section managers who between them manage 92% of our sales floor colleagues. The programme inspired and motivated these managers, who are the beating heart of M&S.

M&S is a more capable and better equipped business than it was a year ago. In the coming year, we will continue to focus on growth in Food, improving GM performance, further improving margins and cash generation. Our dividend policy remains a progressive one, with dividends broadly covered twice by earnings. We intend to pay a final dividend of 11.6p this year, taking the total dividend to 18.0p, up 5.9% on last year. In the context of our increased free cash flow, we are also pleased to announce an ongoing programme of returns of capital to shareholders, starting this year, with a share buyback programme of £150m. Finally, I would like to thank all our employees for their hard work and commitment at a time of significant change. M&S employees are dedicated and upbeat — I am always struck by their positive attitude and energy. Their
pride in M&S and commitment to the business are what makes us special. I want to thank every one of them in stores and in our offices for their contribution this year”.

This information is from the following website:


(Extract from the “Strategic Report 2015”, The Chairman’s Statement)

For more detailed visit the website mentioned above (other sections of the report).

Annual Report 2016: “At the end of the financial year Marc Bolland retired as Chief Executive. He was succeeded by Steve Rowe at the beginning of April. I would like to thank Marc for leading the company through a period of necessary modernisation over the past six years. Much essential work has been done during Marc’s tenure to build our infrastructure and capabilities, particularly in support of the online and digital elements. We are a more capable company with significantly improved digital, design and sourcing skills in Clothing & Home and industry leading performance and outstanding innovation in Food. M&S is now better equipped to meet today’s customer needs. The start of Steve’s tenure in April opened a new chapter which will see us continue to accelerate the pace and scale of change across the business. The focus will be on execution and implementing the actions required to complete the transformation of M&S’s infrastructure and its business to compete effectively in a modern, digital age.

Steve has a deep understanding of M&S, having worked at the company for over 25 years. He has been a Board member since 2012 and has a proven track record of delivering results. He also understands the need for change. It is this insider knowledge coupled with an appetite for transformation that makes him uniquely qualified to lead our business forward Steve is straightforward, authentic and decisive. These are qualities that will carry our people with him. These qualities, together with his clear focus on our customer, simplicity and teamwork, are the reasons Steve was chosen to lead the business. Under his leadership, our aim is to again become as distinctive in Clothing & Home as we now are in Food.

Our performance during the year was mixed. We delivered a good performance in Food and a substantial improvement in our Clothing & Home margins, but Clothing & Home sales were not satisfactory. The overall result is that underlying profit before tax rose by 3.5% to £684.1m, although due to non-underlying items of £200.8m, statutory profits were down 19.5% to £483.3m. In Food, we had another strong year, despite the market remaining extremely competitive. Customers continue to be drawn to our distinctive offer. They love our high levels of newness and innovation and our emphasis on convenience. As planned, we were able to grow the business profitably, including opening 75 new Simply Food stores, which are performing strongly. Our Clothing & Home business underperformed. Although it delivered significant margin gains due to better design and sourcing skills, our sales performance was unsatisfactory. Steve’s number one priority is to return Clothing & Home to sustainable, profitable growth. With his direct control of the division and his detailed understanding of the issues it faces, this underperformance is being addressed as a matter of urgency.

M&S.com outperformed the market and it continues to reap the benefits of the investment made over the last few years. Performance against all metrics improved during the year. Our Castle Donington automated distribution centre has significantly strengthened our infrastructure and its performance this year exceeded our plans. Over the year, we saw sales through mobile and tablets grow strongly as customers’ shopping behaviour continues to evolve. Our International business faced significant headwinds due to currency fluctuations, the slowing global economy and geopolitical unrest alongside some operational challenges. Although we saw good growth in India, our business in Europe is not producing satisfactory returns. We are looking at every part of our International business to make sure our strategy remains relevant.
Our values of Inspiration, Innovation, Integrity and In Touch are as important to us as ever. The work we do in communities and the steps we take to help disadvantaged people into work are daily proof that these values are authentic. This year, over 1,000 of our employees took part in Spark Something Good; a co-ordinated series of community and charity action days in cities across the UK. Among the many charities, we were delighted to support this year was Style for Soldiers, an organisation that provides bespoke outfits for wounded servicemen. Nine years after its launch, Plan A continues to influence the decisions we make. Our work with our suppliers and other stakeholders lies at the heart of our ethical sourcing and provenance policies. These are pivotal elements in ensuring the trust our customers place in us is soundly based. Doing the right thing is genuinely embedded in this business. Just as I believe that people should behave in the right way towards their neighbours, so I believe that businesses should do the right thing in their local communities and this focus on our customers and communities will continue under Steve’s leadership. Plan A and our strong values guide how we behave.

Since I became Chairman I have had a consistent commitment to focus on our people and succession planning. Our people are the backbone of our business and identifying talent and supporting development continues to be one of the Board’s key priorities. At several moments during the year our executive team succession planning and processes were tested and proven to be robust. This approach to succession has allowed us to replace and reallocate responsibilities quickly and seamlessly, reacting to both planned and unplanned changes. Steve’s appointment as Chief Executive is an example of this in action. The appointment was the culmination of very careful discussion and preparation, with particular emphasis on both Steve’s development and our top talent over a number of years. The Board is grateful to Marc for his planning, enabling the Nomination Committee to work carefully and systematically on his succession. The Committee assessed external and internal candidates thoroughly and at the end of what was an exceptionally rigorous process, we were unanimously convinced Steve was the best candidate. The shape and composition of your Board has changed significantly over the year. We now have fewer executive directors and a more streamlined reporting structure. We have strong, competent leaders running our Business Units and our new structure is simpler, more agile and reflects the trust we have in our teams to deliver.

In July, John Dixon, Executive Director of General Merchandise, resigned and left the business to pursue career opportunities outside the Company. I would like to thank John for his service over many years and his many contributions to the success of the business in that time. In December, Andrew Fisher, the Chairman of Shazam, one of the world’s leading digital businesses, joined our Board as a nonexecutive director. Andrew brings strong digital, customer insight and international experience with him. He has joined our Nomination and Audit Committees, and I would like to extend him a warm welcome. Martha Lane Fox, who has served as a nonexecutive director for nine years, stepped down from the Board in April. Martha brought the perspective and energy of an entrepreneur to the role and made a difference to our business well beyond her strong digital background. I would like to thank her for her major contribution.

Our dividend policy remains a progressive one, with dividends broadly covered twice by earnings. We intend to pay a final dividend of 11.9p, taking the total dividend to 18.7p, up 3.9% on last year. In addition, a special dividend of 4.6p will be paid at the same time as the final dividend.

People and succession planning will remain one of the Board’s three priorities, alongside strategy and its execution, and values. Much of our focus will be on supporting Steve and his team as they implement their plan to improve our Clothing & Home performance and make us a more profitable and valuable business for our shareholders. M&S has evolved significantly since I joined as Chairman, and there will be further changes ahead as we strengthen our position as a modern, profitable business rooted in fulfilling the needs of our customers in a digital world. Finally, I would like to thank all our employees for their hard work. I spend as much time as possible with employees at all levels in our offices and stores all over the country. I have always found our people to be professional, positive and dedicated to our customers. Wherever they work, they
show huge pride in working for this unique business, and I would like to extend my gratitude to every one of
them. They are what makes M&S genuinely special”.

This information is from the following website:


(Extract from “2016 Annual Report”, Chairman’s Statement from ROBERT SWANNELL)

For more detailed information visit the website mentioned above.

SMETA: “Sedex is the name of the organisation – SMETA is the name of an audit methodology. The Supplier
Ethical Data Exchange (Sedex) is a not-for-profit, membership organisation that leads work with buyers and
suppliers to deliver improvements in responsible and ethical business practices in global supply chains. Sedex
was founded in 2001 by a group of retailers to drive convergence in social audit standards and monitoring
practices. Sedex aims to ease the auditing burden on suppliers through the sharing of audit reports and to
drive improvements in supply chain standards.

SMETA (Sedex Members Ethical Trade Audit) is the audit methodology created by the Sedex membership to
give a central agreed audit protocol, which can be confidently shared. Originally created by the Sedex
Associate Auditor Group (AAG), now renamed the Sedex Stakeholder Forum (SSF) and involving multi-
stakeholder consultation, it draws from practices defined by Sedex members and by the Global Social
Compliance Programme (GSCP) www.gscpnet.com.

SMETA consists of four core documents: the SMETA Best Practice Guidance (this document), the SMETA
Measurement Criteria, the SMETA Audit Report, the SMETA Corrective Action Plan Report (CAPR).

SMETA and the Ethical Trading Initiative (ETI) Base Code: SMETA uses the Ethical Trading Initiative Base Code
and the local law as its monitoring standards. SMETA can be tailored to use with other codes based on
conventions of the International Labour Organisation.

SMETA Best Practice Guidance (BPG) describes the key steps of planning, executing and documenting a
SMETA Audit against the following four auditing pillars.

A SMETA 2-Pillar audit comprises: Labour Standards, Health and Safety and Additional Elements (Universal
Rights covering UNGP, Management Systems, Entitlement to Work, Subcontracting and Homeworking,
Environment).

A SMETA 4-Pillar audit contains in addition: Environment (extended) and Business Ethics.

The SMETA BPG has been produced to give a consistent global auditing procedure that Sedex members can
share with confidence and with full transparency of the standards and protocols used.

Many types of social audits are performed such as BSCI, WRAP, SA8000 and ICTI, and all social audits can be
uploaded onto the Sedex platform. It lies with the individual member to decide what audit is acceptable to
them; however, Sedex hopes that by providing SMETA publicly, companies will increasingly converge on one
international audit protocol. SMETA 2-Pillar audit has been developed for auditing against a Human Rights
framework and the Ethical Trading Initiative (ETI) Base Code, Local Law, plus the Additional Elements listed
above. SMETA 4-Pillar audit includes the additional assessments of Environment and Business Ethics. SMETA
has been developed to provide guidance for both 2-Pillar and 4-Pillar audits, allowing individual supply chains
to choose their requirements. The guidance can be adopted and tailored to carry out audits against a range
of other labour codes based on the conventions of the International Labour Organisation (ILO).
SMETA BPG undergoes a regular review to ensure that it reflects changes in social auditing. This process includes feedback from stakeholders. The latest version will be available on the Sedex website. In recognition of some members wishing to use the SMETA methodology for their own company code the SSF has developed this new version, in which a customer may require a SMETA audit to include their own code, providing that it is in addition to the ETI Base Code and the local law.

A SMETA 2-Pillar audit comprises the 2 pillars of Labour Standards and Health and Safety. These are mandatory modules for any SMETA audit. It also contains the additional elements of Management Systems (including Land Rights), Universal Rights covering UNGP, Responsible Recruitment Practices, Entitlement to Work, Subcontracting and Homeworking, and a shortened Environment Assessment.

A SMETA 4-Pillar audit includes all the above elements plus the additional pillars of Environment (extended assessment – replaces shortened assessment) and Business Ethics. These additional pillars may not be required for all Sedex members and it is important that sites of employment and auditors are clear when these extra modules are required. The basic 2-Pillars of a SMETA audit are governed by the standards contained in the ETI Base Code. The additional pillars of Environment (extended version) and Business Ethics in a 4-Pillar audit are governed by standards developed through a process of member and multi-stakeholder consultation”.

This information is from the following website:


(Extracts from “Version 6.0 April 2017”, which replaces V. 5.0 December 2014)

For more detailed information visit the website mentioned above.

