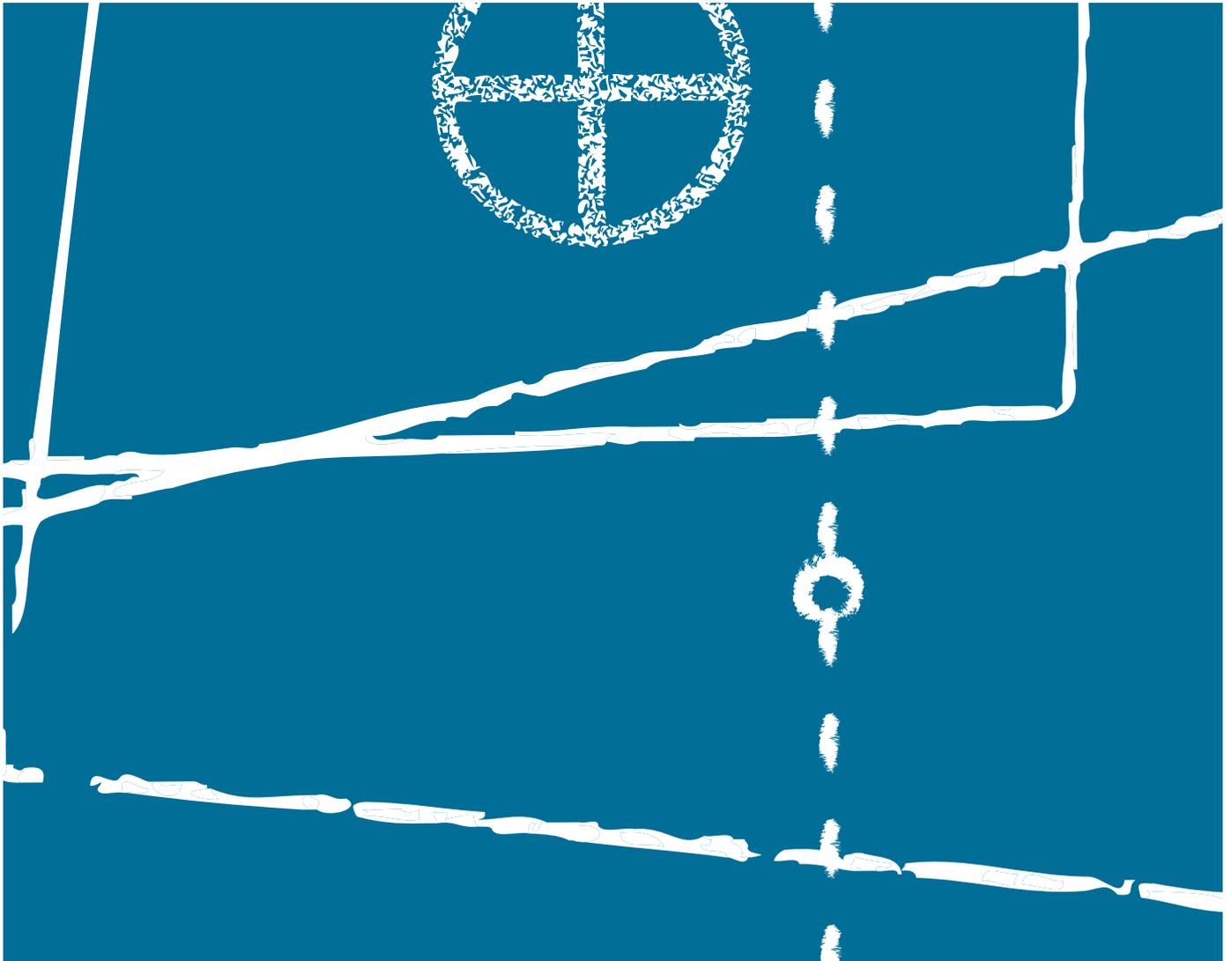




Partnership for
Sustainable Textiles

Keeping on track Annual Report 2019



“The Partnership for Sustainable Textiles is a success and remains important.”

DR. GERD MÜLLER · FEDERAL MINISTER FOR ECONOMIC COOPERATION AND DEVELOPMENT · 9.9.2019

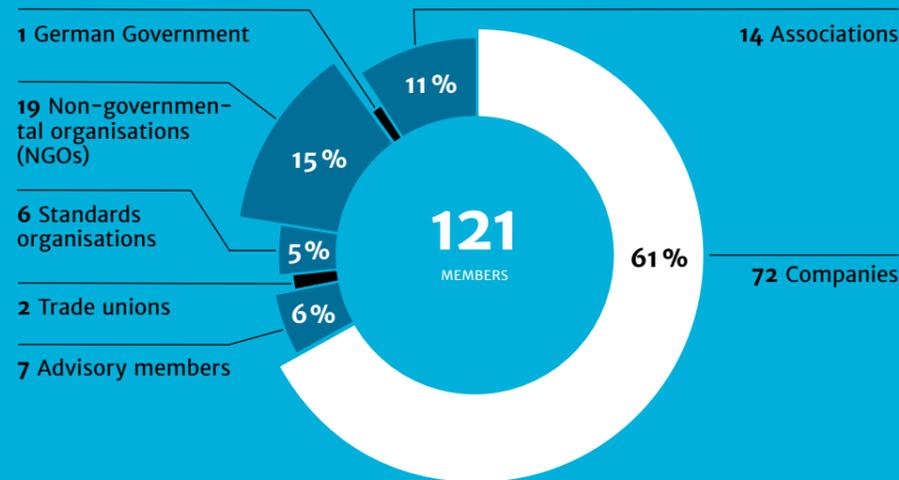
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Key Figures

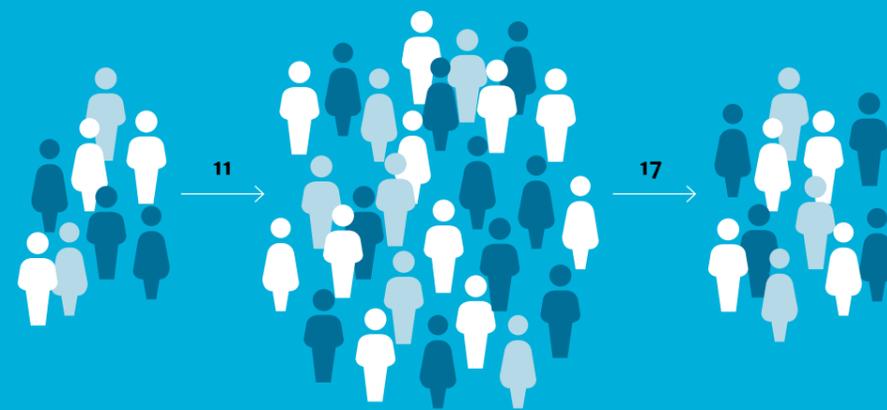
Report

Members

In November 2019 the Partnership has 121 members



Accessions and Resignations in 2019



11 Accessions
amongst them
8 Companies
2 NGOs
1 Association

17 Resignations or exclusions
amongst them
16 Companies
1 NGO

The Steering Committee

The Steering Committee is the central decision-making body of the Textiles Partnership. It is elected every two years by the members. In May 2019, around 74% of the members voted and confirmed the twelve representatives of the stakeholder groups in office. There has been a change among the representatives of the federal government: Dr. Olaf Seiring (Federal Ministry of Labour and Social Affairs) followed Dr. Torsten Christens. The mandate of the current Steering Committee ends on 31 July 2021.

Dr. Gisela Burckhardt
FEMNET e. V.

Dr. Sabine Ferenschild
SÜDWIND e. V. – Institut für
Ökonomie und Ökumene

Stefan Genth
Handelsverband Deutschland
(HDE e. V.)

Berndt Hinzmann
INKOTA-netzwerk e. V.

Nico Kemmler
Textilkontor Walter Seidensticker
GmbH & Co. KG

Claudia Kersten
Global Standard gemeinnützige
GmbH (GOTS)

Michael Krake
Federal Ministry for Economic
Cooperation and Development (BMZ)

Dr. Uwe Mazura
Confederation of the German Textile
and Fashion Industry (t&m)

Dr. Johannes Merck
Otto GmbH & Co KG

Dr. Olaf Seiring
Federal Ministry of Labour and
Social Affairs (BMAS)

Ingo Strube
Federal Ministry for the Environment,
Nature Conservation and Nuclear Safety
(BMU)

Frank Zach
German Trade Union Confederation (DGB)

5

regular meetings of the
SC in 2019 and a two-day
strategy meeting

20

decisions in the
first four meetings,
including

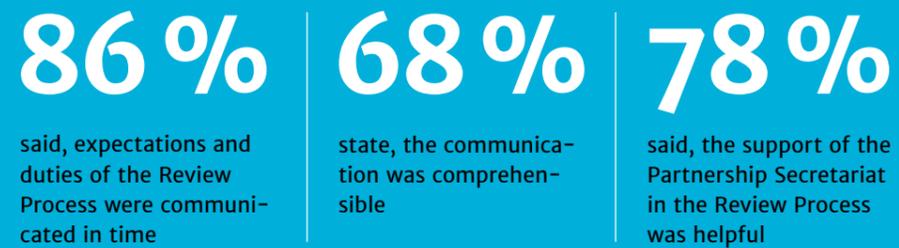
- Membership applications
- New Partnership Initiatives or extensions
- Review Process 2020
- Strategic cooperations
- Rules of cooperation

Member Survey

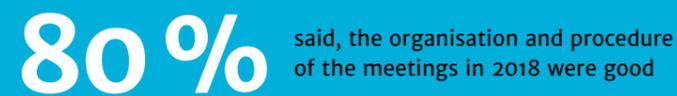
Key Figures of the Survey

At the beginning of the year, members were invited to provide their feedback on the Review Process, the Partnership Initiatives, the online member area, webinars and many more topics. About 40% of the members took part in the survey.

Review Process



Meetings

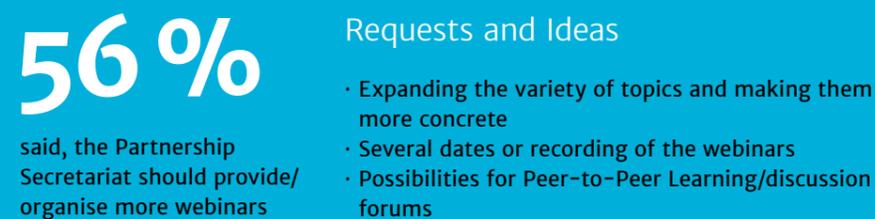


Wishes and Suggestions

- Target-oriented and concrete content
- Rectification of appointments/locations
- Ensure that all members are on the same level
- More possibilities for networking

“Concrete contents, provide technical inputs, more external guests. More innovative concepts are needed than the well-proven networking.”

Webinars



Communication and External Presentation



“If the Partnership wants to succeed, it must be better known and perceived by the public.”

Requests for future topics



WHAT WE ALREADY IMPLEMENTED

“Keep up the good work, but pay attention to proportionality and take into account the possible burden for medium-sized companies.”

