



# Environmental and Social Management System Toolkit and Case Studies

**TEXTILES AND APPAREL**

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# Table of Contents

|   |    |
|---|----|
| Welcome & How to Use This ESMS Toolkit and Case Studies .....           | 5  |
| TEXTILES AND APPAREL .....  | 7  |
| <b>Policies</b> .....   | 8  |
| Introduction .....  | 8  |
| Checklist for Developing a Company Policy Statement .....               | 9  |
| Sample CEO Letter announcing the ESMS - Internal .....                  | 12 |
| <b>Identification of Risks and Impacts</b> .....                        | 13 |
| Introduction .....  | 13 |
| Process Mapping Tool .....  | 18 |
| Physical Mapping Tool .....   | 20 |
| Risk Assessment Form .....  | 22 |
| <b>Management Programs</b> .....  | 23 |
| Introduction .....  | 23 |
| Action Plan Chart .....   | 24 |
| Outline of Procedure .....  | 25 |
| Sample Procedure – Flowchart .....                                      | 26 |
| <b>Organizational Capacity</b> .....                                    | 27 |
| Introduction .....  | 27 |
| Training Plan Worksheet .....   | 28 |
| Roadmap and Time Estimate for Developing and Implementing an ESMS ..... | 30 |
| <b>Emergency Preparedness and Response</b> .....                        | 37 |
| Introduction .....  | 37 |
| Sample Fire Response Procedure .....                                    | 39 |
| Sample Chemical Spill Response Procedure - Flowchart .....              | 46 |
| <b>Stakeholder Engagement</b> .....                                     | 48 |
| Introduction .....  | 48 |
| Stakeholder Mapping Tool – Identification and analysis .....            | 49 |
| Impact Zoning Tool for Identifying Affected Communities .....           | 51 |
| Stakeholder Engagement Plan Worksheet .....                             | 52 |
| <b>External Communication and Grievance Mechanism</b> .....             | 53 |
| Introduction .....  | 53 |
| Checklist for Effective Grievance Mechanism .....                       | 54 |

|  |           |
|--|-----------|
| Grievances Log.....  | 55        |
| <b>Reporting Back to Affected Communities .....</b>        | <b>57</b> |
| Introduction.....  | 57        |
| Format and Venues for Ongoing Reporting .....              | 58        |
| <b>Monitoring and Management Review .....</b>              | <b>59</b> |
| Introduction.....  | 59        |
| Monitoring Plan.....                                       | 60        |
| Auditing Guidance .....                                    | 61        |
| Case Study: ABC Textiles and Apparel, China.....           | 69        |
| Case Study: XYZ Textiles and Apparel, Greece-Bulgaria..... | 115       |

# Welcome & How to Use This ESMS Toolkit and Case Studies

Environmental and social responsibility is becoming more and more important in today's global economy. There are thousands of environmental and social codes and standards in the world today. The codes and standards define the rules and the objectives. But the challenge is in the implementation. An environmental and social management system helps companies to integrate the rules and objectives into core business operations, through a set of clearly defined, repeatable processes.

In the following pages, we provide tools to build or enhance your environmental and social management system (ESMS). Section I is the Toolkit – sample documents, blank forms, flowcharts, checklists and templates. There are tools for each of the nine elements in your ESMS. Section II is the Case Studies – examples of how two different companies used the tools and developed and implemented an ESMS appropriate to the size and nature of their business.

As you go through the Toolkit and Case Studies, you may want to refer back to the companion publication, the *ESMS Implementation Handbook*, which gives more background on each of the nine ESMS elements.

It is important to remember that simply creating a book of policies and procedures is not the end - just the beginning. They need to be implemented and turned into consistent processes. Continual improvement requires people that are committed to the effort. It requires trained people that have the right attitude, skills and knowledge. It requires leadership. Our hope is that, with this in mind, a company can use our ESMS tools to help accelerate the journey of continual improvement, for its own benefit and that of its employees and stakeholders.

| Quick Reference for Using the ESMS Toolkit and Case Studies |   |
|---|---|
| <b>Section I - Toolkit</b>                                  | This section provides tools, including forms, templates, checklists and other useful documents, to help you develop and implement an ESMS.  |
| <b>Section II - Case Studies</b>                            | This section presents the stories of two companies in the food and beverage industry that implemented an ESMS. These cases illustrate how the two companies <b>used the tools</b> presented in Section I – Toolkit. |
| <b>ESMS Self-Assessment and Improvement Guide</b>           | This companion publication contains a questionnaire, maturity matrix and improvement tips to help you measure the maturity of your ESMS and develop a plan for improvement.   |
| <b>ESMS Handbook</b>  | This companion publication provides background on environmental and social management systems in a particular industry and offers step-by-step instructions on how to develop and implement an ESMS.                |

## Acknowledgments

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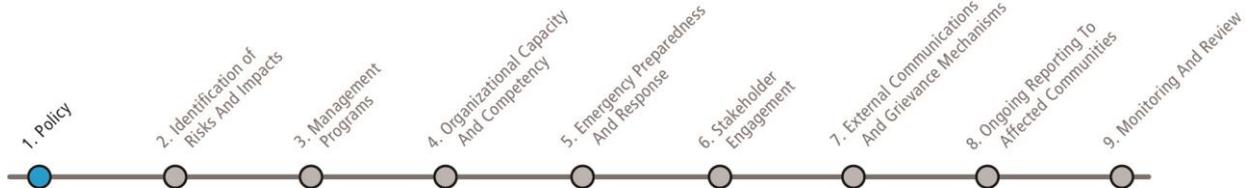


# ESMS Toolkit

## TEXTILES AND APPAREL



# 1. Policies



## Policies

### Introduction

Policies are the foundation of your Environmental and Social Management System (ESMS). They are the rules that you expect your people to follow and the public statement you make about what your company believes in and how you strive to conduct your business.

The process of adopting environmental and social policies provides a company with an opportunity to think about and discuss what is important. Ultimately, it also enables you to gain the commitment and support of senior management as they approve and communicate the policies.

We present two tools related to this element:

- Checklist for Developing a Company Policy Statement
- Sample CEO Letter announcing the ESMS



# 1. Policy

## Checklist for Developing a Company Policy Statement

### Instructions:

Use this checklist to make sure that you are considering the relevant issues in your environmental and social policy.

#### Environment

- Environmental laws and regulations
- Environmental standards and codes used in the industry
- Resource efficiency and cleaner production principles in product design and production processes
- Emissions and effluents

#### Resource efficiency

- Consumption of energy, water and other important input materials
- Greenhouse gas (GHG) emissions

#### Pollution prevention

- Release of pollutants to air, water and land
- Generation of hazardous and non-hazardous waste materials
- Recovering, reusing, treating and disposing of waste and waste water
- Emissions and residues
- Origin and type of fibers and yarns used; and water, energy and chemical input associated with such fibers
- Use of potentially hazardous chemicals like AZO dyes or phthalates

### Labor and Working Conditions

#### Human resources policies and procedures

- Labor standards policies and procedures
- Clear communications throughout the company

#### Working conditions and terms of employment

- Collective bargaining agreement, if applicable
- Reasonable working conditions and terms of employment including work hours, wages, overtime, compensation and benefits
- Protection for migrant, contract or temporary workers
- Clean and appropriate accommodations, if applicable

#### Workers' organizations

- Workers' rights to form and to join workers' organizations
- Non-discrimination against those who organize



# 1. Policy

- Non-discrimination and equal opportunity
  - Hiring, promoting and compensating workers
  - Training, tools and opportunities for advancement
  - Freedom from harassment by management or other workers
  - Positive discrimination, if applicable
- 1.  Retrenchment
  - Consideration of alternatives and mitigation in case of retrenchment
  - Payments and benefits
- 2.  Grievance mechanism
  - Transparent process for receiving and resolving worker complaints
  - No retaliation or discrimination
- 3.  Child labor
  - Minimum age for employment
  - Conditions for engagement of young workers
- 4.  Forced labor
  - Freedom of movement, freedom to resign
  - No retention of identification papers or money to detain workers
- 5.  Occupational health and safety
  - Safe work environment and dormitories, if applicable
  - Emergency prevention and response system
  - Personal protective equipment and appropriate training
  - Safe storage, use and disposal of chemicals
  - Document and report accidents, diseases and incidents
- 6.  Workers engaged by third parties
  - Extension of labor policies to labor contractors, recruiting agencies and other third parties
  - Grievance mechanism for contracted workers
- 7.  Supply chain
  - Extension of policies and monitoring of supply chain with respect to child labor, forced labor and worker safety to supply chain

## Community Health, Safety and Security

- 8.  Community Health and Safety
  - Consumer safety
  - Health, safety and security of the public from activities, equipment and infrastructure



## 1. Policy

- Design, construct, operate and decommission equipment and infrastructure in a way to avoid the occurrence of incidents and injuries
  - Potential community exposure to hazardous materials and substances
  - Delivery, transportation and disposal of hazardous wastes
  - Impact or reliance on ecosystem services
  - Impact on land ownership through acquisition and resettlement
  - Downstream impacts related to waste water disposal
  - Communicable diseases that may be associated with the influx of temporary or permanent project labor
  - Emergency situations caused by activities, equipment and infrastructure
9.  Security personnel
- Screening, training, equipping and monitoring direct or contracted workers providing security services
  - Grievance mechanism for workers and the community to express concerns about the security system and personnel



### Sample CEO Letter announcing the ESMS - Internal

To all employees of our company:

Our vision for our company is to become one of the most respected and admired textiles and apparel companies in our area. We aspire to conduct ourselves in an ethical and responsible manner. Corporate social responsibility, which spans environmental, human rights, labor and social issues, is a growing concern to investors, brands and retailers, consumers and to all of us as people.