For detailed information about the previous SMETA Best Practise Guidance (V. 5.0 December 2014) visit the following website:


SEDEX: “We are a global non-profit membership organisation making it simpler to do business that’s good for everyone. We’re home to the world’s largest collaborative platform for sharing responsible sourcing data on supply chains, used by more than 43,000 members in over 150 countries. Tens of thousands of companies use Sedex to manage their performance around labour rights, health & safety, the environment and business ethics. Our services enable members to bring together many kinds of different data, standards and certifications, to make informed business decisions, and to drive continuous improvement across their value chains.

Our Sedex Advance product is the largest collaborative platform in the world for buyers, suppliers and auditors to store, share and report on information quickly and easily. For buyers, we make it simpler to understand how supply chains are performing, and to identify and act on opportunities for improvement. For suppliers, we make it easy to share information with multiple buyers in an agreed format. This frees up time spent on unnecessary duplication.

SMETA is one of the most widely used social audit procedures in the world. It provides a globally-recognised way to assess responsible supply chain activities, including labour rights, health & safety, the environment and business ethics. We convene the Sedex Stakeholder Forum (the SSF), the group that manages the ongoing development of SMETA and other related tools. The SSF is made up of working groups which include
brands and retailers, NGOs, industry experts/associations and monitoring firms that are significantly involved in ethical trade auditing. It is currently active in the UK, China and Latin America.

We work in partnership with many of the world’s most recognisable brands and thousands of factories, producers and industry experts. Working with the right standards, information and technologies, we believe that business can shape the future of global trade to have an increasingly positive impact worldwide. Everything we do is designed to make it simpler for our members to do business that’s good for everyone.

By using our products and services our members can manage their multi-tier, responsible sourcing data simply and efficiently. They can take advantage of standardised formats and reports whilst collaborating by sharing common information.

Sedex is ‘owned’ by its members, so it is completely focused on providing the responsible sourcing data, technology solutions, products and services our members need. Our scale and expertise also helps us bring together members and stakeholders to drive convergence between different industry standards and methodologies.

We understand supply chain management as a continuous, collaborative process of improvement. Our audit methodologies help businesses identify opportunities for improvement and work with their suppliers to make changes. They also reduce duplication and ‘audit fatigue’ by allowing suppliers to share one set of data with multiple customers.

We do not audit, and we do not certify. We create an independent framework through which responsible business can develop at global scale”.

This information is from the following website:

https://www.sedexglobal.com/about-us/

For more detailed information visit the following website and related web-pages (including the introduction to Sedex Brochure):

https://www.sedexglobal.com/about-us/governance/

**Stronger Together:**

For detailed information visit the following website (M&S’s Human Rights Report 2016, pages 18 and 23):


For more detailed information visit the following website:

http://stronger2gether.org/

**LaborLink:**

For detailed information visit the following website:

https://www.mylaborlink.org/
M&S Grievance Channels and Mechanisms (Grievance Procedure for clothing home and food supply chains): “We want to have in place effective grievance mechanisms to remedy adverse human rights impacts but we recognise this is challenging and an area we have much to learn. Hence, we have introduced a new public commitment to address this.

We are committed to building a culture of trust and transparency within our business and supply chains. We have never brought a retaliatory legal claim or dismissed any employees or any workers on the basis that they have brought or tried to bring a case against us involving any allegation of human rights impacts / abuses or against the lawyers representing them and have never brought a case for defamation or similar actions against claimants or their lawyers.

We encourage our employees and individuals within our supply chains to report any wrongdoing without fear of retribution. This includes where human rights may be violated or where there is a breach of our labour standards.

Workers or their representatives are best placed to raise issues locally and potentially solve a dispute as it is occurring. Localised solutions tend to be most attuned to local culture, the concerns of those whose rights are impacted, and opportunities for sustainable solutions. External investigations of complaints by brand companies or multi-stakeholder initiatives are an important and necessary back-stop to these processes and should ideally be used after all local mechanisms have been tried first.

Often the issues that are raised are complex. This means it takes time to investigate and check facts. In some cases, there is not a clear-cut right or wrong answer. In others, issues may not be able to be addressed by M&S alone and require wider engagement with governments, industry and other stakeholders.

We have both internal and external channels available for any party wishing to raise a concern, anonymously if required. We use a generic framework depending on the nature of the issue and local circumstances:

- Initial assessment of the complaint
- Internal investigation which may involve an independent third party
- Consultation and mediation with all parties

If no agreement is forthcoming within a reasonable timeframe we reserve the right to decide on the outcome.

Our priority is always to safeguard the rights and wellbeing of any party who has raised the grievance. If a person or organisation feels they have been the subject of retaliation, we will investigate and take action to remedy the situation.

Our current grievance channels and mechanisms are as follows:

Employees and direct suppliers: All employees and direct suppliers (anyone with whom we have a direct contract) can report a human rights or labour standards concern through our Whistleblowing Policy process. Individuals are encouraged to report their concerns to a line manager or senior manager in the first instance. Alternatively, they can be raised via the independent hotlines (email or phone) we’ve put in place. We will promptly acknowledge receipt unless the concern has been reported anonymously or contact details were not provided. All concerns will be taken seriously, fully investigated and appropriate action taken. All investigations conducted are also reported to our Audit Committee which is a committee of the M&S Board that deals with internal control and risk identification.

Supply chain: All our suppliers are covered by our Global Sourcing Principles which require them to have their own grievance mechanisms in place. To support our suppliers to create effective mechanisms we are rolling out our workplace communications toolkit and piloting new mobile technology tools such as Labor Link. Where local and site based mechanisms fail, an individual or organisation can raise a complaint with us. They must be either directly affected by the issue or have a mandate to represent individuals or communities
directly affected. During audits, our independent auditors leave calling cards with confidential phone numbers for workers to use to allow concerns to be raised after the audit has taken place. Concerns may also be emailed directly to confidential@marks-and-spencer.com. The complaint can be submitted in the individual’s or organisation’s own language. We endeavour to acknowledge receipt of all emails received into this mailbox within 2 working days (5 working days if in a language other than English). Our goal will always be to assess and then investigate all legitimate complaints and promote their resolution in the quickest possible timeframe. The complaint will be considered to have been resolved at an initial stage if and when the parties agree on a plan for remedial action to address the issue. Complaints vary in scale, complexity and geographical origin so it is not possible to say how long it will take to reach a resolution. The issue may be resolved in a matter of weeks or it could take months or even years. We will, however, always strive to keep all parties regularly informed (in their local language) of the steps that are being taken and the results of the process. Find out more about our grievance procedure for Clothing, Home and Food supply chains. The OECD’s National Contact Points mechanism can be used in instances where individuals or communities feel they cannot raise a concern with us directly (see ‘Non-M&S grievance mechanisms’ below).

External individuals and communities: Our grievance mechanism is accessible to all external individuals or communities. Concerns may be emailed directly to confidential@marks-and-spencer.com. The complaint can be submitted in the individual’s or organisation’s own language. We endeavour to acknowledge receipt of all emails received into this mailbox within 2 working days (5 working days if in a language other than English). Our goal will always be to assess and then investigate all legitimate complaints and promote their resolution in the quickest possible timeframe. The complaint will be considered to have been resolved at an initial stage if and when the parties agree on a plan for remedial action to address the issue. Complaints vary in scale, complexity and geographical origin so it is not possible to say how long it will take to reach a resolution. The issue may be resolved in a matter of weeks or it could take months or even years. We will, however, always strive to keep all parties regularly informed (in their local language) of the steps that are being taken and the results of the process. Alternatively, the OECD’s National Contact Points mechanism can be used in instances where individuals or communities feel they cannot raise a concern with us directly (see ‘Non-M&S grievance mechanisms’ below).

Our approach to receipt of and response to grievances is evolving. And whilst we strive to have effective mechanisms in place, we recognise this is an area where have much to learn. We are, however, absolutely committed to promoting the channels through which individuals and communities who may be adversely impacted by our operations can raise complaints or concerns.

During 2016/17, we conducted a critical review of grievance mechanisms available both for individuals and communities, including our employees and supply chain and the extent to which issues are effectively raised within our business. This involved developing a better understanding of our existing processes, identifying what reporting data is available and using a cross-business survey to assess awareness and adoption. We have identified some opportunities to improve our employees understanding of what channels are available within the business. We can also improve at an operational level, particularly in unifying the way we handle and follow up on grievances. From 2020, we will report annual on the use and performance of the mechanisms”.

This information is from the following website: https://corporate.marksandspencer.com/plan-a/our-approach/business-wide/human-rights#7bdc07f566e34cef8a3b4036dfee567c

(Extract from “Human Rights”, M&S's Grievance Channels and Mechanisms)

For detailed information about the “Grievance Procedure for clothing home and food supply chains” visit the following website:
OECD’s National Contact Points (NCP): National Contact Points (NCPs) are offices set up by governments that have adhered to the OECD Guidelines for Multinational Enterprises (the Guidelines). The Guidelines are a set of recommendations for responsible business conduct (RBC) covering all areas of business responsibility including disclosure, human rights, employment and industrial relations, environment, anticorruption, competition and taxation. NCPs have two main objectives:

- Promote the Guidelines and handle enquiries this means that NCPs organise and participate in events related to RBC to raise awareness of the Guidelines. They also respond to questions about the Guidelines.
- Provide a grievance mechanism to resolve cases (known as "specific instances") relating to non-observance of the recommendations of the Guidelines.

Consensual and non-adversarial: Dispute resolution through NCPs allows parties to engage in a process aimed at reaching a mutual agreement. The system can bring about longer-term, constructive engagement between companies and stakeholders.

Broad scope: The Guidelines are broad in scope and make reference to relevant provisions of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy as well as the Rio Declaration. They are also aligned with the UN Guiding Principles for Business and Human Rights (UNGPs). As such, the NCPs have the capacity to consider a broad range of business responsibility issues.

Transnational reach: NCPs provide the only state-based, non-judicial grievance mechanism which handles RBC issues related to companies operating in or from the country of the NCP. Any individual or organisation with a legitimate interest in the matter can submit a case to an NCP regarding a company, operating in or from the country of the NCP, which has not observed the Guidelines.

Many NCPs provide information on how to submit cases on their websites. A list of NCP websites can be found here: [http://mneguidelines.oecd.org/ncps/](http://mneguidelines.oecd.org/ncps/)

Three steps generally follow the submission of a case:

Initial assessment - The NCP evaluates whether the issues raised merit further examination and either accepts the case or publishes a statement explaining why it has not accepted it.

Support - The NCP offers its "good offices" (dialogue, mediation, conciliation services) to both parties to help resolve the issues.

Conclusion - At the end of the process, the NCP publishes a statement regarding the issues raised in the case, the support offered by the NCP and the outcome.

A record of all cases handled by NCPs is available online in the OECD database of specific instances. The database provides a summary of all ongoing and closed cases as well links to final statements on cases published by NCP ([https://mneguidelines.oecd.org/database/](https://mneguidelines.oecd.org/database/)).

Most NCPs maintain a website and some publish regular reports on their activities. In addition, NCPs must report annually to the OECD which produces an Annual Report summarising their activities, including with respect to cases handled ([https://mneguidelines.oecd.org/annualreportsontheguidelines.htm](https://mneguidelines.oecd.org/annualreportsontheguidelines.htm)).