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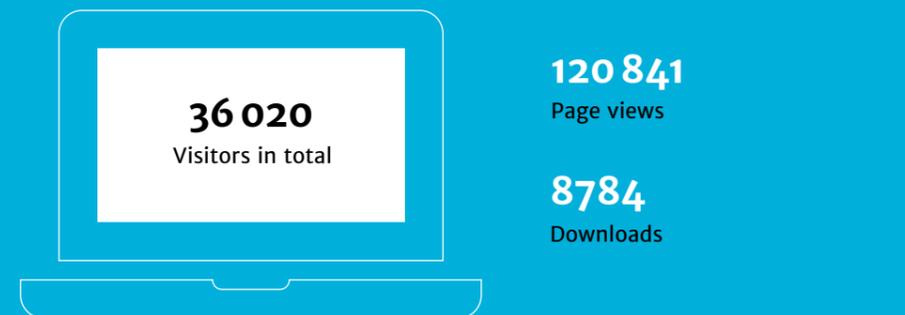
DR. GERD MÜLLER · FEDERATION OF EUROPEAN COOPERATION AND DEVELOPMENT

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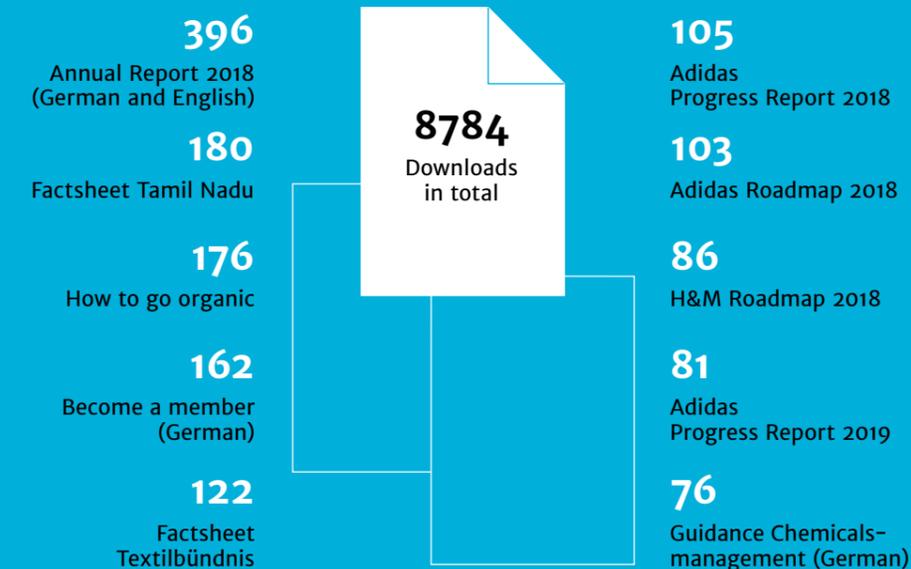
Press and Communication

Website

Hardly recognizable: The website has been relaunched in May. The relaunch makes it possible to present the work of the Partnership more vividly, more informatively and more comprehensively than before. In addition, the website is now easier to use on a smartphone or tablet.



Top 10 Downloads



As of October 2019

The Textiles Partnership in the media

Around 160 times the media reported on the Partnership for Sustainable Textiles or mentioned it in connection with other topics. In 2019, media attention focused on a possible supply chain law, the Green Button (Grüner Knopf) and the publication of roadmaps and progress reports.

“How organic fashion should go downmarket.”

HANDELSBLATT · 14.1.

“Fair Fashion made its way out of the niche.”

TEXTILWIRTSCHAFT · 16.1.

“Human rights violations must not be a competitive advantage.”

UTOPIA · 14.4.

“Sustainable Fashion: The Partnership for Sustainable Textiles is planning more than 1000 measures.”

ZEIT ONLINE · 12.8.

“Fast fashion and the consequences – disposable fashion has to come to an end.”

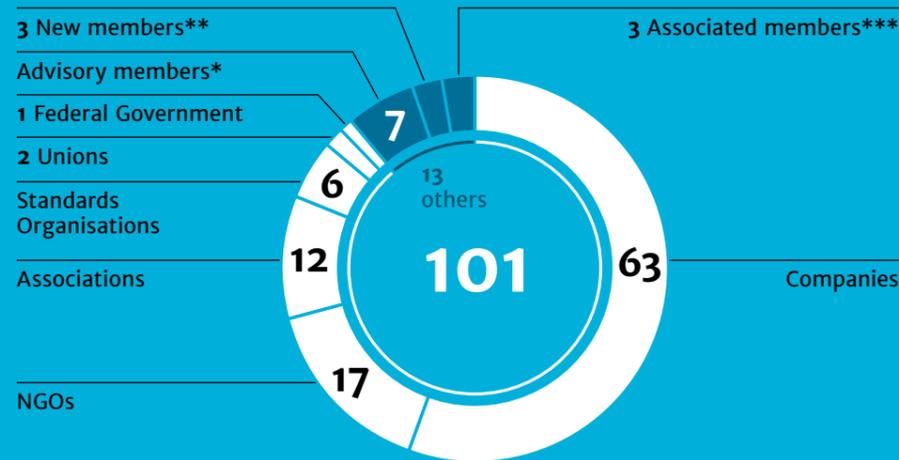
DEUTSCHLANDFUNK KULTUR · 16.7.

Evaluation Review Process

INDIVIDUAL RESPONSIBILITY

In the Review Process, the members implement the Partnership's requirements individually. To this end, they pursue mandatory, recommended and voluntary targets and report on their progress in implementation. This allows members to demonstrate how they fulfil their due diligence in the supply chain and how they contribute to improving the social, ecological and economic conditions in textile production from year to year.

101 members went through the Review Process

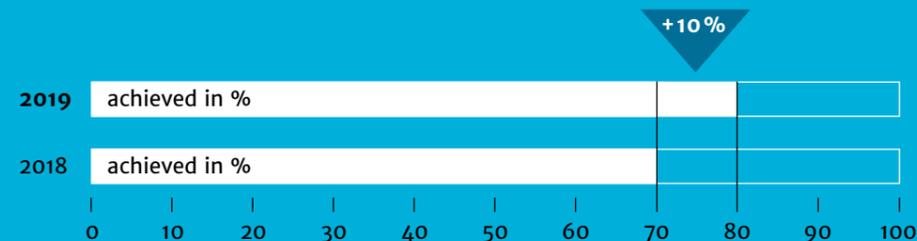


For the first time, progress reports from all members were published on the Partnership's website.

- * Under limited mandatory reporting
- ** Members that start the reporting in 2020
- *** Excluded from mandatory reporting

Targets

In the 2019 progress reports, members demonstrate that they have achieved 80% of the targets set in 2018, 10% more than in the previous year.



Planned Measures

963 Measures are planned for 2019

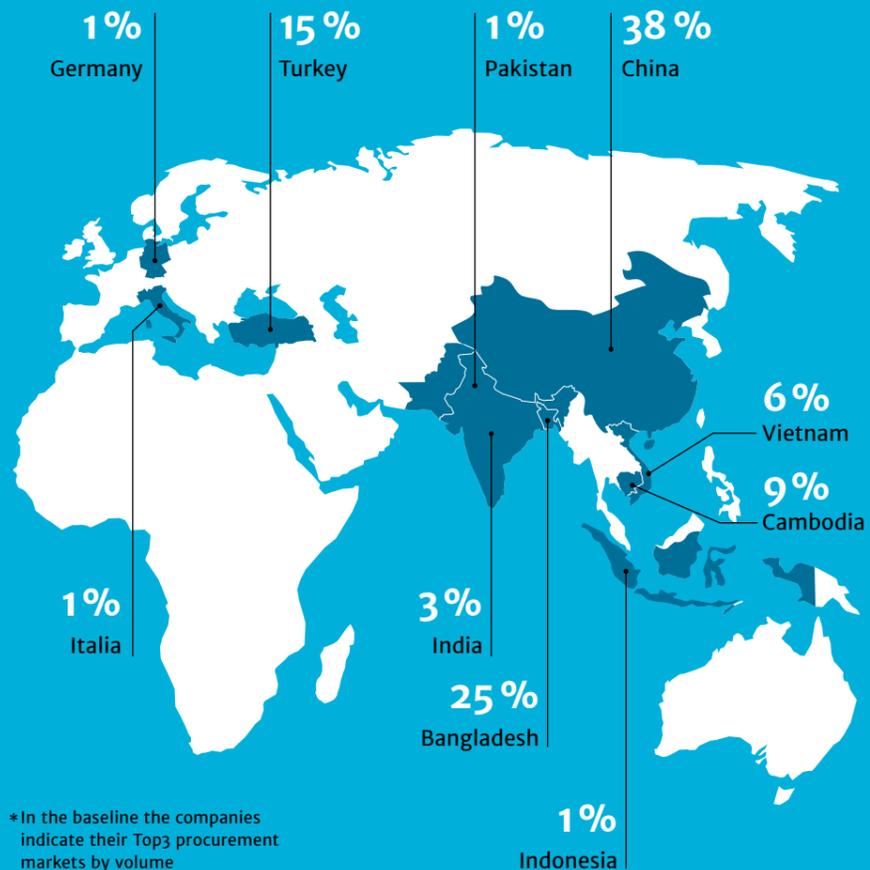
On average, each company indicated 10,3 planned measures in its roadmap (min. 10/max. 27).



Average number of planned measures per roadmap of the other stakeholder groups:

- Associations: 8,8
- NGOs: 6,5
- Federal Government: 9
- Standards organisations: 12,7
- Union: 6,5

The most important Procurement Markets*



*In the baseline the companies indicate their Top3 procurement markets by volume

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Main Fields of Action

In the Review Process, members assume their individual responsibilities: they establish or adapt internal processes to meet their due diligence obligations and address specific risks in their supply chain, such as child or forced labour, low wages or hazardous chemicals.

Supply Chain Transparency

To meet due diligence requirements, companies need to have good knowledge of their supply chain.