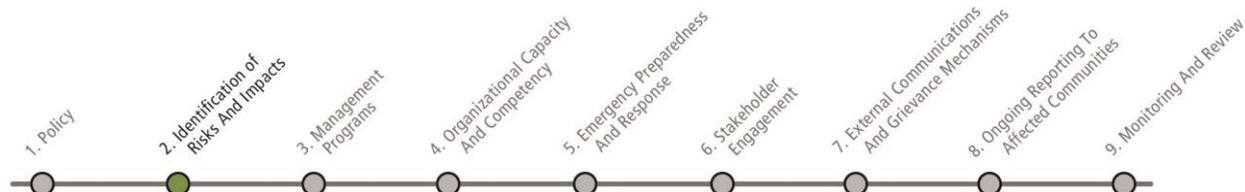
To integrate corporate social responsibility into our day-to-day business activities, we are developing and implementing an environmental and social management system (ESMS). A management system is trained, committed people routinely following procedures and continually improving.

I ask for your full cooperation in this important initiative. We believe that corporate social responsibility must be a foundation of our long-term growth and profitability. Not only is it an integral part of our overall business strategy, but it is also the right thing to do. It is the right thing for our customers, our suppliers, our shareholders, our communities and for you, as a core part of this company.

As we strive to successfully implement our ESMS, we will train and involve you throughout the process. **[Person's name and title]** is in charge of this corporate social responsibility initiative. Each of you has a direct line of communication with **[person]** for any suggestions or concerns. I thank you for your efforts and your continued dedication to our success.



## 2. Identification of Risks and Impacts



# Identification of Risks and Impacts

## Introduction

Identifying your risks can seem like a daunting task, but don't be overwhelmed. Scale your program as appropriate for the size and complexity of your company. But remember, small companies can have the same risks and potentially severe environmental and social impacts as large companies.

Think of your risk identification and assessment as a value-added activity, an opportunity to gather information that will help to effectively improve your operations. Risk identification and assessment is an ongoing process; situations change over time, so the assessment should be repeated at regular intervals.

When identifying your risks, be mindful of the different risks that may be faced by women and men. Also, consider the risks to people outside your company – your external stakeholders.

We present four tools related to this element:

- Risk Identification Worksheet
- Process Mapping Tool
- Physical Mapping Tool
- Risk Assessment Form



## 2. Identification of Risks and Impacts

| LABOR AND WORKING CONDITIONS RISKS  |   |  |
|---|---|--|
| RISK FACTORS  | My company has the following conditions (circle the appropriate answer) | Potential negative impact (A “yes” response means that there is a potential negative impact)                     |
| There is a difference in nationality, race or religion between workers and managers.  | Yes/No  | Discrimination. Disciplinary abuse and harassment. Human trafficking and/or forced labor.                        |
| Our managers and supervisors are not aware of the workers’ rights under the national labor law or collective agreements.  | Yes/No  | Inadequate wages, benefits and contracts. Excessive overtime. Discrimination. Disciplinary abuse and harassment. |
| Female workers make up the majority of the workforce, while most managers and/or security staff are male workers.   | Yes/No  | Discrimination. Disciplinary abuse and (sexual) harassment.  |
| We have an apprentice program that provides young workers with training and work experience.  | Yes/No  | Forced labor. Child labor.   |
| We routinely use recruiting agencies and contract workers.  | Yes/No  | Inadequate wages, benefits and contracts. Forced labor.  |
| We routinely use homeworkers or other off-site producers, or contractors that use homeworkers or other off-site producers.  | Yes/No  | Inadequate wages, benefits and contracts. Forced labor. Child labor.   |
| We routinely use seasonal or temporary workers.   | Yes/No  | Inadequate wages, benefits and contracts. Excessive overtime.  |
| Some of the workers in my company are migrants from another area.   | Yes/No  | Forced labor. Discrimination.  |
| We provide a dormitory for some or all of our workers.  | Yes/No  | Lack of freedom of movement. Lack of clean adequate space. Excessive charges for the use of the dormitory.       |
| There are security guards at our company.   | Yes/No  | Lack of freedom of movement. Harassment.   |
| We are located in a free-trade zone.  | Yes/No  | Inadequate wages, benefits and contracts.  |
| There are large fluctuations in orders and/or seasonality of production.  | Yes/No  | Excessive overtime. Exhaustion. No payment of overtime due to hour-averaging. Layoffs.                           |
| There is a labor shortage in my area.   | Yes/No  | Child labor. Excessive overtime. Exhaustion.   |
| There is no history of collective bargaining, unions or other forms of worker representation at our company.  | Yes/No  | Lack of freedom of association.  |
| Wages paid do not always meet the legal minimum wage or a level to meet the basic needs of a family.  | Yes/No  | Malnutrition. Child labor. Excessive overtime. Exhaustion.   |
| There is no procedure for workers to express their complaints (grievance mechanism).  | Yes/No  | Discrimination. Disciplinary abuse and harassment. Worker injuries and chronic conditions.                       |
| Our processing activities include significant lifting, carrying or repetitive motions.  | Yes/No  | Worker injuries and chronic conditions.  |
| Our processing activities involve workers routinely interacting with potentially dangerous machinery and/or hazardous chemicals. Personal Protective Equipment (PPE), such as cutting gloves, needle guards and appropriate material, is not provided or not consistently used. | Yes/No  | Worker injuries and chronic conditions.  |
| Our processing activities involve elevated  | Yes/No  | Worker injuries and chronic conditions.  |



## 2. Identification of Risks and Impacts

|  |        |   |
|--|--------|---|
| levels of noise, cotton or silica dust, chemical vapors, and extreme temperature.  |        |   |
| Our facility has outdated electrical wiring and/or wiring and machinery is exposed or close to VOCs, dust, yarns, fabrics, water and/or packing material, which increases fire or explosion risks. | Yes/No | Worker injuries or casualties.                                    |
| Our workers are not aware of what to do in case of an emergency. Emergency routes and exits are often blocked and locked.  | Yes/No | Injuries and loss of life.  |
| Our building is not fit for its purpose or does not have a permit for operations taking place.   | Yes/No | Unsafe building. Collapse of building. Injuries and loss of life. |
| Our workers don't have access to separate clean areas for eating and changing clothes.   | Yes/No | Worker illnesses. Lack of privacy and breaks.                     |
| Bathrooms are not properly cleaned and often lack running water, soap and toilet paper.  | Yes/No | Worker illnesses.   |
| We routinely subcontract processes or buy inputs from unmonitored or uncontrolled subcontractors and suppliers.  | Yes/No | All of the above.   |

### ENVIRONMENTAL RISKS

| <b>RISK FACTORS</b>  | <b>My company has the following conditions (circle the appropriate answer)</b> | <b>Potential negative impact(A "yes" response means that there is a potential negative impact)</b>   |
|--|--|--|
| Our operations require large quantities of fresh water (e.g. for pre-treatment, dyeing and washing of yarn, fabric or garments).   | Yes/No   | Groundwater depletion in the region. Contamination of ground or surface water sources in the region due to discharge of effluent. High energy consumption for treatment of raw or process water. |
| We face difficulties in meeting our fresh water requirements.  | Yes/No   | Ground or surface water depletion.   |
| Our operations have high requirements for power supply (e.g. for production of hot water and steam and finishing of fabrics or operation of machinery).  | Yes/No   | High energy consumption.   |
| We require large quantities of fuel (gas/diesel/coal/etc.) for our operations.   | Yes/No   | Air emissions. Solid waste (fly and bottom ash if coal is used).   |
| We have various process and utility equipment that may generate air emissions such as drying, printing, fabric preparation, finishing processes (e.g. coating and dyeing operations), and boilers and diesel generators. | Yes/No   | Air emissions. Noise generation.   |
| We generate large (or significant) quantities of solid waste from our manufacturing process (such as cutting waste or packaging material), which are not reprocessed into recycled products or byproducts.               | Yes/No   | Waste of resources. Solid waste. Contamination of land.  |
| The quantity of solid waste from rejected finished product due to re-work, re-processing that does not meet quality or delivery requirements is high (or significant)  | Yes/No   | Waste of resources. Solid waste. Contamination of land. High energy consumption or emissions due to excess or extra production.  |