NCPs meet bi-annually at the OECD to share experiences and discuss ways in which the NCP mechanism can be strengthened. NCPs also consult with each other in handling cases and to agree on which NCP will take the lead in assisting parties where cases involve impacts in several jurisdictions. Governments have flexibility in how they structure their NCP. While some NCPs are based within government departments, others are
independent of their governments. Many NCPs also have supporting bodies which may be composed of non-governmental stakeholders, such as trade unions and business representatives. Regardless of their NCP structure, NCP leadership should be such that it retains the confidence of social partners and other stakeholders. All NCPs must operate in accordance with the core criteria of visibility, accessibility, transparency and accountability. This means that the functions of the NCP should be widely promoted; that stakeholders should be able to easily submit inquiries or file cases with the NCP; that the NCP should, to the extent possible, report publicly on its activities and how it handles cases; and that the NCP should report annually on its activities and participate in regular meetings where the effectiveness of the activities of NCPs can be assessed.

This information is from the following website:


For more information on individual NCPs visit the following website:

http://mneguidelines.oecd.org/ncps/

UK Gangmaster Licensing Authority (now called “The Gangmasters and Labour Abuse authority”): “The Gangmasters and Labour Abuse Authority works in partnership to protect vulnerable and exploited workers. We are a Non-Departmental Public Body (NDPB) governed by an independent Board made up of a chair and six members, who were recruited for their respective knowledge, experience and skills. Our licensing scheme regulates businesses who provide workers to the fresh produce supply chain and horticulture industry, to make sure they meet the employment standards required by law. If you are an employment agency, labour provider or gangmaster who provides workers to the sectors listed below, you will need a GLAA licence:

- Agriculture
- Horticulture
- Shellfish gathering
- Any associated processing and packaging

Labour providers are assessed to check they meet the GLAA licensing standards which cover health and safety, accommodation, pay, transport and training. We check that they are fit to hold a licence and that tax, National Insurance and VAT regulations are met. A labour provider must have a GLAA licence to work in the regulated sectors, it is a criminal offence to supply workers without a licence or use an unlicensed labour provider.

Workers receive fair treatment, the pay, benefits and conditions they are entitled to. Labour providers are not undercut by those who pay less than the minimum wage or avoid tax. Industry standards are raised. Labour users can check their workers come from a legitimate provider and are informed if their labour provider’s licence is revoked. Consumers can be assured that their food has been picked and packed in an ethical environment. Illegal activities which lead to a loss of public revenue – income tax, VAT and NI – are reduced.

The GLAA follows the principles and guidance in the Hampton and Macrory reviews, which outline the approach regulators should take to improve compliance and reduce the administrative burdens on business. Read more about the Regulators Code and how we follow it in the documents below. The Regulators' code: Principals of effective regulation. Published 2014. Implementation of the Regulators Code principals: How
the GLAA meets the requirements of the Regulators Code. The Guidance on Regulation Code of Practice: How we apply the principals of the code to our guidance on legislation”.

This information is from the following website:
http://www.gla.gov.uk/who-we-are/what-we-do/

For more detailed information visit the following website:
http://www.gla.gov.uk/

**Emerging Leaders and M&S (Leadership for Hope):** In January 2012, 100 workers from an M&S Kenyan supplier, VP Group, got a chance to change their lives for the better by taking part in a pilot training course called "leadership for hope". Developed by an NGO called Emerging Leaders with support from M&S, the intensive three-day course benefited suppliers, trainees and the long-term sustainability of the retailer's supply chain.

The author of the article, Lorna Thorpe, points out that M&S needs to train the next generation of workers if the company is to safeguard its supply chain against a range of issues, from climate change and rising costs, to declining yields and dwindling natural resources.

"Leadership for hope" develops leaders who are capable of coming up with solutions that support business and the community. Following the success of the pilot, in May 2013 Emerging Leaders trained 400 workers from 10 suppliers in a three-day event, which was also attended by 40 potential trainers.

Training workers who supply a wide range of produce, including vegetables, tea, coffee and flowers, proved that the training worked for all businesses and sectors – and whetted the appetite for training among other M&S suppliers. In all, more than 2,000 people have taken part since May 2013 with M&S extending the training right across its Kenyan supply base.

During the course workers were asked to teach what they have learned to others, make a change that benefits them and set up an income-generating project.

In the workplace, businesses said communication, productivity and worker engagement improved. More than half the attendees set up income-generating projects and for every 100 people trained, more than 20 projects are still running after a year. People close to participants noticed a difference too, saying that trainees had become more positive and constructive, and more inclined to look for solutions to problems. Increased financial literacy and earnings have led to higher savings and better livelihoods for many people. In turn, more people have become able to send their children to school. The average household earnings for tea trainees, for instance, rose by 94% and savings by 51%.

Emerging Leaders have turned "leadership for hope" into a professional product, have developed a train-the-trainer programme that is training 17 new trainers, and created a series of training DVDs explaining the effects leadership has on everyday life.

This information is from the following website:
https://www.theguardian.com/sustainable-business/sustainability-case-studies-marks-spencer-kenya

For more detailed information visit the following website:
http://www.emerging-leaders.net/
The Memorandum of Understanding* (MoU): The Memorandum of Understanding – signed between member companies and IndustriALL – is the basis for the cooperation between ACT members and outlines the framework for action to establish freedom of association, collective bargaining and living wages within global supply chains. This Memorandum of Understanding (MoU) aims at creating a cooperation between IndustriALL Global Union and ACT (Action Collaboration Transformation) corporate signatories in order to achieve living wages for workers in the global textile and garment industry supply chains through mature industrial relations, freedom of association and collective bargaining.

The actions of the MoU are within the ambit of UN Guiding Principles on Business and Human Rights endorsed by the UN Human Rights Council in June 2011 (UNGP). The core labour conventions of the International Labour Organisation (ILO) frame the responsibilities and requirements for all actors.

Against that background, the signatories to this MoU recognise that: A ‘living wage’ is the minimum income necessary for a worker to meet the basic needs of himself/herself and his/her family including some discretionary income. This should be earned during legal normal working hour limits. Workers must be free and able to exercise their right to organise and bargain collectively in accordance with ILO conventions. A joint approach is needed where all participants in global supply chains assume their respective responsibilities in achieving freedom of association, collective bargaining and living wages. Two sustainable mechanisms have the capacity to deliver freedom of association, collective bargaining and living wages to any scale, while setting a level playing field: Industry wide collective agreements and National minimum wage fixing enforcement mechanisms. Agreement on a living wage should be reached through collective bargaining between employers, workers and their representatives, preferably at national industry level.

Minimum wages play a vital role in underpinning living wages and must be set in accordance with this level and regularly reviewed in line with cost of living increases. This should be underpinned by an adequately resourced regulatory, inspection and legal system that ensures that no less than legal minimum wages are paid to workers.

Business security and commitment to production countries and suppliers are a key enabler for paying living wages in conjunction with all other pillars of our joint approach.

Solutions including all actors, not limited to ILO, governments, brands, unions, suppliers and their relevant constituencies are required to achieve these ambitious goals. Against this background, the company intends to develop its own strategies and actions jointly in a sphere of innovation. The ILO is extremely important in terms of framing and assisting the implementation of its core labour conventions with all its practical and technical expertise, as well as their established space, country programmes and experience on tripartiy. Collaboration with ILO is aimed at engaging all its partners for a truly holistic approach to our joint goals and strategy. Corporate signatories will work to ensure that their respective purchasing practices support long-term partnerships with manufacturers in support of ethical trade. Corporate signatories will ensure that their purchasing practices facilitate the payment of a living wage as defined in this document. In this document, the company commits to target countries in which to implement this approach and develop an agreed plan of action in relation to each country. The corporate signatories will exchange the necessary information for this programme regarding their strategic supplier factories with IndustriALL for the purpose of effective implementation in the target countries. They will work with their supplier factories and IndustriALL will work with its affiliated unions in target countries to bring them together to negotiate towards a living wage. The company will provide capacity building to both groups in support of this process, including training of managers and workers on freedom of association and collective bargaining. IndustriALL will appoint coordinators at global and local levels to ensure effective implementation of joint goals. The company commits to design strategies on how to promote proactively freedom of association. It will advocate that industrywide, collective agreements that result from this process will be registered and legally enforceable under national laws. It will work together to develop contractual or other mechanisms through which brands
can support that their suppliers implement the negotiated wage. IndustriALL and ACT’s signatories will make joint approaches to governments in support of higher minimum wage outcomes. The process includes also brand commitments to continue sourcing, the gap between the minimum wage and a living wage, cost of living increases, productivity and efficiency gains and the development of the skills of workers, carried out in cooperation with unions at workplace level. In the document the company agrees to work transparently, collaboratively and in good faith to ensure that the mutual responsibilities goals and purpose set out therein are met. The company reserves to explore different solutions, to make room for imperfection and continuously adapt our strategies to ensure implementation of the joint goals. It finally commits to driving a new culture of trust and participation between all relevant actors at both a sectorial and international level.

*(I found no evidence of M&S’s membership to ACT and of the existence of a Memorandum of Understanding with IndustriALL)*

This information is from the following website:

https://actonlivingwages.com/memorandum-of-understanding/

For more detailed information visit the following websites:


http://www.industriall-union.org/industry-bargaining-for-living-wages

**Benefits for Business and Workers (BBW):** “We were a founding partner in the development of the BBW programme. This was a collaborative project involving 8 retailers with support from the Department of International Development’s (DFID) Responsible and Accountable Garment Sector (RAGS) Challenge Fund and managed by Impactt. In Bangladesh and India, BBW trained factories on HR and productivity and as a result the factories were able to reduce working hours, reduce absenteeism and increase overall take home pay. 16 of our factories participated in the programme – 7 in Bangladesh and 9 in India. Overall, in Bangladesh average monthly take-home pay increased by 7.63% (equivalent to an increase in annual pay of £3.4m across workers employed by participating factories). This was matched by a reduction in working hours which meant that hourly pay went up by 11.94%.

In India, monthly take-home pay increased by 5.09% (equivalent to an increase in annual pay of £614,000 across the workers employed by participating factories). Again, working hours were reduced, which meant that hourly pay went up by 8%”.

This information is from the following website:

http://corporate.marksandspencer.com/plan-a/our-approach/clothing-and-home/supplier-management#5ef1fc41685c44b59448c288af435641

For more detailed information visit also the following website:


**Ethical Model Factory Programme (EMF):** “We developed our original Ethical Model Factory programme for our Clothing & Home suppliers during 2007. Our goal was to set up factories that could demonstrate best practice for ethical compliance, illustrate solutions to difficult ethical issues and consult with its workforce giving equal rights and better pay and conditions. To achieve this, three training programmes were set up to help increase workers’ wages:
• Workers’ rights training (20 hours) covering topics such as hours, wages, holidays, contractors, payslips, discrimination, misconduct, and housekeeping.

• Human resource (HR) systems and industrial relations management training (14 hours) covering topics such as grievance procedures, recruitment policy, organisational behaviour, communications and worker committees for middle management and HR personnel.

• Productivity training for industrial engineers and production line management which includes analysis and measurement of existing production methods.

The programme was piloted in 11 factories in Bangladesh between 2008 and 2011. We extended the programme to 2 factories in India in 2012.

We partnered with local organisations including GIZ (the German Government Development Agency), the Bangladesh Institute of Management (BIM) and General Sewing Data (GSD) to deliver the training.

We also commissioned PwC to carry out a study to identify the net benefits created through the programme. This concluded that there was a quantifiable financial figure per worker which was shown in the increase in their wages.