Measures on Supply Chain Transparency



by an own monitoring system for
the whole supply chain (50%)

by using standards

by analysing business partners

**Binding target 2018 for
brands/retail, producers,
Federal Government:**

→ Systematic identification
of all business partners and
producers

13 Companies publish a list of their producers and
business partners on their website



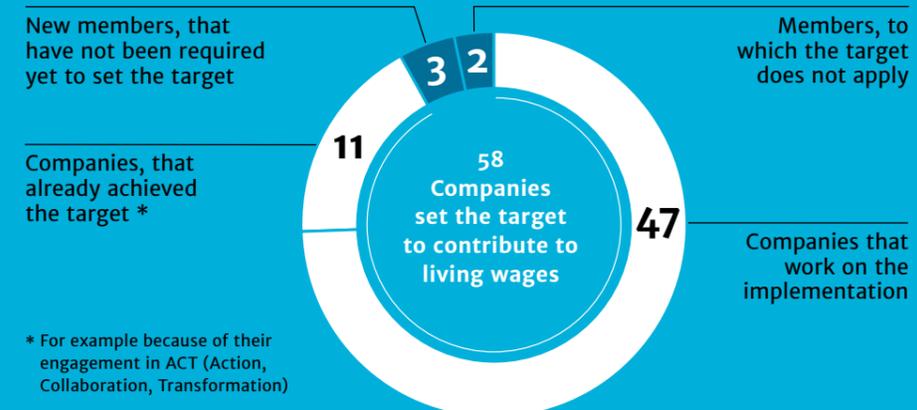
15 Companies monitor up
to tier-1 (manufacturing)

44 Companies monitor their
supply chain beyond tier-1

Living Wages

The wages of textile workers in producing countries are usually insufficient to cover the cost of living for them and their families. Paying living wages is a challenging task for Partnership member companies. It requires both individual and collective action. All Partnership members are therefore obliged to contribute to the payment of living wages in producing countries in the form of a roadmap target for 2019.

**Binding target 2019
for all members:**
→ Initiation or involve-
ment in a measure that
aims to pay living wages
for employees in produc-
tion countries



Exemplary targets for living wages

- Participation in the **Partnership Initiative (PI) Living Wages**
- Assessment of own purchasing practice with a view to pay living wages
- Consideration of living wages through cooperation with Standard organisations (e.g. Fairtrade, SA8000) or through membership in corresponding initiatives, e.g. Action, Collaboration, Transformation (ACT) or Fair Wear Foundation (FWF)

“Takko Fashion will be working together with a producer in India to assess the cost of living in the region and derive further steps with the aim of introducing living wages.”

TARGET SETTING · TAKKO

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Complaints Mechanisms

In case of problems or serious situations such as child labour, workers must have the opportunity to complain and have access to redress. In 2019 all members must work to improve access to effective complaints mechanisms in their supply chain.

Binding Target 2019 for all members:
→ Initiation or involvement in a measure that aims to improve employee access to complaints mechanisms

75%

of all companies in the Partnership set the target (2019) to improve access to effective complaints mechanisms for workers

10

companies proved in their report that they already achieved this target

“We have published the FWF Worker Information Sheet at all production sites and are working with FWF to address complaints. We also check the presence of the WIS [Worker Information Sheet] during our factory visits and explain the importance of the WIS.” TARGET ALREADY ACHIEVED · JBC

Child and Forced Labour

Although child labour is prohibited by law in most countries, according to the International Labour Organisation (ILO) 11% of children worldwide work. Also in the textile industry, child labour continues to occur in many sourcing countries – whether in the cotton harvest or in clothing factories, spinning mills or weaving mills.

Binding target 2018 for brands/retail, producers, Federal Government:
→ Establishment of a process or procedure to deal with cases of child and/or forced labour (including access to remedy)

17 companies continue to work on the implementation

Establishment of a process or procedure to deal with cases of child and/or forced labour

46 companies already achieved this target

“s.Oliver has integrated the core requirements of its policies for dealing with child and forced labour into its supplier contracts. In addition, employees and business partners were trained in zero tolerance of child and forced labour.”

TARGET ACHIEVEMENT · S.OLIVER

Chemical and environmental management

Textiles are treated with chemicals in production to achieve the desired colours and product properties. Good chemical management is needed to store and use chemicals safely and to dispose of waste water properly. In addition, the Partnership is working with partners to eliminate hazardous chemicals from production.

Brands/retailers, manufacturers, Federal Government, NGOs and Standards organisations relevant to the environment:

→ Support of producers in the supply chain to improve proper and environmentally sound business management

“REWE Group will visit ten production plants with wet processes in India, Pakistan and Turkey in order to train them and make individual recommendations for increasing ZDHC conformity.” TARGET SETTING · REWE

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Communication of requirements for the use of hazardous substances (MRSI list) to suppliers:

41 companies already achieved this target | **19** companies continue working on the target

Proper and environmentally sound business management (annual target)

Progress reports

44 measures achieved successfully, e.g. by trainings or information

12 companies continue working on the target in 2019

Roadmaps 2019

59 companies set new targets

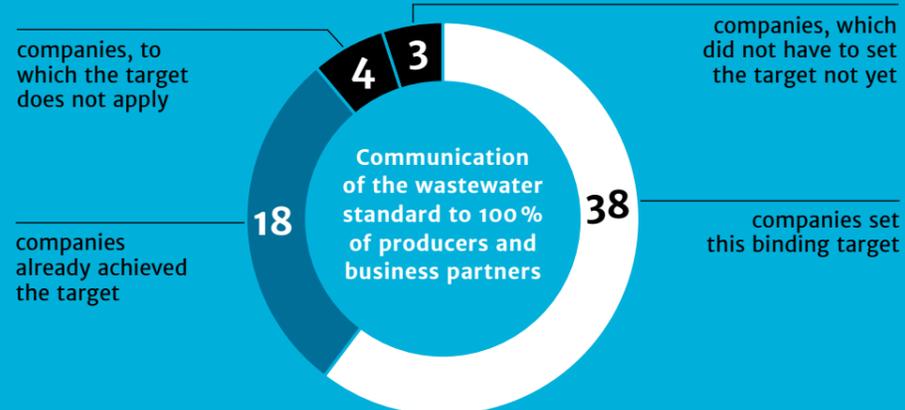
4 companies, to which the target does not apply

Waste Water Standards

“Our wastewater standard is included in the framework contract for suppliers. In 2016, this standard was communicated to all suppliers via a system as a mandatory requirement. In addition, the wastewater standard is stored in four languages in our supplier portal.”

TARGET ALREADY ACHIEVED · LIDL

Binding target 2019 for brands/retailers, manufacturers, Federal Government:
→ Communication of the wastewater standard to producers and business partners, Compliance with the wastewater standard ZDHC Foundational



Circular Economy

Various stakeholders have begun to deal with the concept of circular economy. It means extending the life cycle of textiles and minimising the consumption of resources. This is also reflected in the 2019 roadmaps.

“We extended the recycling program ‘We take it back’ in 2018 to 6 countries and launched the program online in Germany. We plan to increase scale and roll out the program to at least one more country. This will be accompanied by marketing and communication campaigns.”

TARGET SETTING · C & A

“In 2019, we will hold workshops on Circular Economy (CE) with representatives (approx. 20 persons) of the Otto Group (CR departments, purchasing, communication ...). The aim is to create awareness for the resource conservation possible through CE and to identify the best CE approaches for the Otto Group.”

TARGET SETTING · OTTO GROUP

“At the members’ meeting of the Textiles Partnership 2019 we offer a workshop on recycling management.”

TARGET SETTING · HUMANA

“We have signed the Circular Fashion Commitment of the Global Fashion Agenda. To integrate recyclability into product development, we will train design teams in circular design (at least three training sessions). Our goals are published in detail on our website.”

TARGET ACHIEVEMENT · ESPRIT

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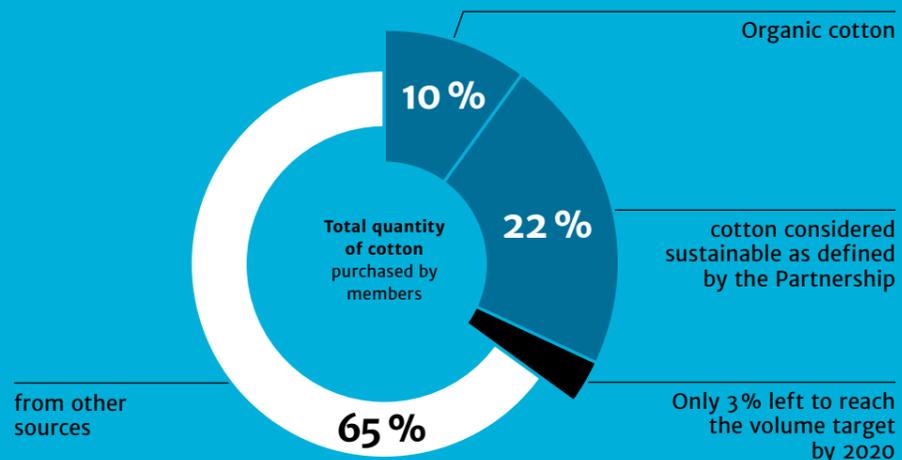
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Natural Fibres

Cotton: Volume target for 2020 almost achieved

35 companies in the Partnership achieved their goal to increase the percentage of sustainable cotton in 2018

Binding annual target for brands/retailers, manufacturer, Federal Government:
→ Increase share of sustainable cotton to 35% by 2020 including 10% organic cotton



“In our sustainability strategy ‘Active Substance’ (2017–2022), we have set ourselves the goal of increasing the proportion of sustainably produced cotton to up to 50% of our total cotton purchases by 2020. Since 2018, sales of our GOTS-certified organic cotton collection have increased noticeably.”

TARGET ACHIEVEMENT · HAKRO GMBH

Wool

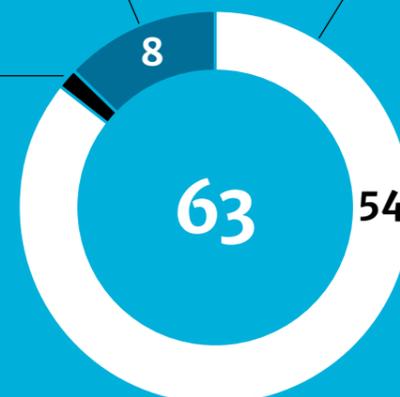
All member companies that use virgin wool are obliged to publish a policy statement on the procurement of responsibly produced virgin wool, in which the animal-tormenting mulesing* is rejected. They have demonstrated this in their 2019 progress reports.

* To control the flystrike a surgical procedure called ‘Mulesing’ was introduced. In this operation, the skin from each side of the sheep’s breech and tail is removed, often without pain relief or anaesthetization.

companies continue working on this target

1 company, to which the target does not apply

companies already achieved the target and have a policy statement on the procurement of responsibly produced virgin wool



In a written policy the companies commit themselves against mulesing and in doing so contribute to animal welfare.

“In addition to the already existing regulations, including those on mulesing, hessnatur has developed an animal welfare policy that is communicated on the corporate site and in the online encyclopaedia.”

TARGET ACHIEVEMENT · HESSNATUR

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Report

Evaluation Partnership Initiatives

COLLECTIVE ENGAGEMENT

In addition to the existing Partnership Initiatives (PI) Tamil Nadu and Chemicals and Environmental Management, a PI on living wages has started work. The Steering Committee has also decided on a PI on wastewater. In addition, initiatives on complaints mechanisms and sustainable cotton are being planned. The Partnership Initiatives are based on the conviction that we can achieve more together than alone.

Partnership Initiative Tamil Nadu



The Partnership Initiative Tamil Nadu aims at the systemic improvement of labour conditions in the textile and garment industry in this southern Indian state, especially for women and girls in spinning mills. In cooperation with the Indian partners the PI aims at improvements at three levels: dialogue, in-factory-trainings and trainings of inspectors.