## 2. Identification of Risks and Impacts

|  |        |  |
|--|--------|--|
| <b>at our facility.</b>  |        |  |
| <b>We dispose of our solid waste in our landfill or city's landfill facility.</b>  | Yes/No | Contamination of land, groundwater and/or surface water (due to run-off). Impact on wildlife or fisheries if exposed.  |
| <b>Our operations generate large (or significant) quantities of wastewater (e.g. from dyeing or washing effluent, cleaning of floors and machinery).</b> | Yes/No | Contamination of ground and/or surface water due to improper disposal of wastewater.   |
| <b>We discharge our wastewater (process effluent) in a nearby river, lake or any other water body.</b>   | Yes/No | Contamination of receiving water body and aquatic life. Eutrophication due to high BOD5 or COD.  |
| <b>We treat our wastewater (process effluent) before discharge.</b>  | Yes/No | Energy consumption. Solid waste generation (e.g. sludge from treatment process, membrane concentrated waste discharge from reverse osmosis, treatment chemicals). Land and/or water contamination due to improper disposal of waste.       |
| <b>We treat our sewage (from toilets, washrooms, etc.) before discharging it in the city's sewer line.</b>   | Yes/No | Energy consumption. Solid waste generation (e.g. sludge from treatment process, membrane concentrated waste discharge from reverse osmosis, treatment chemicals). Land and/or water contamination due to improper disposal of solid waste. |
| <b>We do not re-use (part of) our treated wastewater (process effluent) for processing purposes.</b>   | Yes/No | Water consumption.   |
| <b>We generate hazardous or toxic solid or liquid waste (such as chemical residues and sludge from wastewater treatment plants).</b>                     | Yes/No | Contamination of land, groundwater and/or surface water (due to run-off) if disposed improperly.   |
| <b>We require a large land area for our industrial operations.</b>   | Yes/No | Loss of natural habitats or agricultural land. Air, water and/or land pollution based on expansion requirements and infrastructure development.  |
| <b>Our operations may have an impact on the surrounding forest or wildlife.</b>  | Yes/No | Loss of native species. Impact on biodiversity.  |
| <b>We use some banned or restricted chemicals/materials in our processes.</b>  | Yes/No | Non-fulfillment of regulatory requirements. Air, land or water pollution depending on current usage. Exposure of workers or consumers to banned chemicals.   |



## 2. Identification of Risks and Impacts

| COMMUNITY HEALTH, SAFETY AND SECURITY RISKS   |   |  |
|---|---|--|
| RISK FACTORS  | My company has the following conditions (circle the appropriate answer) | Potential negative impact(A “yes” response means that there is a potential negative impact)  |
| Our processing activities and treatments involve liquids or solids that may lead to odors.  | Yes/No  | Exposure of community to odors.  |
| Our operations involve air emissions, water discharge, solid waste disposal, leakage of chemicals or gases, etc., that may affect the surrounding community.                      | Yes/No  | Air, water or land contamination, which can affect the health and livelihood of local communities.   |
| Our operations use large quantities of fresh water.   | Yes/No  | Potential negative effects for fisheries. Lack of water for irrigation for nearby farmers, negative effect on availability of drinking water.  |
| Our operations involve a high risk of fires and/or explosions and/or our building is not fit or does not have a permit for operations taking place.                               | Yes/No  | Collapse of building. Fires and explosions may affect nearby buildings. Injuries and loss of life.   |
| We plan to develop new infrastructure, buildings, equipment and other facilities.   | Yes/No  | Exposure of communities to air emissions, noise and accidents due to equipment and vehicular movement. Impact on wildlife, biodiversity and local livelihoods due to natural habitat conversion.                           |
| We plan to decommission and dispose of old infrastructure, buildings, equipment and other facilities.   | Yes/No  | Health risks to communities due to exposure to toxic substances (e.g. from chemicals, heavy metals, asbestos, etc.), air emissions and noise due to equipment and vehicular movement. Impact on wildlife and biodiversity. |
| There is significant movement of vehicles in and around our facility due to our operations (e.g. vehicles carrying material or finished products, movement of water tanks, etc.). | Yes/No  | Exposure of communities to air emissions, noise and accidents due to vehicular movement.   |
| We store hazardous chemicals or hazardous waste in our facility.  | Yes/No  | Health risks to communities and negative impacts on wildlife and biodiversity due to the intentional or unintentional (spills) release of hazardous or toxic substances contaminating air, land and/or water.              |
| We discharge water from our plant, which may have an impact on surrounding water bodies.  | Yes/No  | Negative impacts on local food security and income generation due to contamination of aquatic life. Diseases/illness among local communities due to the use of contaminated water.   |
| We hire temporary and migrant workers.  | Yes/No  | Communicable diseases brought or spread by the influx of workers.  |
| We hire private security personnel  | Yes/No  | Conflicts with communities and indigenous people.  |
| We normally have conflicts/complaints with the local community.   | Yes/No  | Conflicts with communities and indigenous people.  |



## 2. Identification of Risks and Impacts

### Process Mapping Tool

#### Instructions:

A process map or flowchart visually describes the flow of activities of a process, from beginning to end. Below is an example of a blank process map.

Please look at the case study for company **ABC**, a denim mill in China in Section II of this Toolkit, to see how this map can be completed and followed through.

Process maps are particularly useful in identifying environmental risks, occupational health and safety hazards and areas for process improvement. They are also helpful to identify whether you can improve the work flow, which can benefit the workers.

After you write down your process map, look at each activity and think of:

- the occupational health and safety hazards;
- the environmental and community risks; and
- the opportunities for waste reduction and energy savings.

It is very important that people at all levels in your company participate in the identification of risks, opportunities and possible solutions. Supervisors and workers are a valuable resource in helping you learn about the way things actually work on the production floor. . If you can't have all the necessary people in a room, you can ask supervisors consult with the workers in their area and provide you with information about the activities they oversee.

After you have identified the risks and opportunities for each step, you can think of the possible solutions. Solutions can range from installing fire escape routes and ensuring that they are always unobstructed and unlocked, to revising your workflow procedures to better control risks; from phasing out the use of dangerous machineries or processes, to improving the use of personal protective equipment by your workers and the safe storage, use and disposal of hazardous chemicals. These solutions will form the basis of the Action Plan you will prepare in the Management Program chapter.





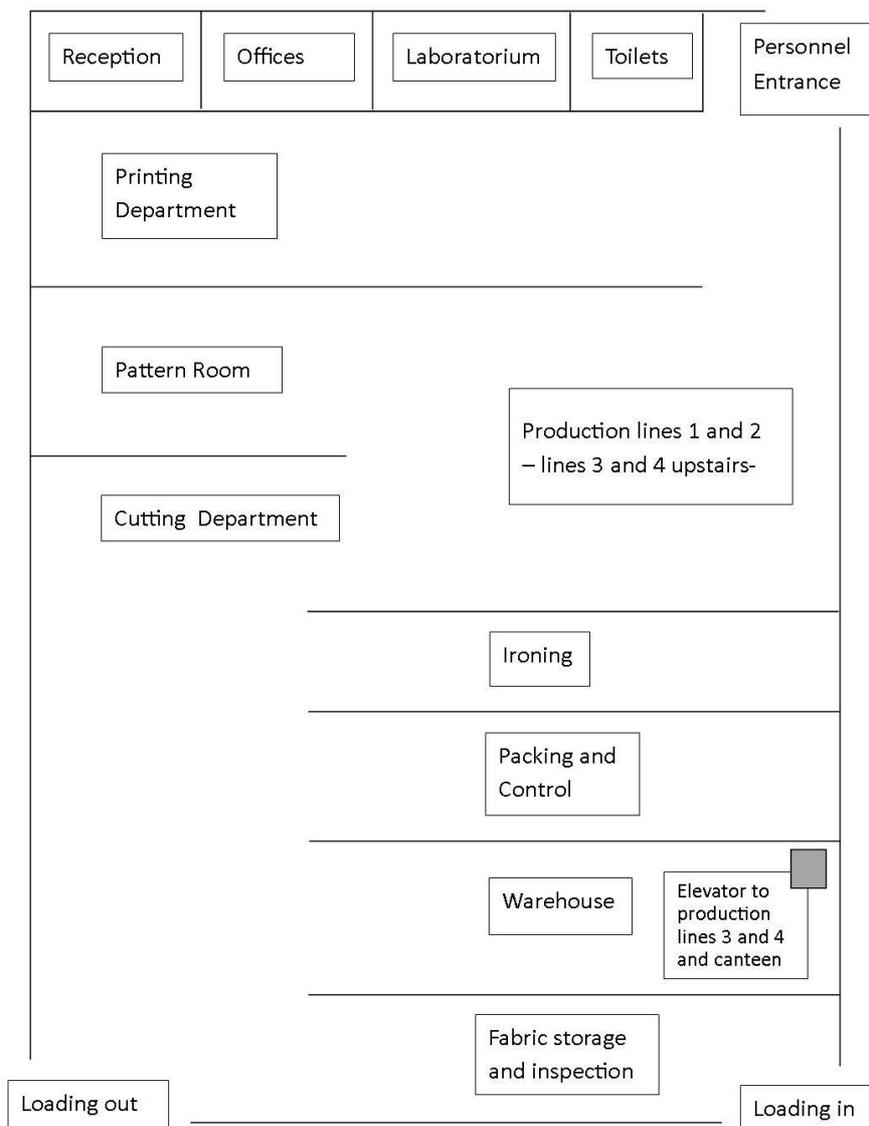
## 2. Identification of Risks and Impacts