During the period of the pilot the programme trained over 38,000 workers on employee rights. In addition, 130 supervisors and middle managers received 14 hours of training each on HR policies and procedures, industrial relations and behavioural skills. The programme resulted in wage increases between 12% and 54%. This work has continued and on average wages at our supplier factories in Bangladesh are now 60% above the current minimum wage.”

This information is from the following website:

https://corporate.marksandspencer.com/plan-a/our-approach/clothing-and-home/capacity-building-initiatives#678a89ae50d64cd1b1cf9b5f5ece3b6

(Extract from “Capacity building Initiatives”, Ethical Model Factories Programme and Ethical Excellence Factories)

For more detailed information visit also the following websites:


http://corporate.marksandspencer.com/plan-a/our-approach/clothing-and-home/supplier-management#5ef1fc41685c44b5948c35641

http://api.ning.com/files/WLKpW62gr6c0ZbHEkOMrOWE*959dqhEll1BeIhvc6AnvMNy38kKc5InDip*1031jTJwpBZ1*hS2dq*mDjeod*9GtlkXzoDi/ProjectResource_EMF_MS.pdf

For information about “Ethical Excellence Factories” visit the following website:

https://corporate.marksandspencer.com/plan-a/our-approach/clothing-and-home/capacity-building-initiatives#678a89ae50d64cd1b1cf9b5f5ece3b6

Suppliers Management (Workplace Communication): “Effective workplace engagement is key to achieving a healthy workplace environment. It is important to start by building trust through efforts to improve information provision and consultation with workers.”
To help our suppliers in this task we piloted a Workplace Communications programme with garment suppliers in Turkey for 12 months in 2012. Based on the experience, we developed a global module of Workplace Communication and launched it with a two-day training course to all of the Regional Compliance Team in Turkey in 2014.

The Workplace Communications toolkit is now available for all our suppliers and sets out how to develop or improve the provision of, and management interaction with, trade unions, worker committees, effective communication channels and trade union relationships. To date, over 22,000 workers in our garment supply chain have received training from this workplace communication toolkit in China, Sri Lanka and Turkey.

We’ve also partnered with Good World Solutions to facilitate anonymous direct communications with workers through their Labor Link mobile technology. As of 2015 we’d surveyed over 75,000 workers in 5 countries (China, India, Bangladesh, Sri Lanka and the UK). The survey technology has also become an important tool in helping us evaluate and assess the impact of our programmes and training we have put in place.

As part of our normal audit process (see below) our third-party auditors and our own regional Ethical Trading managers leave confidential phone number cards with worker and union representatives to allow grievances to be raised after the audit has taken place if the environment does not allow this at the time.

We plan to review the effectiveness of our mechanisms for handling supply chain grievances across the M&S Group during 2016/17. Find out more about our approach to respecting human rights”.

This information is from the following website:
http://corporate.marksandspencer.com/plan-a/our-approach/clothing-and-home/supplier-management#95edcd010cc947b88ad18c1d79b97369

(Extract from “Supplier Management”, Workers Engagement Mechanisms)

For more detailed information visit the following website:

**WWF’s Water Risk Filter:**

For detailed information visit the following website:
http://waterriskfilter.panda.org/

**Sustainable Clothing Action Plan:** This is the Action Plan for the Sustainable Clothing Roadmap setting out agreed stakeholder actions in the following five key areas to improve the sustainability performance of clothing.

- 1. Improving Environmental Performance across the Supply Chain:
  - Sustainable Design
  - Fibres and Fabrics
  - Maximising Reuse, Recycling and end of life management
  - Clothes Cleaning
- 2. Consumption trends and behaviour
- 3. Awareness, media, education and networks
4. Creating market drivers for sustainable clothing
5. Instruments for improving traceability along the supply chain (ethics, trade and environment).

Launched in Sept 2007, the Sustainable Clothing Roadmap aims to improve the sustainability of clothing, by gathering evidence on the environmental, social and economic impacts, and working with a wide range of stakeholders across the clothing supply chain to build on existing interventions and add value to work already underway.

The reason for the roadmap is because clothing, while an economic success story (globally worth over £500 billion), has a significant environmental and social footprint across its supply chain which is exacerbated by high consumption levels, in particular in the developed world. In the UK alone about 2 million tonnes (value £23 billion) of clothing are purchased per annum, with the fast/discount fashion sector (characterised by low cost, short lifetime garments) making up one-fifth of the UK market.

The environmental impacts include:

- Energy use and generation of Greenhouse Gas (GHG) emissions from washing (water heating) and drying of clothing.
- Energy use, resource depletion and generation of GHG emissions from processing fossil fuels into synthetic fibres.
- Significant water use, toxicity from fertiliser, pesticide and herbicide use, energy use and GHG emissions associated with fertiliser generation and irrigation systems from fibre crops, e.g. cotton
- Water use, toxicity, hazardous waste and effluent associated with production stage pre-treatment chemicals, dyes and finishes
- In the UK, 2 million tonnes of textiles are consumed per annum with approx 50% destined for landfill. Of this, over 1 million tonnes is clothing, with the remainder being domestic carpets, household fabric and footwear. Approximately 0.5 million tonnes of textiles is collected for reuse or recycling.

As 90% of UK clothing is imported, many of the significant impacts are occurring overseas as well as in the UK. Social impacts include labour exploitation, in particular child labour and poor working conditions, trade inequities and animal welfare. The roadmap action plan will be successful if it stimulates the clothing and fashion industry to take increasing actions in the five key areas, where it can be most effective.

Led by Defra, the roadmap is based on the co-ordinated action of key clothing and fashion stakeholders as they can affect the most improvement through their operations. Nearly 300 stakeholder organisations along the supply chain of UK consumed clothing have participated in the roadmap to date to include clothing retailers, fibre/fabric/garment manufacturers, suppliers, clothing reuse and recycling organisations, charities, industry associations, government, NGOs, practitioners, academia and support organisations. Building on what organisations have already done, the roadmap is based on stakeholder co-operation and agreed commitments to enable the improvement process to accelerate at a quicker rate.

Since its launch, key milestones achieved to date are evidence gathering, awareness raising and extensive stakeholder consultation on the sustainability impacts and where actions would be most effective. On this baseline the action plan has been agreed and steering and expert groups formed to follow the progress of these actions going forward. Background on the roadmap activities and publications to date are at http://www.defra.gov.uk/environment/business/products/roadmaps/clothing/index.htm

The next steps are implementation of the actions and dissemination of their best practices to stimulate other companies to take similar actions.
This clothing roadmap is one of ten being trialled on a range of products in priority areas under the UK government actions on Sustainable Consumption and Production.

More information on SCP and the roadmaps is at


There is a growing business case for improving the sustainability of clothing – as evidenced by a range of market initiatives for example fair trade and organic initiatives now running in over 150 UK retail outlets, increasing sustainable design presence in the UK fashion industry e.g. at London Fashion Week’s Estethica sustainable design platform, as well as consumers’ growing awareness of the environmental and social impacts associated with clothing. The Roadmap aims to build on this momentum with the UK taking a leading role. The roadmap action plan is intended to be a ‘living document’ that will be reviewed periodically. This allows progress towards targets to be monitored and makes it possible to revise and update the actions in the light of new evidence, stakeholders and technology.

This information is from the following website:


(Extract from “Sustainable Clothing Action Plan”, The Executive Summary)

For more detailed information visit the following website and the websites mentioned in the extract:


Green Peace’s DE TOX Programme:

For detailed information visit the following website:


Zero Discharge of Hazardous Chemicals (ZDHC):

For detailed Information visit the following website:

http://www.roadmaptozero.com/

WWF:

For detailed information visit the following website:

https://www.worldwildlife.org/about

Alliance for Water Stewardship: “AWS is a global membership-based collaboration. We unite organizations behind our mission: To lead a global network that promotes responsible use of freshwater that is socially and economically beneficial and environmentally sustainable. We achieve this through a global water stewardship system, centred on the International Water Stewardship Standard (the AWS Standard), that drives, recognizes and rewards good water stewardship performance. Our vision is that Water users and
managers are responsible water stewards, who protect and enhance freshwater resources for people and nature. The AWS Standard provides a globally-applicable framework for major water users to understand their water use and impacts, and to work collaboratively and transparently for sustainable water management within a catchment context. Our members are drawn from all sectors: leading businesses, non-profits, public sector agencies and academic institutes. By connecting organizations at the forefront of collaboration on water, AWS membership acts as a forum to exchange learning and advance the uptake of water stewardship worldwide. This knowledge helps our members to continually refine their own stewardship practices. Our members shape the development of AWS processes so as to be responsive to the learning generated and changing nature of water challenges. The global AWS network is fueled by information from a growing number of local water stewardship networks, coordinated by our regional partners and representatives. Local water stewardship networks serve to engage local stakeholders and build the capacity to facilitate contextually-appropriate water stewardship actions within the globally-consistent framework of the AWS Standard. The AWS Standard system includes third party certification and a network of accredited professional service providers to support and assess the implementation of the Standard. The AWS Standard system is overseen by a multi-stakeholder governance structure.

What is Water Stewardship?

"The use of water that is socially equitable, environmentally sustainable and economically beneficial, achieved through a stakeholder-inclusive process that involves site and catchment-based actions. Good water stewards understand their own water use, catchment context and shared risk in terms of water governance, water balance, water quality and important water-related areas; and then engage in meaningful individual and collective actions that benefit people and nature.”

Socially equitable water use recognizes and implements the human right to water and sanitation and helps to ensure human wellbeing and equity.

Environmentally sustainable water use maintains or improves biodiversity, ecological and hydrological processes at the catchment level.

Economically beneficial water use contributes to long-term sustainable economic growth and development and poverty alleviation for water users, local communities and society at large.

Internal actions are within the site and under the responsibility of the site management.

External actions happen in collaboration with others in the catchment and including actions in the supply chain and the catchment as a whole”.

This information is from the following website:

http://a4ws.org/about/

For more detailed information visit also the following website:

http://a4ws.org/

BSR’s HER Project: BSR is a global non-profit organization that works with its network of more than 250 member companies and other partners to build a just and sustainable world. From its offices in Asia, Europe, and North America, BSR develops sustainable business strategies and solutions through consulting, research, and cross-sector collaboration.
Our mission is to work with business to create a just and sustainable world. We envision a world in which everyone can lead a prosperous and dignified life within the boundaries of the Earth’s natural resources.

BSR believes that a just and sustainable world will result when the unique skills and resources of all sectors—business, civil society, and government—are aligned toward that goal. The role of business is to create and deliver products and services in a way that treats people fairly, meets individuals’ needs and aspirations within the boundaries of our planet, and encourages market and policy frameworks that enable a sustainable future. BSR’s role is to catalyze change within business by integrating sustainability into strategy and operations, and to promote collaboration among companies and their stakeholders for systemic progress toward a just and sustainable world.

BSR’s HERproject is a collaborative initiative that strives to empower low-income women working in global supply chains. Bringing together global brands, their suppliers, and local NGOs, HERproject drives impact for women and business via workplace-based interventions on health, financial inclusion, and gender equality. Since its inception in 2007, HERproject has worked in more than 620 workplaces across 14 countries, and has increased the wellbeing, confidence, and economic potential of more than 700,000 women. HERproject consists of three pillars that use peer-to-peer training and access partnerships to empower women working in garment, footwear, electronics, agricultural, and horticulture supply chains:

**HERhealth** improves the health-related knowledge and behaviors and access to health services and products of low-income working women.