Trainings on labour law and complaints mechanisms



Trainings are running in about 100 factories

In 13 factories, trainings are already completed

* As of August 2019. Trainings already started in November 2018.

Stakeholder Dialogue

Over 130 representatives of the textile and garment industry in Tamil Nadu met for the first annual conference in March 2019, including representatives of the Tamil government, trade unions, NGOs, industry and international organisations.



7.3.2019

“Better Compliance – Better Competitiveness”: That was the topic/headline of the first Annual Conference, that took place in March in Coimbatore, the second-biggest city in Tamil Nadu.

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Partnership Initiative Chemical and Environmental Management



Through the introduction of sustainable and innovative chemical and environmental management in production facilities in Asia, hazardous chemicals are substituted in wet processes, thus improving occupational safety and protecting the environment.

40 participants each

3 Basic Trainings

2019

China

2019

Turkey

2018

Pakistan

Advanced Trainings

from
March 2019 to
February 2020

REWE Group and Tchibo launched the Advanced Trainings in form of a strategic alliance together with GIZ

Later on, ALDI Nord, ALDI SÜD and Otto Group joint the trainings with several factories

Further Activities

6 Workshops of the PI have taken place → of which 3 in 2019

4 Dialogues with the chemical industry have taken place → of which 2 in 2019

2 Cooperation meetings with universities have taken place (University Stuttgart and Donghua University Shanghai)

DID YOU ALREADY KNOW?

From Burmese to Hindi to Urdu: The short videos on chemicals and environmental management are available with subtitles in twelve different languages. The Basic Training materials are available in English, Chinese and Turkish.



In autumn 2019, the members of the Partnership Initiative developed the “Informed Choice” format for efficient wastewater technologies to give producers an overview of improvement options. In this area, the transfer of knowledge between members and suppliers is particularly relevant.

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Partnership Initiative Living Wages



In the producing countries of the textile industry, wages are often low, even if wages meet the applicable legal minimum levels. With three modules, the members participating in the PI actively contribute to effective solutions to the wage question.



The **basic module** serves to improve purchasing practices. Based on the Purchasing Practices Self-Assessment (PPSA) the participating companies are able to analyse, how their purchasing practices affect wages of their suppliers. In a peer-learning group they share knowledge and learning experiences.



The **training module** aims to provide suppliers with a better knowledge and capacity on living wages. The main focus here is on the calculation and design of the prices so that they can adequately reflect the wages of workers.



In the **country module**, members want to work together in production countries to contribute to living wages. The first country module supports the initiative Action, Collaboration, Transformation (ACT), which is committed to the agreement of a regional collective agreement in the Cambodian textile industry.

All modules are open to the participation of further members.

“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 working hour limits (i. e. without overtime).” ACTION, COLLABORATION, TRANSFORMATION (ACT)

Online tool to assess Purchasing Practices (PPSA Tool)

The Textiles Partnership developed an online tool for evaluating purchasing practices. It is open for the Partnership’s members and the members of the Dutch Agreement on Sustainable Garments and Textile (AGT). This so-called Purchasing Practices Self-Assessment (PPSA) is based on a questionnaire developed by ACT, which is used as a basis for the companies to analyse and evaluate their purchasing practices. Companies can use the tool for internal surveys and then analyse their own purchasing practices. It offers the possibility to compare with other companies, to sharpen awareness within the company and to discuss results in the company. The aim is to ensure that companies in the Partnership use the findings to take the next steps in the improvement of their own purchasing practices, and thus ultimately to increase wages in the supply chain.



439

participants out of 21
member companies
used the tool
(As of September 2019)

29

AGT companies
also use the tool

Basic Module: Peer Learning Group Purchasing Practices

As part of the basic module, twelve Partnership companies are part of a peer learning group in which they jointly discuss the results of the self-assessment, identify improvement measures and take steps to implement them in their own companies.

Capacity Building for Suppliers

In six countries (Myanmar, Northern Macedonia, China, Indonesia, Tunisia, Bangladesh) the Fair Wear Foundation has trained its suppliers and suppliers of members of the German and Dutch Textiles Partnerships on living wages and the open pricing method. Further trainings are planned.

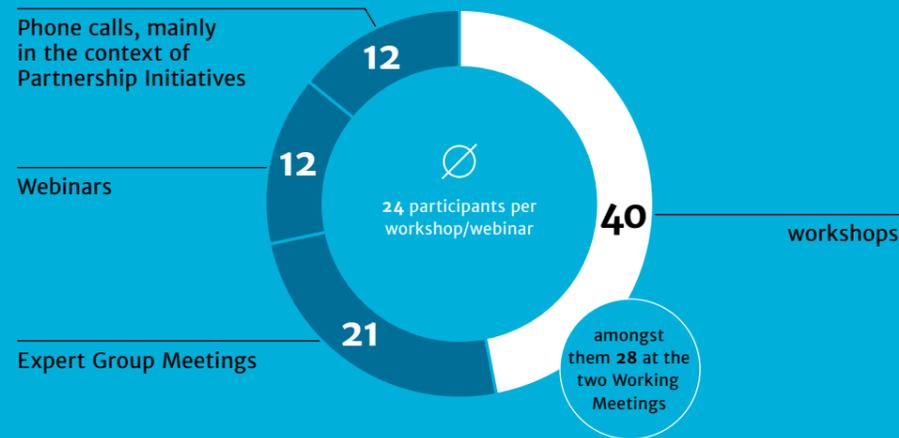
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Evaluation Events

MUTUAL SUPPORT

The Textiles Partnership also serves as a platform for knowledge exchange and dialogue. Various supporting material and events are an added value for the Partnership members.

75 events from January to September



Workshop Highlights

The events and webinars reflected the issues that particularly preoccupied us in 2019, from purchasing practices, greenhouse gas emissions and climate, supply chain transparency and blockchain, to the limits and opportunities of social audits.



Rethinking Social Auditing
and how to Move Beyond

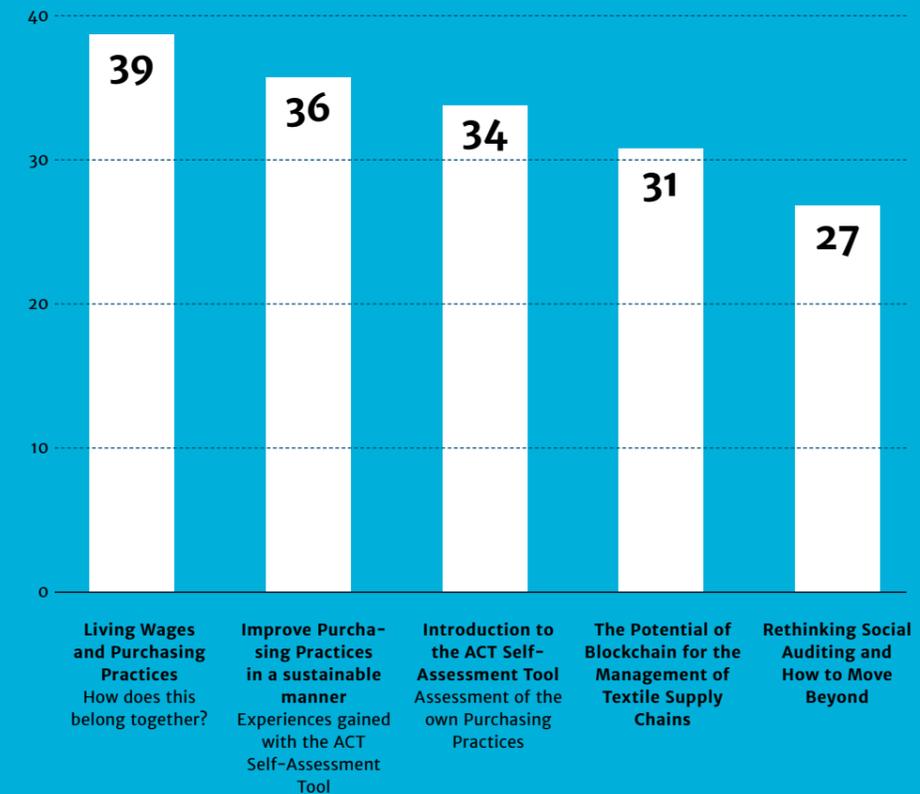
Living Wages and Purchasing Practices
How does this belong together?

Making Climate Action Fashionable
Climate Action in the Textile and Apparel Industry

The Potential of Blockchain
for the Management of Textile Supply Chains

Webinar
on the Social and Labour Convergence Project, together with AGT

Workshop by Number of Participants



“The composition at the members’ meeting is very interesting, because there are so many different branches with which one normally never get in touch. Here one has the possibility to exchange with one another.”

MARTIN RIEBEL · DEUTER SPORT GMBH · AT THE MEMBERS’ MEETING 2018

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Report



“The Partnership for Sustainable Textiles is and will remain the foundation of our efforts for a fair and sustainable textile industry.”

**Dear Partnership members,
dear readers,**

the Partnership for Sustainable Textiles is and will remain the foundation of our efforts for a fair and sustainable textile industry. We launched the Partnership in October 2014 and since then have achieved a great deal together. I would like to express my gratitude for your continued support and your engagement in our joint initiative. I want to highlight some important recent developments: Starting in 2019, all members publish not only goals and planned activities in their roadmaps but also the progress they have achieved. With publishing these progress reports, we are making a major step towards transparency in the industry.

Also this year, as one of the first initiatives the Partnership underwent the OECD Alignment Assessment to ensure our processes, support structures but also our level of ambition is in line with the OECD recommendations for responsible business conduct and due diligence in the industry. The feedback is positive across the board and signals that the Partnership is setting the correct standards both nationally and globally.

Consumers are increasingly demanding that companies take responsibility for the way they do business. To boost the visibility of sustainable textiles on the market, I introduced the Green Button initiative as a state certification mark for textiles in September 2019. Many Textiles Partnership members are already involved. And I am particularly pleased that companies applying for Green Button certification now wish to join the Partnership for Sustainable Textiles. I am sure that the Partnership and the Green Button initiative are mutually beneficial: Participating in Partnership Initiatives on living wages and complaints mechanisms, for example, as well as actively joining the Partnership’s learning and dialogue platform prepare and directly benefit companies intending to apply for Green Button certification.

How are German companies doing in fulfilling their supply chain responsibilities in other sectors? The German Government is tackling this issue in its monitoring of the National Action Plan for Business and Human Rights. If, after detailed scrutiny, the German Government concludes that voluntary undertakings by companies are not sufficient, we shall take action to legislate at national level and campaign for EU-wide regulation. As active members in the Textiles Partnership, you are already well prepared to meet possible regulatory requirements on supply chain due diligence and you are thus ahead of the game.

In the second half of 2020, Germany will take over the Presidency of the European Council and we will put a strong focus on sustainability in global supply chains – including in the textile sector. Our Textiles Partnership will be an important showcase in this regard as we push for more ambition and for alignment at European level.