### Physical Mapping Tool

#### Instruction

Prepare a map of the layout of your facility. The map should include entrances and exits, loading stations, parking lots, staircases and elevators, toilets, first aid offices, sick bays, canteen and laboratories, cutting, sewing and dyeing machinery, boilers and tanks, storage sites for dyes and chemicals, security guard posts, packaging depots, and waste disposal systems. You can use this map again later when you do your emergency preparedness plan. Once you have the physical map, do a walk-through to observe existing or potential problems. Whenever you encounter a problem, write it down and mark it on the map (see example for case study [XYZ](#), a T-shirt producer in Bulgaria in Section II of this Toolkit). The walk-through should be conducted during working hours and during all shifts, with a team that includes supervisors and workers, since they often know what the problems are and have ideas about necessary improvements.

You may want to conduct a similar walk-through of your major suppliers and sub-contractors.





## 2. Identification of Risks and Impacts

### HERE ARE SOME THINGS TO LOOK FOR:

- Where and how are people most likely to become injured (e.g. from falls, cuts, strains, etc.)? Identify trip, slip and fall hazards and injury from vehicles and chemical spillages.
- Are there sufficient exit doors that are unobstructed, well-marked and unlocked? Are they equipped with panic bars that allow escape from within but deny access from outside?
- Are any passages blocked due to layout or improperly stored materials?
- Are there evacuation plans posted on the walls?
- Are the toilets clean?
- Is the facility laid out efficiently to reduce ergonomic strain?
- Where could the accidental release of hazardous materials occur? Is there adequate and appropriate response equipment close to those areas?
- Are chemicals labeled and safely used and stored? What is the likelihood and consequence of an accidental spillage?
- Are there existing or potential leakages from gaskets and drums?
- Where does there seem to be high levels of water consumption or discharge? Identify all water outlets, hoses, etc. and flag those without spring closures.
- Where is most of the waste produced and what is done with it?
- Are raw materials being used most efficiently? Where are materials being wasted?
- Where are workers exposed to hazardous chemicals, excessive dust, and extreme high temperatures? Do workers have appropriate personal protective equipment? Are they using it correctly?
- What is the condition of the electrical wiring in the facility? Is it exposed to water or dust?
- What machinery or processes should the company phase out in order to reduce chances of accidents or diseases (e.g. sand blasting)?
- In general, are there places or work processes where it is clear there are bad habits?

After the walk-through, meet with the team and discuss what has been observed. Also, talk about previous incidents or accidents that have occurred in the plant and what have been their consequences.

The information you collect in the walk-through will form the basis of the action plans you will prepare for your management program (see Chapter 3 *Management Programs – Toolkit*).



## 2. Identification of Risks and Impacts

### Risk Assessment Form

#### Instructions

It might not be feasible or practical to address every risk. Where it is necessary to prioritize your actions, try to avoid or minimize the most potentially severe risks.

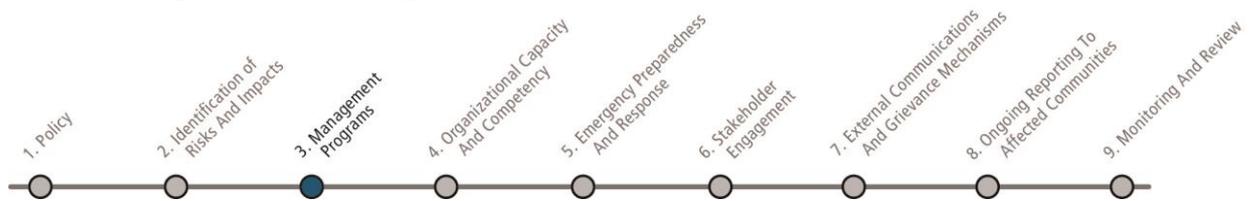
Complete this form based on the risks that you identified using the previous tools. Identify the probability that a certain risk will occur, and the potential severity of the impacts. For example, an explosion may be unlikely to occur (low probability), but the damage to your people and facility could be extremely high (high impact).

As you prioritize issues to be addressed, consider opportunities for cost savings through reduced water and energy consumption, reduced waste generation and similar considerations.

| COMPANY<br>AREA OR<br>DEPARTMENT | RISK | PROBABILITY OF<br>OCCURRING<br>(low, medium,<br>high, extreme) | SEVERITY IF<br>OCCURRED<br>(low, medium,<br>high, extreme) | NOTES |
|----------------------------------|------|--|--|-------|
|                                  |      |  |  |       |
|                                  |      |  |  |       |
|                                  |      |  |  |       |
|                                  |      |  |  |       |



## 3. Management Programs



# Management Programs

## Introduction

A management program is centered on the action plans and improved procedures to help you to avoid, minimize or compensate for the risks and impacts you've identified.

We present three tools related to this element:

- Action Plan Chart
- Outline of Procedure
- Sample Procedure - Flowchart

Refer to case **ABC** and case **XYZ** in Section II of this Toolkit for an illustration of how these tools can be put to use.



## 3. Management Programs

### Action Plan Chart

#### Instructions

Use the Action Plan Chart to identify the actions you will take concerning the risks and how the actions will be managed. List each risk that you identified and prioritized in the previous section. Write down the actions that you could take to avoid, minimize or compensate/offset the risk. Assign a responsible party and a deadline. Identify the resources required and the operational procedures you will need to adopt.

#### Risk:

| MITIGATION HIERARCHY  | ACTION | OBJECTIVE AND TARGET | DEADLINE | RESPONSIBLE STAFF | RESOURCES REQUIRED | OPERATIONAL PROCEDURES |
|-----------------------|--------|----------------------|----------|-------------------|--------------------|------------------------|
| Avoid                 |        |                      |          |                   |                    |                        |
| Minimize              |        |                      |          |                   |                    |                        |
| Compensate/<br>Offset |        |                      |          |                   |                    |                        |



## 3. Management Programs

### Outline of Procedure

As you implement the Action Plan, it is helpful to define procedures that clearly systematize the actions into routine, daily processes and practices. Procedures can be text, flowcharts or pictograms – whatever you find to be the most effective communication tool for your company. Below is an outline of the important components of a well-defined procedure.

- Title:
- Procedure number:
- Number of pages:
- 1.0 Purpose:
- 2.0 Scope:
- 3.0 Definitions:
- 4.0 Responsibilities:
- 5.0 Work instructions:
- 6.0 Reference documents:
- 7.0 Records:
- 8.0 Approving authority:
- 9.0 Issue date:
- 10.0 Revision date:



## 3. Management Programs

### Sample Procedure – Flowchart

**Title:**

**Approving authority:**

**Date issued:**

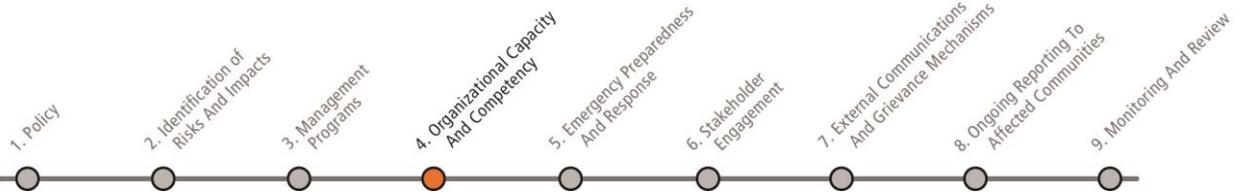
**Date revised:**

**Purpose:**

| <u>Process</u>  | <u>Responsible person</u> | <u>Documentation</u> |
|---|---------------------------|----------------------|
|   |                           |                      |
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## 4. Organizational Capacity



# Organizational Capacity

## Introduction

A well-implemented ESMS is ultimately about trained, committed people. Senior management commitment is critical, but beyond that you need people throughout the company who take responsibility for the ESMS. This does not mean that the ESMS becomes everyone's full-time job. You should scale the system to meet your company's size and structure.