**HERfinance** builds the financial capability of low income employees by delivering financial education programs and connecting factory employees to appropriate financial services.

**HERrespect** promotes positive gender relations in the workplace and family through skill-building, awareness raising, and policy development.

This information is from the following websites:

https://www.bsr.org/en/about


For more detailed information visit the latter website.

**China Labor watch:**

For detailed information visit the following website:

http://chinalaborwatch.org/home.aspx

**Child Labour Procedure (November 2016):**

For detailed information visit the following website:

Annex 4

**Adidas Labour Rights Charter:** “Adidas has established standards and rules that specify the company’s responsibilities towards its global workforce. These rights and rules are defined in the Adidas’ Labour Rights Charter. The charter demonstrates the company’s commitment to the United Nations Universal Declaration of Human Rights and is the guiding framework for several corporate level policies that put our commitment into day-to-day practice. These policies are related to issues such as employee recruitment, development, equal opportunities and compensation and benefits”.

This information is from the following website:


(Extract from “Policies and Standards”, Labour rights Charter)

more detailed information, visit the following website:


**Workplace Standards:** “The Workplace Standards are rules we apply at our own sites and our suppliers’ factories to cover health and safety, labour rights and environmental protection. The Standards draw from international law and the International Labour Organization conventions, and follow the model code of conduct of the World Federation of Sporting Goods Industry. We revised the Workplace Standards in 2001, 2006 and 2016 in consultation with labour rights groups.

We expect all our suppliers to live up to these Standards. They are a contractual obligation under the manufacturing agreements adidas signs with its main business partners.

To explain how we expect our suppliers to live up to our Standards, we have produced a number of supporting guidelines that detail our expectations for fair, healthy, safe workplace conditions and environmentally sound factory operations. They make the Workplace Standards understandable and practical, provide additional guidance for our suppliers, and help us work together to find effective solutions to workplace problems”.

This information is from the following website:


(Extract from “Policies and standards”, Code of Conduct for Suppliers “Workplace Standards”)

For more detailed information, visit the following websites:


Fair Labour Association: “FLA is a collaborative effort of universities, civil society organizations and socially responsible companies dedicated to protecting workers’ rights around the world. We are an international organization with a dedicated staff and board, headquartered in Washington, DC, with offices in China, and Switzerland. FLA places the onus on companies to voluntarily meet internationally recognized labor standards wherever their products are made. We offer:

- A collaborative approach allowing civil society organizations, universities and socially responsible companies to sit at the same table and find effective solutions to labour issues;
- Innovative and sustainable strategies and resources to help companies improve compliance systems;
- Transparent and independent assessments, the results of which are published online; and
- A mechanism to address the most serious labour rights violations through the Third-Party Complaint process”.

This information is from the following website:
http://www.fairlabor.org/about-us

For more detailed information visit the following website:
http://www.fairlabor.org/

FLA Workplace Monitoring Reports:

For detailed information visit the following website:
http://www.fairlabor.org/transparency/workplace-monitoring-reports

ILO Special Action Programme to Combat Forced Labour: “The Special Action Programme to Combat Forced Labour [SAP-FL] is part of the ILO’s programme to promote the Declaration on Fundamental Principles and Rights at Work. The aim of which is to assist countries – with the support of technical cooperation – to respect, promote and realize the principles concerning non-discrimination, freedom of association/collective bargaining and the elimination of forced labour. SAP-FL was established following the Director-General’s global report on forced labour, June 2001. The elimination of child labour – the fourth principle of the 1998 Declaration – is addressed by a separate programme, the International Programme for the Elimination of Child Labour (IPEC).

Since its inception, SAP-FL has relied entirely on voluntary contributions – in the form of technical cooperation (or extra-budgetary) projects. It has proved to be a popular and relatively well-supported area of the Declaration attracting a significant amount of funding. Between December 2006 and July 2011 – the “core” funding amounted to $9,296,573.

The goal of SAP-FL has remained consistent since 2002. It acts to combat forced labour and exploitative human trafficking - areas that have been called slavery, contemporary slavery or extreme labour exploitation. Its work addresses human rights and it tackles the causes and consequences of human vulnerability and poverty. Forced labour is a contentious area that is almost impossible to eliminate unless there is a political will to do so on the part of Governments and Social Partners.

Preceding and during the evaluation period, there have been enormous, far-reaching, world-changing events. Global economic recession has impacted on labour markets with deeply felt consequences. In developing countries, this period has seen further promotion of the Paris Declaration and followup principles alongside greater pressures to collaborate within the UN system During the period under evaluation, the ILO itself has
been undergoing a number of policy shifts and organisational systems modifications. There have been major policy introductions - the concept of Decent Work now firmly underpins all ILO thinking and a further Declaration on Social Justice and Fair Globalisation was adopted. Managerially, the ILO made many changes in this period including promoting the Decent Work Country Programmes [DWCPs], establishing an additional form of funding [the Regular Budget Supplementary Account – RBSA] and making significant shifts in favour of managing for results. At the commencement of 2010, there is a new Strategic Policy Framework in place for 2010 –2015 which is to be implemented by a results-driven programme and budget for the 2010 –11 and subsequent biennia.

Within this maelstrom of policy and operational changes, SAP-FL has had the unchanging goal of eliminating all forms of forced labour worldwide by 2015. We think this is quite a challenge”.

This information is from the following website:

(Extract from “Executive Summaries”, Background and Context)

If the link does not work, type “Extract of the SAP-EL project evaluation summary – May 2010”

For more detailed information, visit also the following website:

**Women Empowerment Programme:** “Sialkot is a small city located in the northeast of the Punjab Province in Pakistan, but it plays a big role in a new project initiated by adidas called ‘Women’s Empowerment Programme’. For decades, Sialkot has been the manufacturing base for hand-stitched ball suppliers to many well-known international brands, including Adidas. But with the market demand shifting to machine-based stitching, many manufacturers had to scale down or close completely, which left thousands of female workers jobless with little chance of new employment due to lack of skill as well as social and cultural barriers.

As part of our on-going engagement to protect the vulnerable groups involved in the global apparel and footwear manufacturing industries, including the promotion of rights of female workers, we initiated a project called ‘Women’s Empowerment Programme’. The project kicked off in September 2015 with two objectives:

- Improve the knowledge and skills of the redundant female workers to earn income and find new employment.
- Help female workers at our suppliers to have better opportunities in the workplace.

In order to have the biggest positive impact on the local communities, we found the perfect expertise and experience in our local partner, the NGO Baidarie, a non-government and non-profit civil society organisation. Through many activities including enhancing skills in diversified areas of earning a livelihood, establishing connections between trained workers and job providing slots as well as mobilising workers for taking the initiative for micro-entrepreneurship, we, together with Baidarie, aim to improve the lives of 1,000 female workers in the Sialkot area and provide them with better opportunities in the workplace.

For more than 30 years, Adidas has sourced footballs from Pakistan. Sialkot is the centre of the football stitching industry in Pakistan, which has in the past employed under-age workers. To discourage this, an industry-wide initiative – supported by the International Labour Organization, FIFA and UNICEF – resulted in
an independent and self-governing committee to monitor the prohibition of child labour. The issues that contribute to child labour are poverty, unemployment and a lack of education. Since 2002, Adidas has funded the local NGO Sudhaar to provide education, school infrastructure and sports programmes in the area’s rural communities.

Since 2002, the Adidas’ support has benefited more than 28,400 children enrolled in 138 schools in the Sialkot District. About 27% of the children come from football stitcher families and the rest from other low-income families. Our support makes children feel that they matter as individuals, that people care for their well-being and that there is value in being at school.

In 2012, scholarships were provided to 75 children belonging to the stitchers’ families to prevent them from dropping out. Scholarships were provided in kind with the consultation of all stakeholders. It includes school uniform, shoes, stationery items and school bags for all children. This scholarship provision has proved to be a major factor in retaining children of stitcher families in schools.

The Adidas project has also strengthened sports provision at these schools by forming junior football leagues, providing free coaching and arranging tournaments to boost students’ confidence and improve their skills. At these tournaments, the participating teams wear adidas uniforms and play with Adidas balls, just like international players. Some of the Adidas suppliers in Pakistan usually make an appearance to show their support. The banners displayed around the pitch reflect messages in favour of children’s rights, particularly the right to education and play. The players come from communities where family incomes are either directly or indirectly associated with football stitching. Tournaments such as these, help reinforce the simple idea that adults should make the balls and children should play only”.

This information is from the following website:


(Extract from “Communities”, Women Empowerment Programme)

For more detailed information visit the following website:


**Adidas’ FAQ Document on Human Rights and Responsible Business Practices:** “The need for companies to understand and address human rights as a responsible business practice is growing. For the adidas Group this is reflected in the following key drivers.

The first is the OECD Guidelines for Multinational Enterprises1 which were revised and re-issued in May 2011. The updated OECD Guidelines now include a chapter on Human Rights. The adidas Group has been a long time adherent to these voluntary guidelines, which sets out good practice for multinational companies in relation to a range of topics, including consumer interests, corruption, environment, employment and industrial relations. The OECD Guidelines have the backing of 41 countries globally, including Germany where the adidas Group is headquartered.

The second driver is the work of the UN Special Representative on Business and Human Rights, Professor John Ruggie.2 After 6 years of consultations with the industry, governments and civil society, Professor Ruggie submitted his final report to the United Nations Human Rights Council on May 31, 2011.3 The report was unanimously endorsed by the Council. The UN Special Representative’s report contains an important set of Guiding Principles, which outline how States and businesses should implement the UN Business and
Human Rights Framework of “Protect, Respect and Remedy”. The adidas Group supports the UN Framework and has considered and incorporated key elements of the Guiding Principles into its general practice in managing the human rights impacts of its business. In particular, we have embedded human rights into our general risk management approach, which is explained in the Frequently Asked Questions (FAQ) below.

Finally, at a trade level, we see that human rights and especially labour rights continue to feature in international trade agreements; especially those that are intended to promote or secure preferential trade status for poor or underdeveloped nations. National and State legislators in the developed world are also introducing measures to safeguard against the importation of goods from any country where there is evidence of child labour, or other forms of modern day slavery and human trafficking. A recent example is the State of California’s Transparency in Supply Chains Act of 2010. The law requires retail sellers and manufacturers in California to disclose how they address the risks of human trafficking and slavery in their product supply chains. We are likely to see more such legislation in the future. As a responsible business it is important that our stakeholders – governments, investors, consumers and civil society - are confident that we are effectively managing human rights issues in our global supply chain”.

This information is from the following website:


For more detailed information visit the website mentioned above.

Adidas’ Submission to the CHRB:

For detailed information visit the following website:


Adidas Group and Human Rights Defenders: “There is no specific definition of who is or can be a human rights defender (HRD).

A human rights defender can be any person or group of persons working to promote human rights locally, regionally, or internationally. Defenders can be of any gender, any age, from any part of the world and with different backgrounds and different interests. Typically, trade union organisers, environmental interest groups, human rights campaigners, and labour rights advocates would be considered to be HRDs.

The threats faced by human rights defenders come in many forms - physical, psychological, economic, and social – and involve the interaction of many factors (poor governance, the absence of the rule of law, intolerance, tensions over development issues, etc.) and can be triggered by different actors, both private and State.

In his report to the General Assembly in 2015, the UN Special Rapporteur on the situation of human rights defenders recommended that both States and businesses should play an active role in supporting and promoting the role of HRDs working in their sectors. This should include, for example, speaking out when human right defenders are targeted for their corporate accountability work. Businesses must also cease and
abstain from supporting any actions, directly or indirectly, which impinge upon defenders’ rights to freedom of expression, association and assembly.