I would like to thank you again for your commitment and support for our common goal, the substantial improvement of the social and environmental conditions in textile value chains. I look forward to continuing our joint efforts in 2020!

Dr. Gerd Müller
Federal Minister for Economic
Cooperation and Development



The Steering Committee at its Strategy Meeting in October in Berlin (starting from left): Dr. Uwe Mazura, Frank Zach, Michael Krake, Ingo Strube, Dr. Sabine Ferenschild, Claudia Kersten, Dr. Gisela Burckhardt, Berndt Hinzmann, Stefan Genth. Missing: Nico Kemmler, Dr. Johannes Merck and Dr. Olaf Seiring.

Dear Partnership members, dear readers,

as the Partnership for Sustainable Textiles enters its fifth year of existence and members their third year of actively implementing the Partnership's goals and aspirations, the pace of change in our socio-political and natural environment is accelerating further: For the first time, the climate debate has gained such momentum that there is a real prospect to chart a new course. The Agenda 2030 for Sustainable Development is no longer perceived as a UN initiative only and is increasingly seen as having practical and social relevance for policy-making. Meanwhile, among many other developments, the debates on regulatory measures with regard to supply chain responsibility, changes in legislation on the circular economy, the forthcoming review of Germany's sustainability strategy, and the new European Commission's announcement of a 'European Green Deal' are highly relevant for our industry. All this is providing considerable momentum for all the areas and topics we are covering.

Against this backdrop, the Partnership underwent the OECD Alignment Assessment process at the beginning of 2019. The process involves the OECD auditing the extent to which Partnership procedures comply with the OECD provisions on implementing companies' due diligence. The outcome was a clear 'Yes, but...' with some important recommendations from the OECD for adjustments and changes in proceedings. We and the Partnership as a whole attach great importance to taking these recommendations seriously and implementing them to give fresh

impetus to our work to achieve change within the textile industry. The decisions we take now will have a significant influence on the direction we take together over the coming years and for our success in pursuing our goals.

In future, we will focus even more on the risk-based due diligence approach as laid out by the OECD as well as in the National Action Plan for Business and Human Rights (NAP) as the core of our approaches. This will become especially clear in our new Review Process from 2020 onwards and, consequently, also in the future design of our information, learning and dialogue formats as well as in the planning and implementation of joint activities in producing countries.

Our strategic partners – including the Dutch Textiles Partnership, SAC, ZDHC, ACT and the Fair Wear Foundation – are also increasingly moving towards the risk-based due diligence approach. This will further pave the way for cooperation, mutual recognition and the distribution of responsibilities.

As a multi-stakeholder partnership, we embarked five years ago on making the global value chains in the textile and clothing sector fairer and more sustainable. Over the coming years, we will continue to work with you to pursue this ambitious goal and promote our Partnership approach featuring voluntary membership, binding implementation of due diligence, involvement of all relevant stakeholders, a focus on progress and progress reporting, Partnership Initiatives in producing countries and a platform for learning, dialogue and information exchange.

This annual report informs about the progress we have made over the past year and provides some in depth context on chosen initiatives.

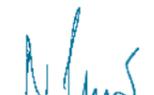
Thank you for your commitment and trust in our work. We look forward to continuing our excellent and intensive cooperation with you and wish all of us success in pursuing the goals of our Partnership for Sustainable Textiles!


Dr. Gisela Burckhardt


Dr. Sabine Ferenschild


Stefan Genth


Berndt Hinzmann


Nico Kemmler


Claudia Kersten


Michael Krake


Dr. Uwe Mazura


Dr. Johannes Merck


Dr. Olaf Seiring


Ingo Strube


Frank Zach

INTERNATIO- NALISATION

Not comparing apples with oranges



This year, the OECD has assessed the alignment of the Partnership's approach with the OECD due diligence guidance for the garment sector. The findings and recommendations from the OECD will feed into the further development of the Review Process.

The OECD has published the Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, which intends to make corporate practice more sustainable. The Guidance serves as a reference framework for the global textile industry for making structural improvements in complex global value chains. To enable close cooperation between diverse national and international initiatives on an equal basis, the OECD conducts so-called Alignment Assessments – a process of analysis and advice.

In the Alignment Assessment of the Textiles Partnership, the focus was on the extent to which our approach aligns with the recommendations set out in the OECD Due Diligence Guidance.

The following areas were scrutinised:

- **The Review Process:** The Review Process: (a) the baseline questionnaire set for brands and retailers, (b) mandatory and recommended targets for member companies, (c) recognition of systems and engagement of members in other initiatives, and (d) third-party review
- **Support services:** manuals, guidelines, workshops, webinars etc.

The OECD assessed the support that member companies receive in cooperating with other companies and further stakeholders with regard to due diligence implementation. It also assessed the Partnership's governance structure and how Partnership Initiatives are developed.

A wide-ranging basis for analysis

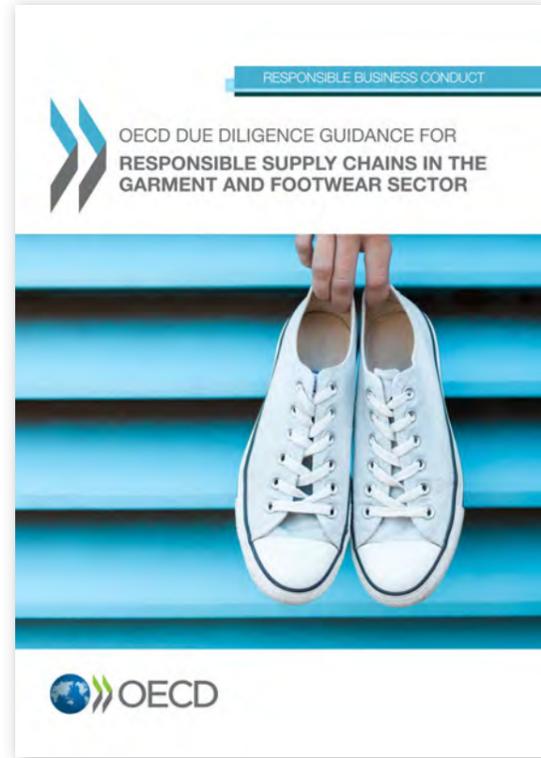
For its Alignment Assessment, the OECD scrutinised Partnership documents between October 2018 and April 2019 and conducted interviews with the Partnership Secretariat, external Review Process assessors and a total of 21 Partnership members from all stakeholder groups.

The Assessment found that, in the written requirements for member companies in relation to the Review Process and the accompanying documentation, the Partnership is fully or partially aligned with the majority of recommendations laid down in the OECD Due Diligence Guidance (50 per cent to 70 per cent alignment).

However, the OECD found shortcomings in the baseline questionnaire, in the specifications for mandatory and recommended targets, and in the third-party review. Its findings indicate that the third-party review does not systematically assess the quality of the objectives set and the measures implemented and therefore cannot adequately support member companies in implementing their due diligence.

Moreover, some important principles of the due diligence approach are not being reflected consistently and systematically, including meaningful stakeholder engagement and a systematic gender perspective in the Review Process.

With regard to the publication of roadmaps and progress reports, the OECD further notes that the meaningfulness of these reports vis à vis the general public is limited by the existing procedural and content format.



What is the OECD Alignment Assessment?

The OECD conducts Alignment Assessments as part of the implementation of its Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector. The goal is to support a common understanding of due diligence in the sector while also enabling cross-recognition between existing initiatives. The OECD assesses the extent to which approaches used by existing sector initiatives to promote sustainability in the textile sector align with the Due Diligence Guidance recommendations.

It analyses the written requirements set out in initiatives and conducts interviews with members from different stakeholder groups. It then assesses these initiatives using 154 separate criteria derived from the OECD Due Diligence Guidance and

structured around the six steps of the due diligence process. Each criterion is rated on a four-point scale:



In the past, the OECD has conducted Alignment Assessments in the commodities sector. In the textile sector, the SAC (Higg Brand and Retail modules), the Textiles Partnership, and the Dutch Agreement on Sustainable Garments and Textile (AGT) have so far undergone Alignment Assessments. Plans are under way to assess further initiatives.

Added value through dialogue and joint learning

The majority of the member companies interviewed by the OECD view the added value of the Textiles Partnership as lying less in the Review Process and more in increasing joint engagement and, in particular, in the sharing of information and experience, both with other companies and with NGOs, the German Government and trade unions.

Basis for overhauling the Review Process

The OECD recommends the Textiles Partnership to focus more closely in the Review Process on the quality of targets and measures. The basis for doing this will be an individual risk analysis that considers the sector risks identified by the OECD, prioritises these risks according to the severity and likelihood of harmful impact on human rights and the environment, sets appropriate targets and defines measures.

The third-party review too should be fundamentally overhauled to focus on whether the enterprises' due diligence is commensurate with the risks and on appropriate support for member companies.

Finally, clear criteria need to be formulated for the selection and implementation of Partnership Initiatives that more closely reflect the due diligence approach and the sector risks prioritised by the Partnership.

The OECD's findings and recommendations form an important basis for reviewing and overhauling Partnership processes, particularly further development of the Review Process from 2020, and for further alignment with other European and international initiatives.

What is the OECD Due Diligence Guidance?

The OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector was adopted in 2017. Governments of OECD countries, representatives of selected non-OECD countries, representatives of the private sector, trade unions and civil society were involved in drawing up the Guidance. The Guidance is addressed to all companies in the textile and footwear industry. It includes sector-specific recommendations on how the core elements of due diligence as defined in the OECD Guidelines for Multinational Enterprises should be implemented.

The Guidance has two parts. Part 1 includes recommendations for how companies in the textile and footwear industry should integrate the due diligence approach into their management processes. Part 2 includes practical examples and approaches to tackling the core risks in the textile and footwear industry supply chain.

The OECD identifies 12 sector risks in the textile and clothing industry: 1) child labour, 2) sexual harassment and gender-based violence in the workplace, 3) forced labour, 4) working time, 5) occupational health and safety, 6) violations of the right of workers to establish or join a trade union and bargain collectively, 7) wages, 8) hazardous chemicals, 9) water consumption, water pollution and wastewater management, 10) greenhouse gas emissions, 11) bribery and corruption and 12) responsible sourcing from homeworkers.





Jointly address the challenges in garment supply chains

In 2019, the Partnership for Sustainable Textiles further expanded its strategic cooperations. The partner organisations tell us what they see as the strengths of this cooperation.



Alexander Kohnstamm
Executive Director
Fair Wear Foundation



Make sustainability the new norm

Fair Wear Foundation works with brands, unions and other stakeholders to improve conditions in garment factories for those who make our clothes. With front-runner brands, we show that sustainable production is

practically possible. Today's European market expects the textile sector to integrate labour rights into its business model. Low wages, excessive overtime and other violations are no longer acceptable for consumers, investors, legislators and so many in the business itself. Brands not only bear responsibility for working conditions, they also greatly influence them with their own purchasing practices.