Remember that there needs to be a progression from awareness to commitment to implementation. Think about this as you plan the relevant training. For each training module, think about whether the goal is to raise awareness, gain commitment or give people the knowledge and skills they need to implement.

We present two tools related to this element:

- Training Plan Worksheet
- Roadmap and Time Estimate for Developing and Implementing an ESMS

Think about ways to adapt these for your company.



## 4. Organizational Capacity

### Training Plan Worksheet

#### Instructions

Look at your action plans and improved procedures to identify which training managers and workers will need to be able to correctly implement these. Identify who in the company will need basic and advanced training on the ESMS elements.

#### Sample Training Plan Worksheet

| DEPARTMENT                             | MODULE 1 | MODULE 2 | MODULE 3 | MODULE 4 |
|--|----------|----------|----------|----------|
| Senior management                      |          |          |          |          |
| ESMS team                              |          |          |          |          |
| HR Department                          |          |          |          |          |
| Production Department<br>- Supervisors |          |          |          |          |
| Production Department<br>- Workers     |          |          |          |          |
| Procurement                            |          |          |          |          |



## 4. Organizational Capacity

A sample list of some of the relevant topics/items for the above specific group is presented in the table below. You should select the specific training modules for each of these target groups based on the specific risks and the potential improvement opportunities.

| DEPARTMENT                                 | RELEVANT TOPICS FOR TRAINING  |
|--|---|
| <b>Senior management</b>                   | Introduction to ESMS; IFC Performance Standards; sectorial best practices;  |
| <b>ESMS team</b>                           | ESMS elements; identification and evaluation of risks and impacts; root cause analysis; implementation of corrective and preventive actions; monitoring and measurement of performance indicators; internal auditing; internal and external communication; environmental and social reporting |
| <b>HR Department</b>                       | Introduction to ESMS and labor standards; collective bargaining agreements; hiring, non-discrimination, (sexual) harassment, remuneration and other labor policies; complaint management and resolution procedure; workplace communication; worker induction                                  |
| <b>Production Department - Supervisors</b> | Introduction to ESMS; supervisory skills; workplace communication; OHS and emergency response procedures; role of OHS committees; workers' rights and responsibilities; non-discrimination, prevention of (sexual) harassment and disciplinary procedures; customer requirements              |
| <b>Production Department - Workers</b>     | ESMS policies; OHS and emergency response procedures; role of OHS committees; rights and responsibilities at work; effective forms of workplace communication; complaint management and resolution procedures   |
| <b>Procurement</b>                         | Supplier code of conduct; audit of suppliers based on environment and social requirements   |



## 4. Organizational Capacity

### Roadmap and Time Estimate for Developing and Implementing an ESMS

#### Instructions

The roadmap below lists the activities that a company commonly needs to put in place to set up an ESMS. This table will help you develop a timeline for action and estimate the staff time required to develop and implement your ESMS.

| ACTIVITY     |  | TIME SPENT      |              |                  |              | MONTH |  |  |   |  |  |   |  |  |   |  |  |   |  |  |   |  |  |  |  |  |  |  |  |
|--------------|--|-----------------|--------------|------------------|--------------|-------|--|--|---|--|--|---|--|--|---|--|--|---|--|--|---|--|--|--|--|--|--|--|--|
|              |  |                 |              |                  |              | 1     |  |  | 2 |  |  | 3 |  |  | 4 |  |  | 5 |  |  | 6 |  |  |  |  |  |  |  |  |
| 1. Policy    |  | Senior mgt time | Mid-mgt time | Supervisors time | Workers time |       |  |  |   |  |  |   |  |  |   |  |  |   |  |  |   |  |  |  |  |  |  |  |  |
| Developing   | Kick-off meeting at senior management level to discuss ESMS implementation   |                 |              |                  |              |       |  |  |   |  |  |   |  |  |   |  |  |   |  |  |   |  |  |  |  |  |  |  |  |
|              | Selection (including communication/coordination) of ESMS core team (personnel from different key departments)                |                 |              |                  |              |       |  |  |   |  |  |   |  |  |   |  |  |   |  |  |   |  |  |  |  |  |  |  |  |
|              | Appreciation/awareness workshop for senior management and core team on ESMS requirements                                     |                 |              |                  |              |       |  |  |   |  |  |   |  |  |   |  |  |   |  |  |   |  |  |  |  |  |  |  |  |
|              | Review/upgrading of existing environment and social policy. Or formulation of organization's environmental and social policy |                 |              |                  |              |       |  |  |   |  |  |   |  |  |   |  |  |   |  |  |   |  |  |  |  |  |  |  |  |
| Implementing | Design, printing and display of ESMS policy in key areas   |                 |              |                  |              |       |  |  |   |  |  |   |  |  |   |  |  |   |  |  |   |  |  |  |  |  |  |  |  |
|              | Uploading of ESMS policy on company website  |                 |              |                  |              |       |  |  |   |  |  |   |  |  |   |  |  |   |  |  |   |  |  |  |  |  |  |  |  |
|              | Communication of ESMS policy to key external stakeholders  |                 |              |                  |              |       |  |  |   |  |  |   |  |  |   |  |  |   |  |  |   |  |  |  |  |  |  |  |  |
|              | Training and awareness-raising of employees on ESMS policy and information dissemination                                     |                 |              |                  |              |       |  |  |   |  |  |   |  |  |   |  |  |   |  |  |   |  |  |  |  |  |  |  |  |







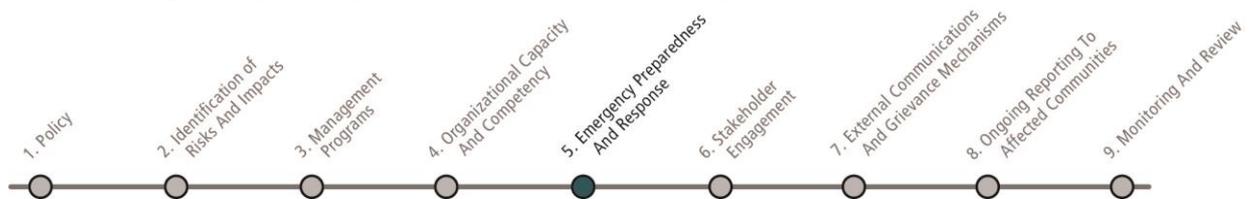








## 5. Emergency Preparedness and Response



# Emergency Preparedness and Response

## Introduction

Even with good systems in place, emergencies can and do happen. The key is to plan in advance – try to prevent as much as you can, and train your employees so they know what to do in case something does happen. Don't be overwhelmed by the thought of planning for every single possible accident or emergency. Look at your risk assessment and focus on the areas where emergencies are most likely to happen or would cause significant harm. Develop and implement a suitable “emergency preparedness and management plan” for the identified emergency situation.

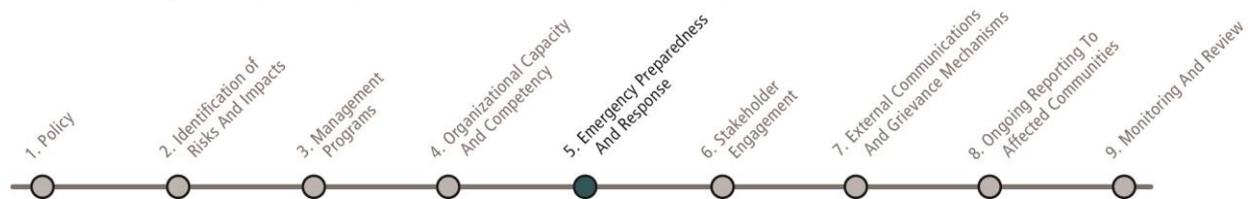
As part of the plan, you need to have detailed procedures on the steps to prepare and respond to an emergency. Here we provide samples of procedures for responding to two of the most common emergencies in the textiles and apparel industry – fire and chemical spills.

Fires happen often in the industry due to loose materials, such as fabric off-cuts and deposits of fluff and dust, which can easily burn when they get hot, for example, if they are near a light fittings. Other causes of fires can be bad electrical wiring, short circuits and problems with machinery (boilers and generators).

Spills of hazardous substances or chemicals like formaldehyde or ammonia can have small and large negative impacts on the health



## 5. Emergency Preparedness and Response



of workers and the environment. Most factories and workers do not know what to do when spills occur. A relatively simple procedure can help you prepare for these situations and save lives.

We present two tools related to this element:

- Sample Fire Response Procedure
- Sample Chemical Spill Response Procedure – Flowchart



## 5. Emergency Preparedness and Response

### Sample Fire Response Procedure

#### Title: Fire Response Procedure

Procedure number: EM001

Number of pages: 3 pages

#### 1.0 **Purpose and Scope:**

- 1.1. Purpose: Set out responsibilities and activities in order to respond to emergency resulting from fire. Identify the roles, responsibilities and authorities to effectively facilitate the site's emergency preparedness and response.
- 1.2. Scope: This procedure applies to all activities and processes of at **[Name of Company]**.