The adidas Group has a longstanding policy of non-interference with the activities of human rights defenders, including those who actively campaign on issues that may be linked to our business operations. We expect our business partners to follow the same policy; they should not inhibit the lawful actions of a human rights defender or restrict their freedom of expression, freedom of association, or right to peaceful assembly.

We value the input and views of all stakeholders and we are willing, and open, to engage on any issue, be this related to our own operations or our supply chain. Often, our engagement with human rights defenders is constructive, especially where we identify areas of shared concern. For example, with respect to transparency and fair play in sports, or environmental sustainability, or the protection of worker rights in our global supply chain. In these instances, we may actively support the work of the HRD and derive shared value from our joint endeavours in, say, improving working conditions, safety, or the environment.

We will also petition governments, alone or in concert with other actors, where we feel the rights and freedoms of human rights defenders with whom we are engaged have been impinged by the activities of the State, or its agents. For example in cases where there are credible reports of a human rights defender being threatened, intimidated or detained by the police or government officials. We will also take direct action where there is clear evidence that a business partner has breached the rights of HRDs. In each case our efforts and choice of action will be informed by the situation as it presents itself, and the extent of leverage we can bring to bear to change the wrongful behaviour identified.

If any HRD believes that the adidas Group or its business partners have directly impacted on their human rights they can use our Third Party Complaint Mechanism to lodge a formal complaint”.

This information is from the following website:


(Extract from “The adidas Group and Human Rights Defenders”)

For more detailed information visit the website mentioned above:

**Adidas’ Compensation Report 2015**: “The Compensation Report is a component of the combined Management Report and outlines the principles of the compensation system for the members of the Executive Board and Supervisory Board as well as the level and structure of the compensation in accordance with the legal requirements and the recommendations of the German Corporate Governance Code (the ‘Code’) as amended on May 5, 2015. For adidas, transparent and comprehensible reporting on the compensation of the Executive Board and Supervisory Board is an essential element of good corporate governance.

Following preparation by the Supervisory Board’s General Committee, the compensation system for our Executive Board and the total compensation of each member of the Executive Board is determined and regularly reviewed by the entire Supervisory Board. The compensation and personnel topics dealt with by the Supervisory Board and General Committee for the year under review are described in the Supervisory Board Report.

The compensation system is geared towards creating an incentive for successful, sustainably value-oriented corporate development and management. Against this background, more than 50% of the variable target compensation component is based upon multi-year performance criteria. The variable compensation
components are designed in such a way that the incentive to achieve the long-term targets decisive for the multi-year variable target compensation component is higher than the incentive to achieve the targets decisive for being granted the one-year variable compensation component. Corresponding contractual provisions ensure that this weighting can be maintained in the future. In terms of the appropriateness of the Executive Board compensation, when determining the compensation, the Supervisory Board takes into consideration factors such as the size and the global orientation, the economic situation, the success and outlook of the company, as well as the common level of the compensation in comparison with peer companies and with the compensation structure applicable for other areas of the company. To this end, the relation between the Executive Board compensation and that of senior management and employees overall is taken into account, both in total and in terms of its development over time, with the relevant groups of persons having been determined by the Supervisory Board. In addition, when determining the compensation, the tasks and contribution of each Executive Board member to the company’s success, their individual performance as well as the overall performance of the Executive Board are taken into consideration. The compensation system aims to appropriately remunerate exceptional performance, while diminishing variable compensation when targets are not met. Thus, in the Supervisory Board’s opinion, an appropriate level of compensation, which is reviewed annually by the Supervisory Board and adjusted if required, can be ensured.

In case of 100% target achievement, the total compensation (without other benefits and pension payments) is made up of around one-third fixed compensation and around two-thirds performance-related compensation components. In addition, there are various pension commitments. Moreover, at its equitable discretion, the Supervisory Board may grant a special bonus in case of extraordinary performance by an Executive Board member which is not related to performance criteria that were already decisive for granting the Performance Bonus or the LTIP Bonus. Such special bonus is limited to a maximum of 100% of the annual fixed salary of the calendar year for which the special bonus is granted.

The compensation system for the members of the Executive Board which has been applicable since the 2015 financial year was adopted by the shareholders at the Annual General Meeting on May 7, 2015”.

This information is from the following website:


(Extract From “The Compensation Report”)

For more detailed information visit the following website:


**Global Policy Manual:** “The adidas Group has established this Policy – deriving from the adidas Group Sustainability Statement – as direction for adidas Group business entities worldwide to manage their operations in a safe, healthy, energy-efficient and environmentally responsible manner. This Integrated Management System (IMS) Policy documents the Health & Safety, Environmental, and Energy Management System of the adidas Group, including all its brands, functions, sites and locations within the scope of management system. The IMS applies to all adidas Group employees as well as the Group’s locations and own sites participating in the IMS or portions which are dedicated to ISO 45001 - Occupational Health and Safety Management (OHSMS) /BS OHSAS 18001:2007, ISO 14001:2015 - Environmental Management Systems (EMS), and ISO 50001:2011 - Energy Management Systems (EnMS). The sites are defined as office, warehouse, store, showroom and/or production facility types. The following tables present the IMS participation of the adidas Group locations based on EMEA sites, NAM sites and Retail EMEA sites. The following business processes/functions of the adidas Group are currently in the scope of the IMS:
Planning and Design: Activities that modify and improve an existing facility to meet the needs of the organisation with regards to health and safety, environmental, and energy standards.

Operation: Regular activities that enable a facility to be utilized by the organisation on a daily basis.

Maintenance of buildings: Preventive and corrective activities that ensure a facility remains in good operating condition.

The following departments and business processes/functions of the adidas Group are currently not included in the scope of the IMS: Product innovation, Marketing, Product design, Product development, Product-related Purchasing, Sourcing, Distribution/transport”.

This information is from the following website:

https://www.adidas-group.com/media/filer_public/a3/6f/a36f8361-e786-4896-bfd5-77b9676e439a/integrated_management_system_policy.pdf

(Extract from “Global Policy Manual/ Integrated Management System Policy”, Objective and Scope)

For more information visit the website mentioned above.

2015 Sustainability Progress Report: “Today, the adidas Group launches its Sustainability Strategy ‘Sport needs a space’ as part of its 2015 Sustainability Progress Report. Deeply rooted in the company’s core belief that sport has the power to change lives, the Strategy translates the Group’s sustainable efforts into tangible goals and measurable objectives until 2020. All actions taken based on the Sustainability Strategy have a direct positive impact on the world of sport, in order to ensure that sport remains an infinite source of happiness.

“Sport needs a space” is the result of extensive consumer research the company has done to validate its understanding of how important sport is for well-being, values and working together as well as for our overall society. The most striking learning is that 93% of people interviewed said they would hate or dislike a world without places to participate in sport. As reported, “It would be an unbearable world with little enjoyment; a miserable place with lack of energy”.

“Through sport we have the power to change lives and create lasting positive social change”, Herbert Hainer, adidas Group CEO.

“At the same time, sport needs a space like a field to play on, an ocean to surf or a mountain to climb. These spaces are increasingly endangered because of human-made threats such as resource depletion, climate change or overpopulation. This is why we want to take action and be the guardians of these spaces with sustainable work that addresses these challenges,” says Herbert Hainer, adidas Group CEO.

Expanding the previous sustainability scope and building on the company’s track record, ‘Sport needs a space’ is a holistic strategy framework that follows the entire lifecycle of sport, from the spaces where sport is made (all places where products are created, designed, manufactured and shipped), sold (own retail, wholesale and e-commerce) and played (from the indoor court to the outdoor pitch all over the world).

Further broken down into the two main areas of product and people, the following six strategic priorities – being most material to the adidas Group – tackle the challenges that endanger the spaces of sport.

With regard to product:

• Water: The most endangered resource is also the most essential one. The company’s approach addresses water efficiency, quality and accessibility.
• Materials: The adidas Group is committed to driving closed-loop solutions and extending the use of more sustainable materials such as Better Cotton, Recycled Polyester and Ocean Plastic.
• Energy: The company will continue to reduce its absolute energy consumption, transition to clean energy and look into energy harvesting opportunities.

With regard to people:

• Empowerment: People are at the heart of the adidas Group strategy. From factory workers to employees and consumers, the focus is on ensuring they understand and exercise their rights, make informed decisions and unlock their potential.
• Health: Sport has a direct link to happiness and health. The company will strive to enable people across the world to participate in sports activities and educate them on physical and mental health, thus allowing them to lead a healthier and more fulfilled lifestyle.
• Inspiring Action: Whether it is about supporting employees in becoming agents of change in the communities they work, live and operate in or engaging with creators and influencers to drive innovations, the company will harness the power of sport to inspire people around the world to take action.

This new strategy is our most holistic Sustainability Strategy to date. It is the combination of our best ambitions, our strong track record in sustainability and our steady learnings. Frank Henke, adidas Group VP for Social & Environmental Affairs. “The strategy will continue to evolve and grow, depending on the development of new technologies and programmes. While the priorities we have identified will not change, we will continue to work on them as situations evolve and new challenges arise,” says Frank Henke, adidas Group VP for Social & Environmental Affairs.

The strategy presentation comes with the publication of the 2015 adidas Group Sustainability Progress Report, the 16th published by the company so far. The report is an annual overview of achievements and challenges and it closes a process which started back in 2010.

Some highlights from the 2010-2015 cycle include:

• The adidas Group suppliers’ social & environmental performance as tracked through KPIs has seen a significant improvement.
• The SMS Worker Hotline, launched at the end of 2012, was expanded to a total of 58 factories across Indonesia, Cambodia and Vietnam, covering roughly 263,000 factory workers.
• Since 2010, employee volunteering hours have reached a total of 150,000.
• Better Cotton has increasingly been sourced, with the company now sourcing 43% of all its cotton as Better Cotton. The company is well on track to source 100% of cotton across all product categories in all its brands as ‘sustainable cotton’.
• The increasing use of virtual samples allowed the Group to save 2.4 million samples between 2011 and 2015.
• While initially aiming to certify five of the company’s sites globally, the adidas Group now has 13 sites with ISO 14001 certification.
• Important partnerships started in the period 2010-2015 are: Sustainable Apparel Coalition (SAC); Zero Discharge of Hazardous Chemicals (ZDHC); bluesign® technologies; Parley for the Oceans”.

This information is from:

(Extract from “Adidas Group Launches New Sustainability Strategy”, 14th April 2016)
For more detailed information visit the following website:

**Fair Factories Clearinghouse (FFC):** “Our mission is to facilitate informed ethical business decisions for a better and more liveable world.

We build scalable software that facilitates continuous improvements in social, environmental and security issues. This results in safer, more humane working conditions for workers in consumer goods production supply chains. The configurability of the FFC software adapts to each client’s unique needs allowing them to execute their own CSR approach. Our software enhances the capacity of business to conduct ethical sourcing more efficiently. We promote collaboration among companies to improve workplace conditions.

Corporate compliance is becoming more complex as the public and governments increasingly demand that companies monitor and manage their entire supply chain to ensure adherence to social, environmental, security, and safety requirements for products they manufacture and source globally. The FFC helps companies and business organizations stay ahead of this trend by providing collaborative, flexible, and cost-effective technology, training tools, and solutions for efficient and effective management of supply-chain compliance.