Therefore, the time has come to push the industry towards a "New Normal" in which workers' rights are respected. And to define what steps should be taken, by which actors, to realise it. This can only be achieved through international collaboration between companies and organisations that genuinely take due diligence and purchasing practices seriously. That is why working with the Partnership for Sustainable Textiles is so important for Fair Wear Foundation. Sustainability is not only for frontrunners, it must be the norm.



Liesl Truscott
Director European and
Materials Strategy
Textile Exchange



“Complex supply chain challenges require both systemic thinking and collective action.”

Ten years to meet the SDGs

At Textile Exchange we inspire and equip people to accelerate sustainable practices in the textile value chain. We believe that complex challenges in supply chains require systemic thinking and collective action. This involves setting bold levels of ambition, working in partnerships, and finding common ground from which to forge a way forward.

Ambition and courage are necessary attributes for driving change. We know we cannot solve today’s problems let alone tomorrow’s problems with yesterday’s solutions. We have to be prepared to think beyond current paradigms, look at the issues holistically, and be much, much more ambitious. We also need to adjust our measures of success. Business growth and societal development will have to decouple from resource consumption. As an industry, we must design out waste and find circular solutions. Our land-based materials must aim for regenerative, not simply sustainable, production methods.

Partnerships are the key to industry transformation. They must be built on solid foundations of trust, accountability and a willingness to share risk and reward fairly. Fairness is particularly important in supply chains, especially where there has been a history of injustice. We have missed many opportunities in the past by not tapping into the creativity and innovation that exists outside our own cultures. People are empowered through good partnerships, and through collaboration we can genuinely achieve so much more.

And finding **common ground** means that despite our differences, there are some things we all value, such as safe water, clean air, health and community. The Paris Agreement gave us science-based targets for decarbonisation, and the Sustainable Development Goals gave us a global agenda to unite behind. Recognizing our inter-dependencies and the finite resources we must share will no doubt dominate the next decade of our industry – it is our number one job.

We have ten years to meet the Sustainable Development Goals. In 2030, how will we be celebrating our contribution to a better world?



Dr. Frank Hoffer
Executive Director
Initiative ACT (Action,
Collaboration, Trans-
formation)



Move from learning from each other towards acting together

Companies are not able to deliver on living wages for supply chain workers on their own. Those who want to make progress engage in joint efforts. That is why ACT and the Partnership for Sustainable Textiles are working together. ACT has supported members of the Partnership Initiative on living wages by sharing its purchasing practice self-assessment tool.

As a next step, ACT adopted recently a common accountability and monitoring framework for five essential purchasing practices commitments. It is the first time in the history of the industry that a large group of brands agreed on a common approach to improve their purchasing practices in support of better wages. ACT member brands will monitor progress against joint indicators and targets. Regular anonymous supplier surveys and the collaboration with IndustriALL are part of a robust accountability process to create the necessary trust and credibility with suppliers and workers. Members of the Partnership for Sustainable Textiles are invited to join this approach, as progress in

producing countries will be fastest and most comprehensive when the number of brands supporting these approach increases rapidly.

As a next step in our cooperation, we should move from learning from each other towards acting together. Those who want to make a difference should join our efforts and make clear purchasing practices commitments to countries and suppliers that enable them to achieve living wages by negotiating substantial and continuous wage increases with their workers.



Lindita Xhaferi-Salihu
Sectoral Engagement Lead
United Nations Framework
Convention on Climate
Change, UNFCCC



Changes throughout global supply chains

The responsibility to address climate change and avoid its worst impacts by limiting global warming to 1.5°C in line with the Paris Agreement is a shared responsibility that requires collective and cooperative action across all sectors of society. Rather than in isolation, achieving carbon emission reductions and clean energy transition necessitates shared climate ambition and action throughout countries, regions, cities, businesses and organisations around the world.

This necessity for harmonized efforts is particularly clear with regard to the garment supply chain where everything is shared – from raw materials to manufacturing, logistics and consumers. Only if we work together we can ensure global supply chains become sustainable. Not one part of the supply chain – all parts. It is pointless to call a product sustainable if the means of creating and distributing it are carbon-intensive. The impacts of climate change in one part of a supply chain can negatively affect the other, globally-linked parts of the chain. An extreme event affecting one link in a supply chain will disrupt the whole trade system surrounding the finished product. To truly make a difference when it comes to emission reduction, change must therefore be made throughout the value chain.

Businesses are uniquely positioned to help promote climate-smart innovation and develop solutions that are needed. This is not to say that this is going to be easy, as attempts to address the climate impact of the fashion industry involve a complex web of participating countries, industries and actors. There are also challenges with transparency, capacity building and policy incentives, but we need to start from somewhere. Connecting the diverse stakeholders as well as scaling of existing initiatives that connect the value chain to address some of these challenges and then work to collectively identify climate solutions is a good place to start. This can help significantly advance reduction efforts in the industry.

The Fashion Industry Charter for Climate Action, launched in December last year, is an industry led



Jef Wintermans
Coordinator
Dutch Agreement
on Sustainable Garments
and Textile (AGT)



Increasing their potential for positive interventions in supply chains

In order to be able to more effectively in addressing the many challenges in the garment supply chains, many companies indicate they look for a level playing field at European level. The parties of the Agreement on Sustainable Garments and Textile (AGT) have expressed their full support for further collaboration with the Partnership for Sustainable Textiles (PST), as well as with other (inter)national initiatives, to promote a common European approach to responsible business conduct. Both the PST and the AGT are based on the OECD Guidelines for Multinational Enterprises. These Guidelines require companies to execute due diligence in order to prevent, reduce and – if necessary – compensate negative impacts in their supply chains. It seems more and more initiatives are open for change to become better aligned with the OECD requirements. If they do, they will enable their member companies and parties to team up with more and different partners, thereby increasing their potential for positive interventions in their supply chains. During the course of 2019, three more companies that take part in the AGT made use of the benefits of associated membership with the PST.

“It is a shared responsibility to address climate change and avoid its worst impacts...”

effort created for this purpose. It is driven by the mission to move the fashion industry to net-zero emissions no later than 2050. Its signatories have expressed clearly and publicly their commitment to reduce emissions, to set a decarbonisation pathway for the fashion industry and to work together to make it happen. Their focus is now to convert existing dialogue between stakeholders across the value chain into concrete actions and work with the finance community and policymakers to create long-term change. The Charter is open to new fashion companies – brands, retailers and suppliers – that are willing to commit to climate action and to work collaboratively to achieve results in line with what science tells us is needed.



Frank Michel
Executive Director
ZDHC (Zero Discharge
of Hazardous Chemicals)



Accelerate globally accepted frameworks

For this endeavour to succeed, regional legislation and global initiatives must be harmonised in a smart mix. This will reduce complexity and duplicative efforts while helping to drive change, both regionally and globally.

Local Production Issues Need Global Supply Chain Solutions Most of the environmental impact of garment production is felt at a regional level, in production

countries. While local legislation has often been put in place, it is mainly limited to consumer protection in apparel and footwear target markets.

Driving Global Impact Currently, it is a common strategy to move production into countries with low regulation boundaries and low wages. This indicates the limitations of regulation that is ending at the regulators' borderline. Local regulation therefore is struggling to create impact in global supply chains.

Global industry initiatives can be more efficient in driving the necessary changes if brands are utilising the initiatives' frameworks in their supplier scoring models and evaluate facility performance on a globally harmonised level. This helps to accelerate globally accepted frameworks and drives implementation in relevant production countries.

Regional and global efforts can be harmonised with a smart mix of meaningful regulation and the support of global frameworks that are already established in the industry.



Baptiste Carriere-Pradal
Vice President Europe
Sustainable Apparel
Coalition (SAC)



Due Diligence as the starting point for every sustainability strategy

In a world of global supply chains and global challenges, only a global industry effort can provide the necessary answers. This is the basis of the very close and deepening collaboration between the Partnership for Sustainable Textiles and the Sustainable Apparel Coalition (SAC). Over the past four years, we have been collaborating at a national, European and international level to create a common vision of a harmonised international framework for Due Diligence, based on the OECD's sector specific guidance.

The push of civil and industry society, around climate commitments and sustainability, has reached unprecedented levels. With this new source of inspiration, we see a clear call for systemic change within our industry, to redefine our approaches to business, and think

“We must continue to move forward, with our eyes wide open and in a new direction.”

of innovative new ways to work. Moving forward, with eyes wide open, in a new direction, means, first and foremost, for any organisation to be clearly aware of the challenges and opportunities. This has to be done using a common framework. Only by collectively creating this framework can we set the stage for future collective improvement.

This is the essence of our collaboration with the Partnership for Sustainable Textiles. Our goal is to embed a robust due diligence approach at the starting point for every sustainability strategy. Such an approach has to be based on a common framework, which will enable us to leverage everyone's strength to participate in the reinforcement and the simplification of our rich industry eco-system. Ultimately, this will accelerate the pace of our industry towards reduced environmental impact and increased social justice.



COLLECTIVE ENGAGEMENT



PARTNERSHIP INITIATIVE TAMIL NADU

Everyone has to take responsibility

P. Mugilan has been coordinating the training programme at MSI-TN, the Indian partner organisation of the PI Tamil Nadu, since October 2018. The Partnership Secretariat asked him for a review of the first year of the initiative.

Above: Awareness Training for Workers on the subject of sexual harassment



Below: Capacity Building for representatives of an Internal Complaint Committee (ICC)

More than 100 training sessions on labour rights and complaints mechanisms were held this year. How did the trainings in the factories go? Were the initiative's expectations met?

We have initiated 85 per cent of the of the training courses, but we have not yet completed them. Because it took a lot of time and we are still working on communicating the work of the MSI-TN to the factory managers. Since many stakeholders now know the MSI-TN and its goals, we were able to start all training phases from level 1 to 6. In level 1 we explain what MSI-TN is and what it does:

Basically, we form two bodies, the Internal Complaint Committees (ICC), and the Workers Committee (WC). We were able to convince the managers that we were improving both working conditions and business-relevant processes. It's a win-win situation.

Level 1 is for top management. Level 2 and 3 are for HR Managers and middle managers. We train them in dealing with the two committees and in holding elec-

tions in which employees are elected as ICC and WC representatives.

At level 4, training sessions are held in which the entire workforce is sensitised. At levels 5 and 6, the elected representatives of the employees in the committees are trained in terms of capacity building. That basically takes three days. However, many factories do not allow training on three consecutive days because production must continue. We can understand this point and develop individual solutions with responsible managers. 80 per cent female and 20 per cent male workers are selected for the ICC training. They should learn to take responsibility for banning sexual harassment from factories. This means that we must train them to become leaders. In Indian culture, women are often oppressed, in particular in Tamil Nadu in southern India. Women must be able to take the lead and act as representatives of others. In some factories the ICC committees have already been set up and the trainings have been carried out.



Left: Mugilan P. has been coordinating the training programme at the Indian partner organisation MSI-TN since October 2018



Above right: Elections for an Internal Complaint Committee (ICC) in a spinning mill in the district of Erode



Below right: Capacity Building for the representatives of a Works Committee (WC)

“Women must be able to take the lead and act as representatives of others.”