#### 2.0 **Definitions:**

- 2.1. **EMERGENCY:** Situation that poses immediate threat of:
  - a. injuries and damage to health;
  - b. fatalities;
  - c. damage to property; or
  - d. damage to environment.
- 2.2. **FIRE EMERGENCY:** Situation that poses or signals immediate threat in the form of:
  - a. uncontrolled fire or imminent threat of uncontrolled fire;
  - b. smoke or burning;
  - c. uncontrolled release or spillage of flammable or combustible substance; or
  - d. sounding of fire alarm.

3.0 **Responsibility and Authority:** This procedure is the responsibility of the operations manager or designate. The operations manager shall report to the president in matters related to emergency preparedness, and shall have total authority during emergency situations. The operations manager shall have the authority to declare a state of emergency. In the absence of the operations manager, these authorities shall revert to the president.

#### 4.0 **Work Instructions:**

##### 4.1. **FIREFIGHTING PROCEDURE**

- a. The cardinal rule in firefighting is to preserve life, and then property.
- b. Call for in-house assistance immediately upon discovering the fire. Do not enter a burning room or building without another qualified person to assist.
- c. Alert other employees immediately.
- d. Determine if the fire can be extinguished within an appropriate time limit with the portable equipment in the building. If the equipment is sufficient, use it to extinguish the fire. If not, call the fire department, activate an alarm and evacuate the building.



## 5. Emergency Preparedness and Response

- e. The person discovering the fire should notify the telephone operator, giving exact location and nature of fire.
  - f. The telephone operator will notify the following in turn:
    - i. engineering control room;
    - ii. time office;
    - iii. operations manager;
    - iv. maintenance department;
    - v. safety manager/fire safety officer;
    - vi. all other heads of departments; and
    - vii. house doctor.
  - g. The telephone operator will remain on duty as an information and control center unless instructions or condition dictate otherwise.
  - h. As soon as the electrical department is notified, the electrician shall cut off the power supply of the affected area, bring the elevators (if available) down to the ground level and provide an adequate lighting arrangement (with emergency lighting if extra light is required) for firefighting or evacuation.
  - i. The maintenance department or the plumber shall reach the fire hydrant pump room (if safe) for smooth pump operation.
  - j. The emergency controller (operations manager or the shift in-charge) will make appropriate decisions regarding building evacuation and firefighting with the help of an internal trained team and/or notifying the city's fire department.
- 4.2. **BUILDING EVACUATION:** It is essential to make decisions quickly and evacuate the premises in order to prevent the loss of lives. The evacuation procedure should be handled with expertise and without delay. When evacuation from the building is necessary, everyone must leave through the nearest exit or as advised. The textiles and apparel sector is a labor intensive industry, so many people will have to be evacuated in a very short time. In the past, many workers in the textile industry have lost their lives due to blocked or locked exists, or an insufficient number of exits. Make sure exit routes can be used in case of an emergency.
- a. Close but do not lock doors behind you as you leave the building
  - b. Employees and visitors are to gather near the designated muster point in a safe area that is upwind from smoke or toxic gases and will not hamper emergency vehicles or services when they arrive.
  - c. A head count must be done to ensure that everyone (employees and visitors) is accounted for.
  - d. Employees are not to re-enter the evacuated building until they are so advised by the designated officer (operations manager or safety manager).



## 5. Emergency Preparedness and Response

- e. In case a rescue operation for a trapped employee/visitor is required, it must be performed by trained and competent personnel equipped with suitable PPEs.

4.3. **MEDICAL AID:** Treat all minor injuries with first aid, but remember that first aid is only temporary. First aid provides the immediate treatment that is needed before a doctor can reach the victim onsite, or before the victim can be transported to a doctor. What you do in the critical moments after an injury occurs could save a life, so it is important to know the basic first aid procedures. Review them often so you will be prepared if you suddenly find yourself in an emergency situation. The most important thing to do when someone is injured is to survey the scene to determine if the situation is safe, or if the victim must be moved from a dangerous location to a safe place. Call for emergency medical help immediately for all life-threatening situations and send people to guide the emergency team to the victim.

### 4.4. **FIRST AID FOR FIRE INJURIES AND BURNS**

- a. Move patient to fresh air.
- b. Move the patient from the heat of fire.
- c. Do not allow crowding around the patient.
- d. Remove or cut away clothes from affected parts of the body.
- e. Open buttons and loosen clothing.
- f. Pour chilled water on the affected parts.
- g. Apply any antiseptic cream.
- h. Get a doctor.

4.5. **ASPHYXIA:** If the patient has difficulty breathing or there are symptoms of collapse:

- a. Give artificial respiration with respirator or mouth-to-mouth respiration.
- b. Give oxygen.
- c. Take the patient to the hospital or medical help.

4.6. **SHOCK:** If the patient perspires, has a low pulse and the body is cold:

- a. Cover with a blanket. (Do not touch burned parts.)
- b. Keep the victim lying down.
- c. Elevate feet if you do not suspect head or neck injury or leg fracture.
- d. Get medical help.
- e. Monitor vital signs.
- f. Prevent loss of body temperature.
- g. Take the patient to a hospital immediately.

5.0 **Emergency Response Team:** The purpose of the Emergency Response Team is to deal with catastrophic accidents within the company. The team's responsibilities are to immediately meet when an emergency situation is reported and to determine the course of action.



## 5. Emergency Preparedness and Response

### Emergency Response Team members

| NAME | TITLE                      | HOME PHONE | CELL PHONE |
|------|----------------------------|------------|------------|
|      | President                  |            |            |
|      | Operations manager         |            |            |
|      | Shift-in-charge            |            |            |
|      | Chief security officer     |            |            |
|      | OHS manager                |            |            |
|      | Firefighting team member 1 |            |            |
|      | Firefighting team member 2 |            |            |

*Emergency Response Team members may be called upon on short notice*

6.0 **Reference Documents:** Evacuation plan, plant map with locations of emergency exits, firefighting equipment and first aid stations.

7.0 **Records:** Training logs, drill logs, firefighting and medical equipment maintenance and inspection logs; water gauge and pressure inspections logs

8.0 **Approving Authority:** Operations manager

9.0 **Issue/Revision Date:** November 27, 2013



## 5. Emergency Preparedness and Response

### Sample Chemical Spill Response Procedure

#### Title: Chemical Spill Response Procedure

Procedure number: EM002

Number of pages: 3 pages

#### 1.0 **Purpose and Scope:**

- 1.1. Purpose: This procedure outlines the steps to manage a chemical spill in order to minimize the potential for injury and damage to the environment.
- 1.2. 1.2. Scope: The procedure applies to any event resulting in the uncontained spill of a hazardous substance within the activities and processes of **[Name of Company]**.

#### 2.0 **Definitions:**

- 2.1. **Nature of the Spill:** Determined by the level of risk from the hazardous substance and the level of containment of the spill. One can distinguish between minor and major spills
- 2.2. **Minor Spill:** Limited risk to workers and environment. An example of a minor spill is a spill of 5 ml of concentrated Sulfuric Acid, which is a small volume that can easily be neutralized and removed.
- 2.3. **Major Spill:** Large risk to workers and environment. An example of a major spill is the uncontrolled release of ammonia in an unventilated enclosed area. If the volume is large it may represent a high risk to persons in the area.

3.0 **Responsibility and Authority:** This procedure is the responsibility of the operations manager or designate. The operations manager shall report to the president in matters related to emergency preparedness, and shall have total authority during emergency situations. The operations manager shall have the authority to declare a state of emergency. In the absence of the operations manager, these authorities shall revert to the president.

#### 4.0 **Work Instructions:**

##### 4.1. MINOR SPILL

- a. Spills must be cleaned up promptly and thoroughly.
- b. Approach with care - many harmful chemicals lack colour or offensive odours. Never assume that spilled chemicals are harmless.
- c. Identify the chemical/s and hazards involved – check Material Safety Data sheet (MSDS) or International Chemical Safety Card (ICSC).
- d. Use the information on the physical and chemical properties of the material to judge response and/or evacuation procedures.
- e. Decontaminate equipment, clothing and personnel, including any victims, on site if necessary.



## 5. Emergency Preparedness and Response

- f. Dispose of contaminated equipment and materials only after receiving specialist advice.
- g. Ensure emergency procedures are in place and practiced.