FFC’s values are reflected in our mission to support global companies and industries as a positive force for improving living standards, working conditions, public health and safety, and environmental stewardship world-wide. We pursue this goal by providing businesses maximum flexibility in deciding how to use the FFC’s technology, products, and services in a way that best meets their own particular needs and objectives”.

This information is from the following website:
http://www.fairfactories.org/Home/Our-Vision-Mission

For more detailed information visit the following website:
http://www.fairfactories.org/

**SMS Workers Hotline:** “Towards the end of 2012, the adidas Group launched an “SMS for Workers Hotline” pilot project in one supplier in Indonesia. The initiative, which takes advantage of the fact that the vast majority of factory workers in Indonesia have mobile phones, allows factory workers to send a simple SMS to the factory management if they are concerned that their rights are being compromised or simply to ask for clarification.

Following the tremendous results from the pilot project, in 2013 we decided to roll out the service to four additional suppliers in Indonesia and one in Vietnam. Since the beginning of the project almost 35,000 factory workers have been given access to the hotline services.

The service clearly proves that direct communication between factory workers and their management helps both parties improve factory working conditions. How? In multiple ways: it raises awareness about issues that only workers can see, and it also increases accountability as response from the management to the concerns is vital. The SMS Hotline allows workers to express their concerns.

At the beginning, when the project was just launched, I could feel the enthusiasm around the initiative: workers wanted to test if the service was really working; they asked questions about how to calculate
overtime pay. They also expressed their concerns over the cleanliness of shared facilities, like toilets, and when their supervisors asked them to work during rest hours.

The service has allowed factory management to be exposed to potential issues early enough to take action. I’ll give you an example. In one factory, some concerns were expressed about working hours. To have more clarity on the issue, the factory management inspected the reported department without any prior notice to the head of the department and found out that a group of workers in a sewing line was working even during their lunch break. The factory management took immediate action: all supervisory-level employees in the production areas were briefed and the company’s Working Hours Policy was emphasized during the briefing. Afterwards, the management reviewed again the monitoring system to prevent similar cases from happening again and disciplinary action was taken against the responsible supervisor.

As the management reacted immediately to address the concern, workers started to trust the system and continued to bring up their concerns through the SMS hotline service.

In this specific case, I myself learned that the hotline service can be a useful barometer for measuring the implementation of company policies and procedures. It helps the management identify trends in information requests and also helps support decisions on areas for improvement.

The SMS Hotline System is definitely filling in the gap that sometimes exists between factory management and workers when it comes to communication. Suppliers informed us that now workers prefer bringing their concerns to them through the hotline service rather than through suggestion boxes installed in the factories. It was again through the SMS Hotline System that workers informed the management about a potential strike in one factory. The information was accurate and timely. With that information, the factory was able to speak to workers, meet with the workers’ representatives and the factory unions, clarify the issue and prevent the strike. I believe the hotline service promotes honesty and transparency throughout all levels in the organization.

Although generally I can say that the first roll-out was successful, there will always be areas for improvement. Based on a survey that we conducted, we found out that promotion of the service is vital to its success. Some workers told us that they were not really sure about the anonymity of the service. They feared information could be leaked. Learning from the feedback that we were able to gather, we encouraged the factory to find better ways to promote the service and explain why it can be a powerful communication tool.

An additional nine suppliers in Indonesia and ten in Vietnam are keen to implement the service in their factories. Currently, we are also looking at the possibility of rolling out this service in other countries. I believe that 2014 will be another successful year for this initiative. A gradual, but consistent, roll-out will be the key to that success. In the next few years, we plan to extend this service to all other adidas Group suppliers.”.

“As we seek better ways to capture the workers’ views, we are constantly looking for innovative ways to empower factory workers and have their voice heard. This is why in the last couple of years we have expanded an SMS worker hotline service that is managed by the suppliers themselves with support from an NGO in Indonesia and Vietnam. I am incredibly proud to see how we have managed to expand the project in the course of the last couple of years, now covering 160,000 factory workers and planning to reach 250,000 factory workers by the end of 2015, in 57 factories across Indonesia, Vietnam and Cambodia. Keeping in mind that the adidas Group strives for self-governance suppliers, it’s important that the suppliers themselves take initiative in this area.

The SMS Worker Hotline is filling the gap that sometimes exists between factory management and workers. Through the SMS workers’ grievance system we have transparency and are able to track the complaints and remedial efforts of our suppliers in real time. And we plan to expand this service to Cambodia in 2015 where
we will add voice services to be able to include illiterate workers. The SMS Worker Hotline is filling the gap that sometimes exists between factory management and workers when it comes to communication. By tracking the workers’ use of the worker hotlines we see that the numbers are increasing and the workers are becoming more and more comfortable using this mechanism, and with the responses we also see they are getting more and more open in their communication as well.

The success of the service lies in its ease of use. Workers find it straightforward to send a message and, because it encourages prompt responses from management, workers know that their concerns are being heard. A good selling point for the workers is that these services provide full anonymity and the suppliers like it because a lot of problems can be solved before they escalate. Being run by an independent service provider ensures worker confidentiality. As part of the project, workers’ mobile numbers are anonymously gathered so management can also send group texts with policy updates or safety messages”.

This information is from the following websites:

http://blog.adidas-group.com/2014/04/giving-workers-a-voice-for-better-working-conditions/

(Extract from “Giving Workers a Voice for Better Working Conditions, by Adelina Simanjuntak, published in Sustainability Aspects on April 10, 2014)


(Extract from “How we bring factory management and workers closer together, by Hilde Gunn Vestad, published in Sustainability Aspects on April 14, 2015”)

For more information visit also the following websites:

https://www.adidas-group.com/media/filer_public/2f/5e/2f5e4b6c-0dbc-423f-a4b8-a354e1b16a64/coc_english_2014.pdf


Third-Party Grievance Mechanism: “The adidas Group is committed to operating as a sustainable business which is environmentally sound, respects human rights and ensures fair, safe and healthy working conditions across our global supply chain. To support this goal, the adidas Group has established sustainability policies and practices as well as a code of conduct – our Workplace Standards - which our suppliers, agents, licensees and other related service providers are expected to follow.

The Third-Party Complaint Process described below is designed to assist the adidas Group fulfill its commitments to engaging our stakeholders and providing a means by which individuals and organisations can bring to our attention serious non-compliance with the adidas Group’s Workplace Standards or concerns related to any potential, or actual, breach of an international human right norm that is linked to adidas Group operations, products or services.

Our process aims to ensure that such complaints are investigated and resolved in a manner which is transparent and fair. A complaint is a report of:

• a violation by a supplier, licensee, agent or contractor of an element of the Workplace Standards relevant to that supplier, contractor or service provider; or
• any breach of an international human rights norm, whether related to an external service provider, supplier or to adidas Group’s own business operations, where these affect an outside party.
Separate but related complaint mechanisms are available with respect to the adidas Group’s own business practices, in matters of any breach of national laws and/or external and internal regulations. For example, in relation to business ethics, privacy and employment practices. These parallel processes are managed by the adidas Group’s Legal and Compliance team, through an internal reporting mechanism to the General Counsel/Chief Compliance Officer, or to our Regional General Counsels, under the Group’s “Fair Play Framework”.

The complaint should be factual and evidence-based. This means that the complainant should be able to produce sufficient information to demonstrate the relevance and seriousness of the complaint, that it is a breach of the adidas Group’s Workplace Standards, or of an international human rights norm, and that there is clear link to the adidas Group.

Any individual or organisation directly affected by an issue, or an organisation with a formal mandate to represent individuals or communities directly affected, can make a complaint related to adidas Group operations or our global supply chain. They must have access to firsthand knowledge of the circumstances of the complaint and if they are an organisation, they must be viewed as a legitimate representative of those affected.

Workers with complaints or grievances who work in factories making products for the adidas Group should use the hotline numbers posted in their workplaces. The worker hotlines are operated by staff from our Social & Environmental Affairs (SEA) department, or in some countries, such as China and Bangladesh, by independent third parties and NGOs who speak the local languages of the worker populations.

For other third parties, we encourage written submissions, emailed, faxed or posted. The complaint does not have to be submitted in English, it can be submitted in the individual’s or organisation’s own language”.

This information is from the following website:

https://www.adidas-group.com/media/filer_public/3a/a8/3aa87bcf-9af9-477b-a2a5-100530e46b19/adidas_group_complaint_process_october_2014.pdf

(Extract from “Third Party Complaint Process for Breaches to the adidas Group Workplace Standards or Violations of International Human Rights Norms”, What will constitute a complaint under the process? What type of complaint can be made? Who can complain? How can a complaint be made?)

For more detailed information visit the website mentioned above.

**FLA’s Third Party Complaint procedure**: The FLA’s Third Party Complaint Procedure was established as a means for any person, group or organization to report serious violations of workers’ rights in facilities used by any company that has committed to FLA labour standards. It is one of several Safeguards tools the FLA has available to address such issues. This process is an added precaution and is not intended to replace or undermine existing internal grievance channels in factories, or legal remedies available at the country level. Rather, the complaint procedure is intended as a tool of last resort when other channels have failed to protect workers’ rights.

Workers and their advocates – trade unions and CSOs – have been the primary users of the FLA Third Party Complaint procedure. When a complaint is lodged, FLA first verifies whether the factory in question produces for any participating companies or university licensees, and whether the complaint contains specific and verifiable allegations of noncompliance with FLA’s Workplace Code of Conduct. FLA also considers whether local dispute resolution mechanisms were used to resolve the issues and what results they achieved. If the complaint meets the above criteria, FLA accepts the complaint for review and contacts participating companies sourcing from the factory in question.
The FLA-affiliated company has 45 days to conduct an assessment and develop a remediation plan. If warranted, the FLA may intervene by engaging a third party to investigate the allegations and recommend corrective action to the affiliated company. The company is then required to develop a plan to address any noncompliance issues. More details on the Third Party Complaint procedure are contained in the FLA Charter. The FLA reports on Third Party Complaints received and their progress throughout the procedure. Through the Third Party Complaint procedure, FLA's actions have helped bring positive changes in the lives of workers. Some outcomes of Third Party Complaints include:

- Trade union recognition
- Re-instalment of unfairly dismissed workers with back pay
- Improvement labour-management relations at the factory
- Training and education programs for management and workers

This information is from the following website:
http://www.fairlabor.org/third-party-complaint-process

For more detailed information visit the website mentioned above and related pages.

**Human Rights Watch:**

For more detailed information visit the following website:

https://www.hrw.org/
https://www.hrw.org/about

**ILO IPEC Programme:** The ILO’s International Programme on the Elimination of Child Labour (IPEC) was created in 1992 with the overall goal of the progressive elimination of child labour, which was to be achieved through strengthening the capacity of countries to deal with the problem and promoting a worldwide movement to combat child labour. IPEC currently has operations in 88 countries, with an annual expenditure on technical cooperation projects that reached over US$61 million in 2008. It is the largest programme of its kind globally and the biggest single operational programme of the ILO. The number and range of IPEC’s partners have expanded over the years and now include employers’ and workers’ organizations, other international and government agencies, private businesses, community-based organizations, NGOs, the media, parliamentarians, the judiciary, universities, religious groups and, of course, children and their families. IPEC’s work to eliminate child labour is an important facet of the ILO’s Decent Work Agenda. Child labour not only prevents children from acquiring the skills and education they need for a better future, it also perpetuates poverty and affects national economies through losses in competitiveness, productivity and potential income. Withdrawing children from child labour, providing them with education and assisting their families with training and employment opportunities contribute directly to creating decent work for adults. While the goal of IPEC remains the prevention and elimination of all forms of child labour, the priority targets for immediate action are the worst forms of child labour, which are defined in the ILO Convention on the worst forms of child labour, 1999 (No. 182) as:

- all forms of slavery or practices similar to slavery,
- such as the sale and trafficking of children,
- debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict;
 • the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances;
 • the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties;
 • work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

This information is from the following website:


For more detailed information visit the following website:


The ILO Conventions on wage: The Global Jobs Pact, adopted by the ILO Conference in 2009, referred to minimum wages and Convention No. 131 is the only ILO instrument to which it refers specifically in that regard. When wages rise in line with productivity increases, they are both sustainable and create a stimulus for further economic growth by increasing households’ purchasing power. ILO standards on wages address these problems by providing for regular payment of wages, the fixing of minimum wage levels, and the settlement of unpaid wages in case of employer insolvency.