Have you noticed any concrete improvements?

Many workers did not know what ICC were or why they were in the committee. In capacity building, we, therefore, communicate how and for what purpose the committees work and explain exactly what sexual harassment is. Of course, sexual acts are sexual harassment, but sexually explicit looks are sexual harassment as well. Indian men are often unaware of this. Sexual violence is not only perpetrated at work but often also at home. Here we promote awareness and clarify laws and possible sanctions. That’s great progress.

In addition, we discuss the reasons for the complaints with the participants, most of whom are women. We ask, “What do you think of kissing? How do you feel about touching?” They would not talk about it on their own, but in this context they talk about their needs and concerns. We invite them to our Veranda Session (ICC Capacity Building Training) where we ask: “Do you understand the problem?” Why didn’t you complain to ICC?” The women often reply that they do not report incidents because they are afraid of being dismissed. For men, on the other hand, there are other training contents. They need to learn how to deal and interact

correctly with women. Our activities are intended to prevent sexual harassment within the factories.

As a national NGO, how satisfied are you with the progress of the initiative?

I am very happy because every day we go to different factories and meet so many people and faces. They tell us, “When I’m in the training, I’m a little relieved of stress.” That brings a smile to their face. And we also provide information about labour rights that directly affect them. It’s important that they know them.

Many employee representatives of the WC have been familiarised with the information on social benefits, such as the Employees Provident Fund (EPF) and Employees State Insurance (ESI). We recommend that they register themselves and their colleagues with ESI in order to receive medical benefits.

What was your biggest learning?

I work with people. And with their feelings. Many report that they are very stressed. That is why we have already carried out many activities to reduce stress. It must not happen that angry managers insult the work-

ers. On the contrary, it is precisely the superiors who should be role models for the workers. In the past, many managers thought that the workers were not worth much. There is an urgent need for a rethink here and everyone must perceive and respect each other as human beings. This is how you begin to treat people equally and with respect. With the training we appeal to their minds, especially the mill managers and the HR managers. All this goes beyond the committee training sessions.

What lessons would you share with similar initiatives?

We can share the best practice examples from committees. Many were not aware of the great gap between management and workers or did not perceive it as a problem. The workers go in one direction, the management goes in another direction. Because this has to change, we work, for example, with a role play: the employees must play the role of the management and vice versa. An example: The local festival Diwali is imminent and hundreds of workers want to take five days off. But the production must continue. So how do they find a good solution? We let them debate and dis-

cuss. That is how they learn. The management in the role of workers asks for leave. The workers play the strict management role. At the end they agree and say for example: Okay, we will work on Sunday and work overtime so that we can do our job and celebrate Diwali.” This allows the management to relax. In this way we make them understand their roles and the other side. Through activities of this kind, they understand how to take responsibility.

What are the next steps in the project?

We must have a good relationship with the government. Once we have completed the training in the factories, we invite external participants. The government is the appropriate body to participate and award a certificate. It can also encourage the ICC and WC representatives. After completing the training, we noticed that the workers were afraid of being controlled by the management. In order to get rid of this, we have to involve external parties, especially the government. At least we can involve the Department of Social Welfare to build a better relationship between the factory management, government and MSI-TN.

“Sexual violence is not only perpetrated at work but often also at home. Here we promote awareness and clarify laws and possible sanctions. That’s great progress.”

Partnership Initiative Tamil Nadu

The Partnership Initiative aims at systemically improving the working conditions in the textile and garment industry in Tamil Nadu, South India, and focuses on making the situation of women and girls in spinning mills more socially acceptable.

The Partnership Initiative began its work in July 2018

Main partners:

- German Federal Ministry for Economic Cooperation and Development (BMZ)
- FEMNET e.V.
- Hugo Boss AG
- KiK Textilien und Non-Food GmbH
- Otto Group
- Tchibo GmbH

Associated partners:

- TransFair e.V.
- Brands Fashion

Implementation partners:

- Multi-Stakeholder-Initiative Tamil Nadu (MSI-TN)
- SAVE (Social Awareness and Voluntary Education)

The objective is to create a willingness for dialogue and cooperation between all relevant stakeholders in the textile industry in Tamil Nadu in close cooperation with the Indian Multi-Stakeholder Initiative Tamil Nadu (MSI-TN). On 7 March 2019, the first of two major annual conferences was held, including some members of the Textiles Partnership traveling from Germany to Tamil Nadu to attend the conference. The next conference is planned for early 2020. In the four main production districts and at state level, the stakeholders regularly meet for dialogue rounds on the specific challenges they face, such as the situation of women and girls living in factory accommodation.

The aim is also to set up functioning mediation and complaints bodies in 300 factories, with training to prepare workers and managers. Training programmes had been launched in more than 100 factories by mid-2019, and the first internal complaints committees have begun their work. To ensure the long-term operation of these new committees, representatives will receive ongoing training and support.



Mugilan P. and the other trainers explain labour rights in the in-factory training sessions.

What is your vision for the apparel industry in Tamil Nadu in 10 years?

In 10 years’ time, there will be many ICC and WC committees. These people are taking responsibilities. They take care of the business and also their private lives. ICC and WC representatives achieve improvements for the well-being of employees and also for the economic situation of the company. If we train them right, they can do it. This is my greatest vision.

¹ The *Prevention, Prohibition and Redressal (2013)* law on sexual harassment of women at work stipulates the existence of internal complaints mechanisms (ICC) in factories with more than ten employees where complaints can be made. The committees should consist of at least four employees and have a representation of at least 50 per cent women. In addition, the *Industrial Disputes Rules (1957)* prescribe the existence of works committees in every factory that has more than 100 employees to deal with labour complaints. The committees are to consist of a maximum of 20 employees and representatives of the company management, that meet at least once every three months. According to the *Industrial Disputes Act, 2010 Amendment*, a Grievance Redressal Committee (GRC) must be established for less than 100 employees.

State of the art procedures and processes

In the second year of the Partnership Initiative on Chemical and Environmental Management, the 18 members implemented more local measures and negotiated targets with their suppliers. The aim of the joint commitment is to gradually reduce the use of harmful chemicals and to ensure that manufacturers make safe, appropriate and efficient use of resources. Dyeing and the finishing process are at the focus of the Initiative, because they make particularly heavy use of chemicals and water. Many hazardous chemicals are still being used – sometimes inappropriately – and inadequate procedures, particularly a lack of wastewater treatment, means that they can end up in the water cycle. Members and the Partnership Secretariat have together compiled information and materials on the following three priority areas:

1. awareness-raising
2. better access to training
3. substitution and innovation

Over the past year, members have briefed and trained their suppliers and producers on the basis of the support materials developed during the first year of the Initiative. These include an orientation for suppliers, training materials and short videos for wet-processing companies, and a chemical inventory designed to record substances stored and used within factories. Basic training courses were held in China and in Turkey in cooperation with TÜV Rheinland. Around 80 suppliers took part in each training course and were briefed on

possible measures to ensure safe and sustainable processes. Training content was discussed intensively by participants and then taken back to factories and plants to encourage improvements. The basic training courses are an important contribution towards sustainable management of wet manufacturing. However, they are just an initial step towards ensuring safe handling of chemicals and a reduction in the use of hazardous materials; these measures need to be implemented locally. Companies function as supporters and drivers in this process.

Sustainability on the curriculum in China

The intensive advanced training course, initiated by Tchibo and Rewe, was also supported by ALDI Nord, ALDI Süd and the Otto Group in 2019. In China and Bangladesh, this intensive programme supports member factories as they switch to sustainable processes. A cooperation project has also been developed with Donghua University in Shanghai, including compulsory training in sustainable production for those studying fashion and design. Following an evaluation phase, discussions now centre on whether this wider curriculum might also be relevant for further courses of study.

Dialogue and exchange formats with universities and the chemical industry in Germany are also being continued. The Textiles Partnership supports the University of Stuttgart and took an active part in this year's



To improve access to training options, the Partnership Initiative developed the Basic and Advanced Training on Chemical Management for Wet Processes. The photo was taken during a Basic Training in Turkey in September.

colloquium on wastewater technologies in the textile industry. Members of the Partnership Initiative are currently developing the 'informed choice' format on efficient wastewater technologies to familiarise producers with options for improvement. Knowledge transfer between members and suppliers is particularly important in this sector. The market already offers meaningful solutions for many processes. It is important to be up to date and to jointly evaluate and implement processing technologies in the environmental sector.

The Partnership Initiative comes to an end in December 2019. Individual activities such as finalisation of the advanced training course will continue. A programme is also being devised to give all members and other interested brands access to joint chemical management training initiatives at basic and advanced level.

Members of the Partnership Initiative Chemicals and Environmental Management

- ALDI Einkauf GmbH & Co. oHG (für ALDI Nord)
- HOFER KG (ALDI SÜD)
- amfori
- Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)
- Brands Fashion GmbH
- Bundesverband der Deutschen Sportartikel-Industrie e. V. (BSI)
- Deuter Sport GmbH
- EDEKA ZENTRALE AG & Co. KG
- Deutsche Gesellschaft für Internationale Zusammenarbeit
- HEJSupport
- KiK Textilien und Non-Food GmbH
- Stiftung OEKO-TEX GmbH
- ORSAY GmbH
- Otto Group
- REWE Group
- Takko Holding GmbH
- Tchibo GmbH
- Umweltbundesamt (UBA)
- Zero Discharge of Hazardous Chemicals Foundation (ZDHC)



Our commitment to fair wages

One of the major challenges facing the textile industry is ensuring that workers in producer countries receive fair wages. Fair wages are wages that enable workers to care for dependent family members and to save appropriately for unforeseen events. As individual stakeholders can achieve little on their own, the Textiles Partnership has launched a Partnership Initiative on Living Wages. With this Initiative, participants can actively contribute to effective solutions in the area of wages. We asked representatives of companies participating in the Initiative three questions about their involvement.



Erik Hollmann
ALDI Nord

Why is it important to you to be involved in the Partnership Initiative? As an international retailer, ALDI is aware of the particular responsibility it has towards our value chain. Apart from environmental factors, working conditions and payments constitute difficult areas especially in the textile industry. We are convinced that we can solve global problems of this kind only by working together and that effective cooperation is the way to achieve long-term success.

“We are convinced that we can solve these problems only by working together.”

Which activities do you engage in to campaign for living wages? Since we became member of the Textiles Partnership, we have actively confronted the issue, among other things by becoming involved in the Social Standards and Living Wages Working Group. With the documentation of the status quo as part of the first roadmap, the collective need for action in this area be-

came evident. This is why we subsequently advocated for the creation of a Partnership Initiative. In the course of the Initiative we are, inter alia, campaigning with other companies for the implementation of a national collective agreement in Cambodia.