### 4.2. MAJOR SPILL:

- a. Contact operations manager and lab manager.
- b. Notify the telephone operator, who will remain on duty as information and control center unless instructions or condition dictate otherwise.
- c. The telephone operator will contact public authorities when appropriate. Provide the following information:
  - i. State that this is an emergency.
  - ii. Give your name, telephone number and location.
  - iii. Give the location of the incident.
  - iv. Provide the time and type of incident.
  - v. Provide the name and quantity of material involved.
  - vi. Note the extent of injuries, if any.
- d. Evacuate personnel from the spill area.
- e. Shut off equipment as you leave the area.
- f. Direct personnel to the nearest fire exit. Do not use elevators.
- g. Do not touch any harmful substance. Take precautions to protect yourself if necessary.
- h. DO NOT go back in to an area where a chemical spill has occurred! Untrained rescuers not wearing proper protective equipment can be overcome by toxic or asphyxiating fumes. Contact Operations manager and Lab Manager.
- i. Close doors to prevent further contamination. Secure the area to keep non-emergency response personnel away from danger.
- j. Isolate contaminated individuals and treat as per MSDS or ICSC.
- k. In conjunction with expert assistance, minimise the spread of contamination and commence decontamination/clean up procedures.

4.3. **MEDICAL AID:** Treat all minor injuries with first aid, but remember that first aid is only temporary. First aid provides the immediate treatment that is needed before a doctor can reach the victim onsite, or before the victim can be transported to a doctor. What you do in the critical moments after an injury occurs could save a life, so it is important to know the basic first aid procedures. Review them often so you will be prepared if you suddenly find yourself in an emergency situation. Follow the instruction on MSDS sheets or ICSC cards.

- a. Remove victims from spill area to fresh air (but do not endanger your own life by entering areas with toxic gases).
- b. Immediately remove contaminated clothing.
- c. Flush skin or eyes with running water for 15 minutes.



## 5. Emergency Preparedness and Response

- d. Get medical attention for victims.

5.0 **Emergency Response Team:** The purpose of the Emergency Response Team is to deal with catastrophic accidents within the company. The team’s responsibilities are to immediately meet when an emergency situation is reported and to determine the course of action.

### Emergency Response Team members

| NAME | TITLE                            | HOME PHONE | CELL PHONE |
|------|----------------------------------|------------|------------|
|      | President                        |            |            |
|      | Operations manager               |            |            |
|      | Lab Manager                      |            |            |
|      | Chief security officer           |            |            |
|      | OHS manager                      |            |            |
|      | Emergency Response Team member 1 |            |            |
|      | Emergency Response Team member 2 |            |            |

*Emergency Response Team members may be called upon on short notice*

6.0 **Reference Documents:** Evacuation plan, plant map with locations of emergency exits, MSDS sheets, ICSC cards, and first aid stations.

7.0 **Records:** Training logs, drill logs, MSDS sheets, ICSC cards, spillage containment and medical equipment maintenance and inspection logs.

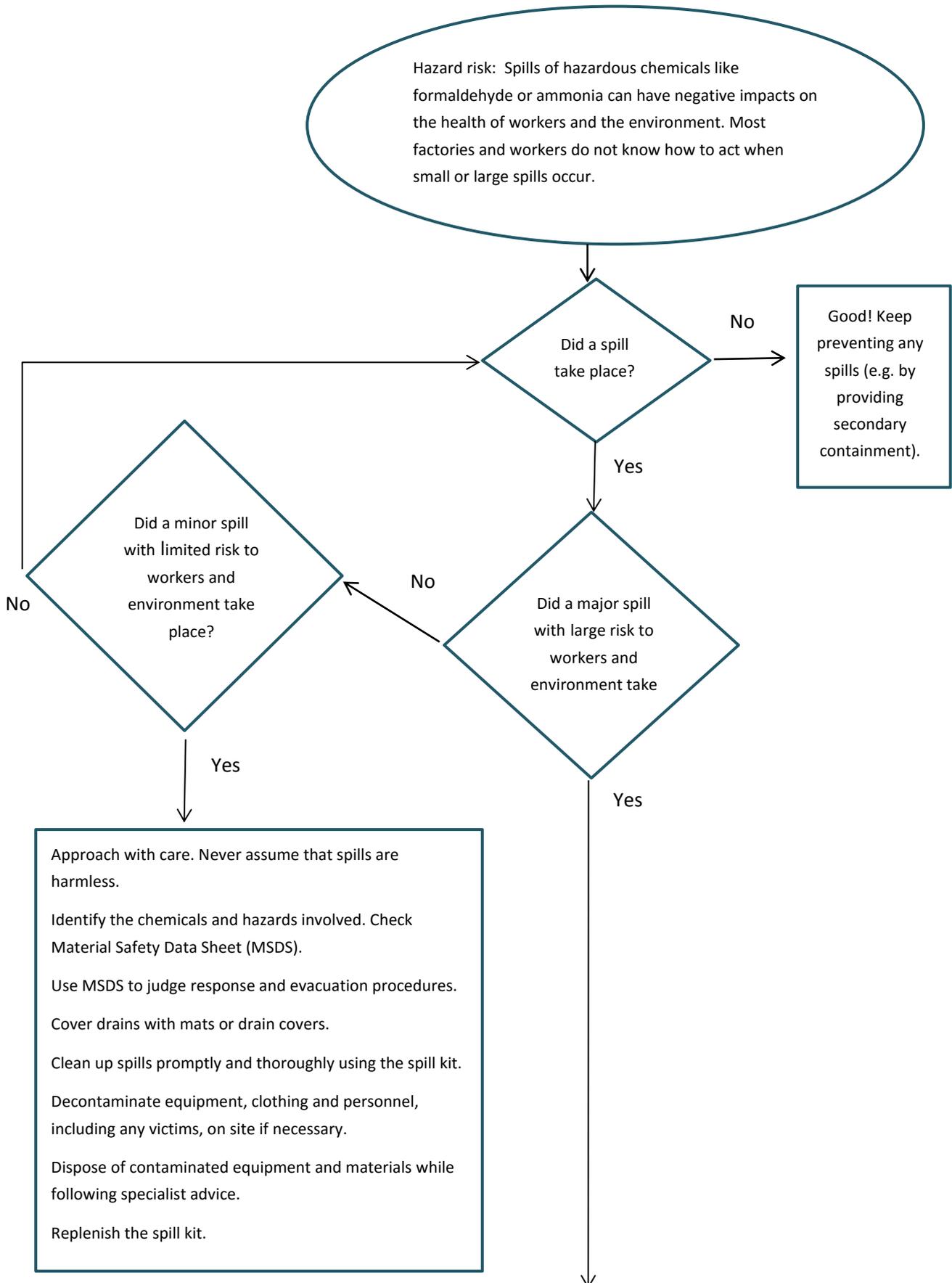
8.0 **Approving Authority:** Operations manager

9.0 **Issue/Revision Date:** November 27, 2013



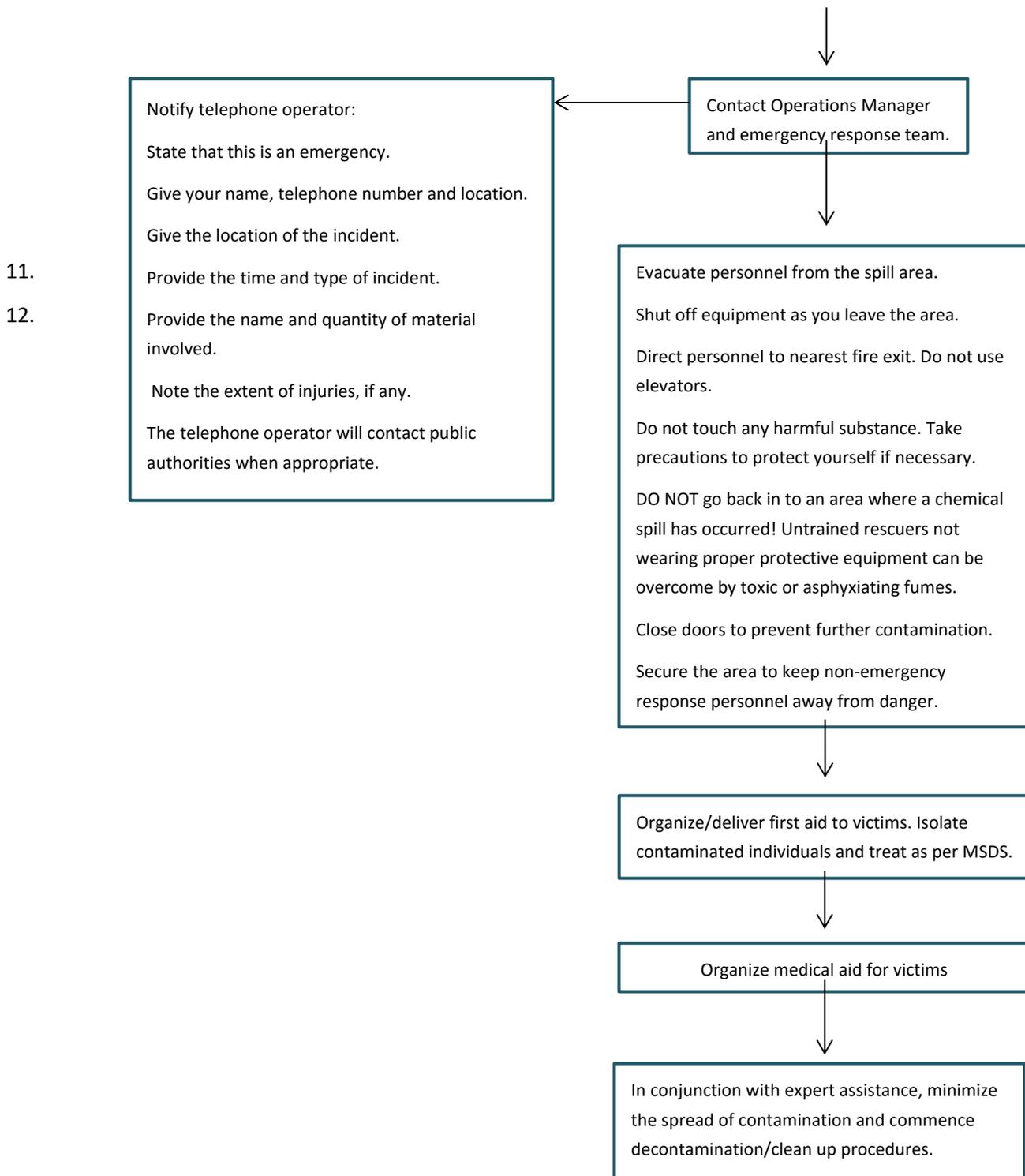
## 5. Emergency Preparedness and Response