The Selected relevant ILO instruments are the following:

 • The Labour Clauses (Public Contracts) Convention, 1949 (No. 94), which aims at ensuring respect for minimum labour standards in the execution of public contracts.
 • The Protection of Wages Convention, 1949 (No. 95), which states that wages shall be paid in legal tender at regular intervals. In cases where partial payment of wages is in kind, the value of such allowances should be fair and reasonable. Workers shall be free to dispose of their wages as they choose. In cases of employer insolvency, wages shall enjoy a priority in the distribution of liquidated assets.
 • The Minimum Wage Fixing Convention, 1970 (No. 131), which requires ratifying states to establish a minimum wage fixing machinery capable of determining and periodically reviewing and adjusting minimum wage rates having the force of law.
 • The Protection of Workers’ Claims (Employer’s Insolvency) Convention, 1992 (No. 173), which provides for the protection of wage claims in insolvency and bankruptcy by means of a privilege or through a guarantee institution.

This information is from the following website:


For more detailed information visit the website mentioned above and related web-pages.

Guidelines on Employment Standards (revised in 2016): “Welcome to the 3rd edition of the adidas Group Guidelines on Employment Standards. It has been 15 years since we started conducting labour audits of our business partners’ factories, and almost 12 years since we released the first edition of these Guidelines. We continue to see how challenging the implementation of the Employment Standards in factories can be. Key suppliers have developed their own internal monitoring teams and established the foundation for
effective human resources management within their factories. However, many suppliers continue to struggle with basic wages and working hour problems.

While compliance with local laws and the adidas Group Workplace Standards is the primary goal, we also expect our business partners to manage emerging issues and trends, such as privacy rights in the workplace and the growing needs of migrant workers. In short, the world of compliance has become more complex. While the Workplace Standards are based on international law, they do not say anything practical about how they should be made real in a factory. These Guidelines are intended to provide business partners with practical tips for managing compliance labour issues and solutions to some of the more complex employment problems. We want to communicate what we have learned from you, our Business Partners and other stakeholders in factories around the world, from Argentina to Vietnam, and from Albania to the United States. The major differences between the first and second edition are set out below, but the main purpose of the Guidelines remains the same: to improve factories’ conditions by helping managers understand and take action on each of the Standards.

Since the first edition of the Guidelines was released, the adidas SOE and the Reebok Human Rights programmes merged. We agreed at the time of integration to adopt a ‘best practice’ position, and the result was the Workplace Standards, replacing and merging both companies’ codes of conduct. We have also seen that many of the recommendations we provided for ‘simple’ labour problems years ago, are no longer sufficient guidance for suppliers, dealing with all the effects of globalisation.

In this edition, you will find that the key “dos” and “don'ts” in relation to the seven Employment Standards remain the same. In most cases, we have simply updated the case studies to reflect more recent practices at the factory level, and have provided more relevant sample documentation. However, we have added detailed guidance on:

- Child Care Facilities & Juvenile Labour
- Medical Testing & Health Surveys
- Documenting Wage Payments & Back-Payments
- Deductions & Penalties
- Maternity Leave
- Annual Leave
- Clarification on Extraordinary Circumstances, and scheduling production around business problems, such as power shortages
- Time recording requirements
- Suggestion Boxes
- Sexual Harassment
- Non-Retaliation Policy
- Use and management of Employment Agencies, Contract Workers, and Trainees
- Migrant Workers
- Privacy issues, for example use of CCTV, Body Searches, Finger Printing & Scanning
- Industrial Relations issues - Worker Management Committees, and Strike Management”.

This information is from the following website:


For more detailed information visit the website mentioned above.
**CEDAW:** The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), adopted in 1979 by the UN General Assembly, is often described as an international bill of rights for women. Consisting of a preamble and 30 articles, it defines what constitutes discrimination against women and sets up an agenda for national action to end such discrimination.

The Convention defines discrimination against women as "...any distinction, exclusion or restriction made on the basis of sex which has the effect or purpose of impairing or nullifying the recognition, enjoyment or exercise by women, irrespective of their marital status, on a basis of equality of men and women, of human rights and fundamental freedoms in the political, economic, social, cultural, civil or any other field."

By accepting the Convention, States commit themselves to undertake a series of measures to end discrimination against women in all forms, including:

- to incorporate the principle of equality of men and women in their legal system, abolish all discriminatory laws and adopt appropriate ones prohibiting discrimination against women;
- to establish tribunals and other public institutions to ensure the effective protection of women against discrimination; and
- to ensure elimination of all acts of discrimination against women by persons, organizations or enterprises.

The Convention provides the basis for realizing equality between women and men through ensuring women's equal access to, and equal opportunities in, political and public life -- including the right to vote and to stand for election -- as well as education, health and employment. States parties agree to take all appropriate measures, including legislation and temporary special measures, so that women can enjoy all their human rights and fundamental freedoms.

The Convention is the only human rights treaty which affirms the reproductive rights of women and targets culture and tradition as influential forces shaping gender roles and family relations. It affirms women's rights to acquire, change or retain their nationality and the nationality of their children. States parties also agree to take appropriate measures against all forms of traffic in women and exploitation of women. Countries that have ratified or acceded to the Convention are legally bound to put its provisions into practice. They are also committed to submit national reports, at least every four years, on measures they have taken to comply with their treaty obligations.

This information is from the following website:
http://www.un.org/womenwatch/daw/cedaw/

For more detailed information visit the following website:
http://www.un.org/womenwatch/daw/cedaw/text/econvention.htm

**Social and Environmental Affairs (SEA):** “The Social and Environmental Affairs (SEA) team is a diverse group of around 70 people – engineers, lawyers, HR managers, environmental auditors and former members of non-governmental organisations (NGOs). The team is organised into three regional teams covering Asia, the Americas and Europe, Middle East and Africa (EMEA), as well as the functions of Environmental Services and Community Affairs. The SEA team is responsible for:

- Ensuring compliance with the Workplace Standards within adidas’ supply chain
• Facilitating, promoting and managing the development and implementation of environmental initiatives across the company’s own facilities
• Extending and maturing the engagement and collaboration with others to drive changes in the industry
• Managing the company’s community engagement programme.

The SEA team works closely with other global corporate functions such as Sourcing, Legal, Facility Management, Human Resources, Sales and Corporate Communication, as well as the brands’ Marketing and Product Development teams. The collaboration between SEA and Sourcing has been particularly important to improve workplace and environmental conditions in our supply chain. Over the years, SEA has established systems and processes to ensure Sourcing fully considers compliance with the Workplace Standards.

By engaging directly with suppliers, government and other external stakeholders, SEA is informed about any human rights, social and environmental issues at an early stage. This allows SEA to proactively address any potential risks as well as health, safety and environmental liabilities directly with the Executive Board and the Sourcing management team as needed. The team is directly involved in developing and updating corporate policies and operating procedures related to social accountability, product safety and compliance with environmental laws and regulations. The SEA team plays a critical role in leading and counselling the brands and corporate functions to deliver the Sustainability Strategy 2020”.

This information is from the following website:

(Extract from “Sustainability Team”, Social and Environmental Affairs)

2016 Stakeholders Relations Guidelines: “The adidas Group policies and management systems provide direction and structure for the company’s economic, social and environmental performance. In turn, these policies guide our business decisions as we work to meet or exceed regulatory requirements and stakeholder needs and expectations.

Our Stakeholder Relations Guideline reflects our values and beliefs. It specifies the importance of meeting the changing expectations of our stakeholders and encourages the kind of open, honest communication that fosters trust and cooperation.

Through information sharing, consultation and collaboration, the adidas Group aims to develop long-term relationships with stakeholders that enable us to supply the products our customers’ demand, while contributing to a strong economy, healthy environment and social well-being.

By understanding stakeholder issues and striving for solutions, the adidas Group is able to maintain its social license to operate and gain support for its growth plans, which in turn help generate shareholder value.

At the adidas Group, we believe good stakeholder relations can also:

• Enable Sound Decision-making: The best business decisions are made when we inform stakeholders about our business plans, identify issues they may have and respond appropriately to those concerns.
• Resolve Issues: When we consult with stakeholders in a constructive manner we are better able to develop timely, cost effective and mutually beneficial solutions.
• Build Strong Communities: By working collaboratively with stakeholders, we build trust between the adidas Group and its communities and are better able to work together to create safe and healthy environments in the places where operate.
• Strengthen Customer Loyalty: By listening and responding to the needs of our customers we are better able to deliver the performance and quality of our products the market demands.
• Support Shared Learning: By sharing perspectives, information and knowledge, adidas Group employees and stakeholders learn from one another.

Who are our stakeholders? Our stakeholders are those people or organizations who affect, or are affected by, our operations and activities. We recognize that companies do not operate in isolation from society and our stakeholders have a legitimate interest in the way we do business. They are a diverse group and include the following:

• Employees of the adidas Group
• Shareholders and investors
• Authorizers - governments, trade associations, shareholders, Board of Directors
• Business partners - unions, suppliers, service providers
• Workers in our suppliers' factories
• Opinion-formers - journalists, community members, special interest groups
• Customers - professional sports people, distributors, retailers, consumers

Due to the large number of stakeholders, we prioritize them based on criteria such as action radius, relevance, risk, willingness and capacity to engage. We also consider appropriate representation of different stakeholder groups. The prioritization may change depending on the issue.

Which key principles guide our stakeholder relations? Our principles for guiding the development of stakeholder relations are:

• Those affected by the adidas Group business have a right to be informed about our activities, participate in a transparent stakeholder engagement process and be involved in issues and opportunities that affect them.
• Stakeholders will be provided with timely and accurate information about our business and we will take into account the needs and concerns of stakeholders when making decisions on the company’s behalf.
• We will actively seek stakeholder input and feedback on its business decisions and will respond to what we learn.
• We will encourage stakeholders to define the manner in which they wish to be consulted, and will strive to remain flexible and responsive to stakeholder preferences.
• We identify, assess and address potential risks on stakeholders’ and adidas Group’s side to ensure a high-quality process and outcome of the engagement.
• Those acting on behalf of the adidas Group must be willing to be influenced by stakeholders and where appropriate, act on the input even if it means making changes to the company’s business plans.
• We respect the values and culture of each stakeholder. When disagreement with stakeholders occurs, and cannot be resolved, our employees will always demonstrate respect for the diversity of views presented”.

This information is from the following website:

(Extract from “Stakeholder Relations Guidelines”, Introduction; Who are our stakeholders? Which key principles guide our stakeholder relations?)

For more detailed information visit the website mentioned above.