What do you think is the most effective leverage for achieving living wages? To achieve lasting improvement in working conditions and gradually raise wages to the level of living wages, we need collective agreements. The ACT initiative is a good starting point: multi-stakeholder initiatives are a particularly good way of using contractual agreements to make commitment more binding.



Katharina Wortmann
ALDI SÜD

What do you think is the most effective leverage for achieving living wages? We believe that only negotiated wages can lead to long-term fair pay levels. This is why we believe that the approach taken by ACT to achieving this goal is particularly promising. In February, we therefore expressed our interest in taking part in the second module of the Partnership Initiative. The aim of this module include special measures to support the negotiation and subsequent implementation of a sector-wide collective bargaining in Cambodia and a long-term commitment to protecting the country as a procurement market against potential competitive disadvantages.



Anna Steffen
Marco Hühn
Deuter Sport GmbH

“Only negotiated wages will lead to a fair wage level.”

Why is it important to you to be involved in the Partnership Initiative? Our experience over recent years has clearly shown that many individual solutions in individual companies do not, in fact, lead to long-term and national increases in wages in producer countries. We therefore believe that the only way to achieve change is to act together. The Partnership Initiative is a promising approach to working on diverse causes as part of differing modules, sharing experiences with other companies and learning from each other.

Which activities do you engage in to campaign for living wages? We are actively involved in the Partnership Initiative module that aims at analysing and adapting purchasing practices. Purchasing practices can have a direct influence on working conditions and wages within individual factories. We will therefore be building on our analysis and working with colleagues from our Procurement Department to develop measures to create more sustainable purchasing practices and secure long-term changes in the factories that produce goods for ALDI.

“We believe that sharing experiences is crucial to making progress.”

Why is it important to you to be involved in the Partnership Initiative? Improving working conditions in our producer countries has been a major concern for us since we became a member of the Fair Wear Foundation (FWF) in 2011. Bringing about living wages is a core objective of the multi-stakeholder-initiative. By being involved in the Partnership Initiative, we hope to expand what we have already achieved through working with FWF and to build on it. We believe that sharing practical experiences brings us substantially closer to our goal of living wages in the industry.

Which activities do you engage in to campaign for living wages? We have already taken part in research looking into the establishment of living wage benchmarks in our production facilities as part of the work of FWF. Stable and long-term partnerships with our production facilities give us the opportunity to discuss this issue at management level and to plan long-term strategies for achieving appropriate pay levels.

We have already secured better recording of working hours at product level in order to have – on the basis



of product calculations – a positive effect on wages.

We did not only participate in the Purchasing Practices Self-Assessment (PPSA) but in the run up took steps that made forecasting and delivery dates as convenient as possible for our producers.

What do you think is the most effective leverage for achieving living wages? A combination of careful planning, awareness of our own actions, long-term and stable partnerships, and support for workers in organising themselves at negotiation level. Accurate knowledge of wage ratios for different products is also a prerequisite for implementation. Unfortunately, there are still not enough Textiles Partnership companies supporting the approach to enable us to achieve the necessary scaling-up. Therefore, we would appreciate if other companies would join the module.



Nadine Sprügel
JAKO AG

“We identify social risks and potential negative impacts in supplier recruitment.”

Why is it important to you to be involved in the Partnership Initiative? We want to work together in a major partnership to achieve much more in terms of fair working conditions, environmental protection and living wages. We want to cooperate, use synergies and,

where possible, take joint action. We want to improve year by year and step up our involvement. Only in cooperation with other brands can we act with strength and pursue and implement our goals.

Which activities do you engage in to campaign for living wages? We have required our producers and business partners to comply with the Partnership's social goals and support them in implementing these goals. We work in a peer-learning group with other Initiative partners on implementing living wages in factories. We have conducted an analysis of purchasing practices in the Procurement Department of our own company and evaluated the findings both in a closed peer learning group but also within the company. We are currently working on strategies based on our findings.

What do you think is the most effective leverage for achieving living wages? We identify social risks and potential negative impacts in supplier recruitment and order placement. We see a collective approach with our Initiative partners with regard to the various country modules as the most effective leverage for achieving living wages. In terms of quotas, we also focus on fair calculation and open costing models for our suppliers. As an individual company, our ability to take rapid and targeted action is limited. The overarching Initiative is very important to us as a way of asserting living wages. We need to act together to achieve rapid success.



Jessica Burwin
Hch. Kettelhack GmbH & Co. KG

“Those involved will gain awareness of the impact of purchasing practices on wage-setting.”

Why is it important to you to be involved in the Partnership Initiative? Participation in the basic module enables us to scrutinise our own purchasing practices using the Purchasing Practices Self-Assessment (PPSA) tool as well as to identify potential for improvement. All those involved will gain awareness of the impact of

their own purchasing practices on working conditions and wage-setting at an early stage. The peer learning group gives us an opportunity to share experiences with other companies and to work together to devise solutions.



Ansgar Lohmann
KiK Textilien und Non-Food GmbH

“Social dialogue is the most effective leverage.”

Why is it important to you to be involved in the Partnership Initiative? We want to send a signal to economic actors in the global South that we are ready to support the outcome of their collective bargaining as part of a sectoral solution. We hope to achieve practical insight into the impact of such collective agreements on global trade relations

Which activities do you engage in to campaign for living wages? We are calling publicly for more binding requirements on shaping international supply chains and supported sectoral solutions. The demand to enable freedom of association and collective bargaining is an integral part of our supplier contracts.

What do you think is the most effective leverage for achieving living wages? Social dialogue between employers and employees that reflects the interests of both sides and is conducted in an environment supported by the state.

The Partnership Initiative currently comprises three modules that build on each other, with further modules planned for the future.



1 BASIC MODULE Improving purchasing practices

Through a Purchasing Practices Self-Assessment (PPSA), participants in this module assess the specific impact of their purchasing practices on wages at suppliers. They then develop individual remedial measures that increase the scope for wage increases. Through training and peer learning participating companies receive support with their activities.

These are:

ALDI Einkauf GmbH & Co. oHG (ALDI Nord), HOFER KG (ALDI SÜD), Deuter Sport GmbH, EDEKA ZENTRALE AG & Co. KG, Hugo Boss AG, Hch. Kettelhack GmbH & Co. KG, JAKO AG, KIK Textilien und Non-Food GmbH, ORTOVOX Sportartikel GmbH, Otto GmbH & Co. KG (Otto Group), Textilkontor Walter Seidensticker GmbH & Co. KG, Triaz GmbH.



2 TRAINING MODULE Capacity building for suppliers

Suppliers are central actors in the context of living wages as they are the one employing workers and paying wages. However, often suppliers lack knowledge on how to calculate product prices in such a way that wages are appropriately integrated. This additional module within the Partnership Initiative is therefore addressed explicitly to suppliers of producer companies. The aim of the module is to give suppliers a comprehensive understanding of all the labour costs involved and to equip them to set prices that protect workers' wages. The training courses are run by the Partnership's strategic cooperation partner, the Fair Wear Foundation (FWF), and offered jointly with the Dutch Agreement on Sustainable Garments and Textiles (AGT) in a range of producer countries.



3 COUNTRY MODULE Support for ACT in Cambodia

In the country module, members campaign jointly for living wages in producer countries. The first country module supports the Action Collaboration Transformation (ACT) initiative, which campaigns for the implementation of a national collective agreement for the Cambodian textile industry. The companies involved undertake to maintain or increase their sourcing volume in Cambodia until 2022 as well as to reflect higher wage costs in the prices they pay. Activities are currently suspended because engagement is subject to the proviso that Cambodia retains its preferential customs treatment under the Everything but Arms (EBA) agreement. The EU is questioning this as it wants the Government to make a consistent commitment to upholding human rights.

Participants so far are:
ALDI Einkauf GmbH & Co. oHG (ALDI Nord), HOFER KG (ALDI SÜD), KiK Textilien und Non-Food GmbH

FURTHER STEPS

Focus on...

This year, the Textile Partnership has again addressed new issues and set new priorities in areas that represent central opportunities and risks for the textile industry.

Fibres

Fibres involve a range of requirements and challenges with regard to sustainability and health. Over the past year, the Partnership for Sustainable Textiles has focused particularly on the following aspects.

Focus on regenerated fibres: Synthetic fibres account for around three quarters of all types of fibre. There is a particular need here for major efforts to boost sustainability. In 2019, the Textile Partnership explicitly acknowledged this need and its responsibility. Together with global stakeholders, it has stimulated a debate with the objective of devising solutions for sustainable manmade cellulose based fibres (MMCF), particularly viscose. Three steps have already been taken:

- First, the Partnership has sent an open letter to all viscose producers, inviting them to become involved in this discussion.
- Second, international round-tables have taken place in Berlin and Vancouver under the leadership of the *Forum for the Future*.
- Third, the Partnership has embarked on close cooperation with Chinese producers through the *Collaboration for Sustainable Development of Viscose (CV)* initiative, which includes Chinese viscose producers covering well over 50 per cent of the market.

Focus on synthetic fibres: Partnership members see substantial potential here for reducing the environmental footprint of their own supply chains by increasing the proportion of recycled fibres they use.



Focus on cotton: Companies within the Textile Partnership that procure cotton have been ambitious in pursuing the timescale and quantity goals they have set themselves. The proportion of cotton procured across the Partnership that is organically grown has been increased to more than 10 per cent two years ahead of schedule. Partnership members are, however, aware that this is not enough and that more organic cotton needs to be grown and have been discussing how the global availability of organic cotton can be increased further. The Textile Partnership collaborates closely with the *Organic Cotton Accelerator (OCA)*, for example to shorten supply chains and facilitate companies' access to organically grown cotton and to provide active support for capacity building among small farmers.

Focus on virgin wool: Although virgin wool accounts for only a comparatively small proportion of total fibres, it is the second most significant natural fibre after cotton. Against this background, all companies procuring virgin wool have committed themselves to comply with animal welfare guidelines in their procurement, including a commitment against mulesing.



The circular economy

Negative environmental impact and increasing consumption of resources are growing challenges for the textile industry. To tackle these challenges, a number of stakeholders have begun to address the concept of the circular economy. The idea is to extend the life cycle of textiles and minimise consumption of resources. At the working meeting in September, members discussed the challenges they faced and explored possible approaches within the Partnership.

Blockchain

Blockchain technology is also becoming increasingly relevant in the textile sector, particularly in terms of tracing supply chains. At the 2018 Members' Meeting and at the first working meeting of 2019, Partnership members discussed how blockchain technology could be used in the textile industry and explored a joint pilot project. The discussions indicated substantial interest in the issue but also raised many still unanswered questions.



Child labour

Child labour is still far too common in the textile industry. In 2019, BMZ launched a national campaign 'Wir stoppen Kinderarbeit' ('We are stopping child labour'), boosting its commitment to abolishing exploitative child labour in global supply chains. Some Textile Partnership members also took part in expert discussions with BMZ in June 2019. Save the Children also presented a concept for a possible Partnership Initiative at the working meeting in Cologne. The organisation has been advising and supporting companies on reducing their compliance risks for many years.

Impressions from five years of the Partnership





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