### Sample Chemical Spill Response Procedure - Flowchart





## 5. Emergency Preparedness and Response





## 6. Stakeholder Engagement



# Stakeholder Engagement

## Introduction

Your company interacts with many different groups of stakeholders. A stakeholder is any person or organization that has an interest in or is affected (or perceives to be affected) by your company. Engaging with stakeholders will help you understand how to avoid or minimize any negative impact and reduce the risks to your business from anti-company sentiments and negative campaigns that could affect your company's reputation.

We present three tools related to this element:

- Stakeholder Mapping Tool
- Impact Zoning Tool for Identifying Affected Communities
- Stakeholder Engagement Plan Worksheet

Refer to case **ABC** and case **XYZ** in Section II of this Toolkit for an illustration of how these tools can be put to use.



## 6. Stakeholder Engagement

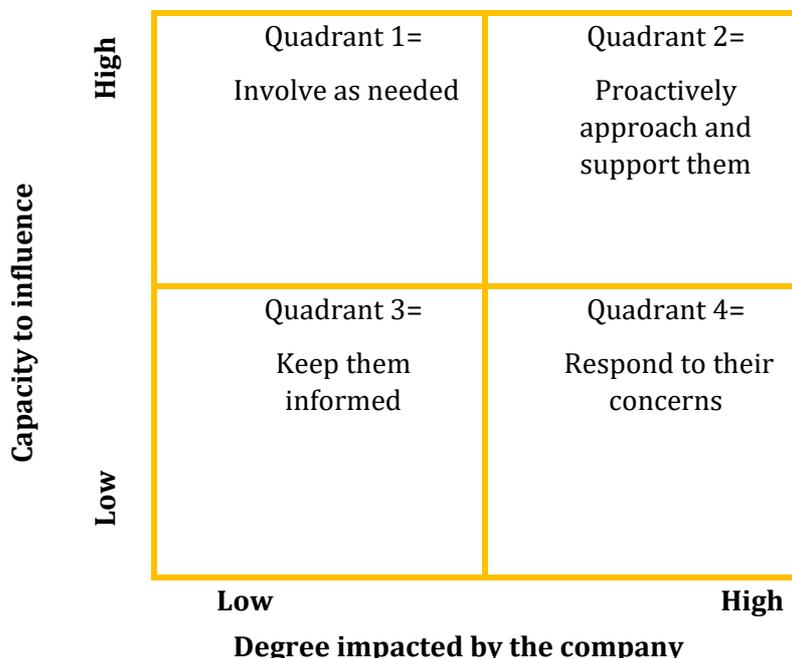
### Stakeholder Mapping Tool – Identification and analysis

#### Instructions

1. Ensure you have a cross-functional/departmental team to start the exercise.
2. List relevant stakeholders for your company (e.g., those directly and indirectly **affected** by your company, those that have an **interest** in your company operations, those that have an ongoing relationship with the company, and those that have the ability to influence your company operations). Provide as much detail as possible (i.e. name your main suppliers independently; disaggregate communities by identifying local leaders or other relevant actors).
3. Next to each stakeholder group, discuss and list their key concerns, issues, interests.

| STAKEHOLDER | ISSUES/CONCERNS/INTERESTS |
|-------------|---------------------------|
|             |                           |
|             |                           |
|             |                           |

4. Place these stakeholders on the stakeholder map according to the degree to which they are impacted by your operations and their capacity to influence your company operations.



5. Classify stakeholders according to their current relationship with the company: **supportive, supportive with conditions, neutral, negative**. The purpose of stakeholder engagement is to keep supportive stakeholders happy and help address the concerns of less-supportive stakeholders. Remember that stakeholders' relationships with the company may change over time. We recommend that you analyze their current position to the company.



## 6. Stakeholder Engagement

6. Identify the groups that represent a high priority for engagement.
7. Define strategies to engage with the prioritized stakeholders. When defining engagement strategies, keep in mind current initiatives of the company. Engagement strategies should be differentiated, based on where stakeholders are located on the map:
  - Quadrant 1: Involve them as needed
  - Quadrant 2: Proactively approach and support them
  - Quadrant 3: Keep them informed
  - Quadrant 4: Respond to their concerns
8. Review the stakeholder map at regular intervals and when there are major changes. It is advisable to review the stakeholder map with external groups to get their feedback.



## 6. Stakeholder Engagement

### Impact Zoning Tool for Identifying Affected Communities

#### Instructions

The term “affected communities” includes any individuals or communities that are located in proximity to the company’s facilities and are directly exposed to actual or potential adverse impacts on their environment, health and livelihood due to company activities.

A quick and practical technique for identifying affected communities is the “impact zoning map” (see box below). By mapping the sphere of influence of different types of environmental and social impacts, the company can begin to identify distinct groups by impact area, and can then prioritize the stakeholders for consultation.

While priority should be given to individuals and groups who are directly and adversely affected, drawing a line between who is affected and who is not can be challenging. Communities lying just outside of the designated impact area can perceive impacts or feel they have been arbitrarily excluded from the engagement process.

#### HOW TO IDENTIFY STAKEHOLDERS THROUGH IMPACT ZONING

1. Draw a sketch map of the key design components of the project, both on- and off-site, that may give rise to local environmental and social impacts (e.g. the project site; ancillary infrastructure such as roads, power lines and canals; sources of air, water and land pollution). This may be performed more efficiently by using aerial photographs or satellite images.
2. See case study **ABC** in Section II for an illustration of such a sketch map.
3. Identify the broad impact zones for each of these components (e.g. the area of land take, air and water pollution receptors, etc.).
4. After identifying and mapping broad stakeholder groups, overlay those groups with the impact zones.
5. Through consultation with relevant stakeholder representatives, verify which groups are potentially affected by which impacts.

*Source: Doing Better Business Through Effective Consultation and Disclosure. IFC (1998).*



## 6. Stakeholder Engagement

### Stakeholder Engagement Plan Worksheet

#### Instructions

After the identification of your most important stakeholders, the next step is to develop a plan for how to engage with the groups that you listed. Engagement should be stronger and more frequent with those groups that are most affected and those that have a greater ability to influence your business.

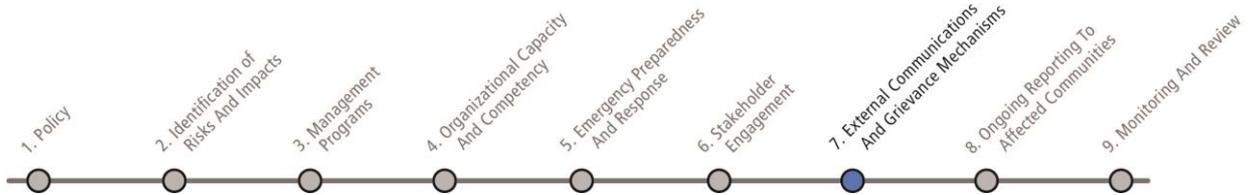
At a minimum, you should always implement an **external communication** procedure to receive communications from the public and accordingly adjust your management program. In the presence of adversely affected stakeholders, you should implement a **grievance mechanism** and actively engage them in **consultation**, regularly disclosing clear and meaningful information and providing communities with opportunities to express their concerns and suggestions. Finally, you should **report back** to them on the actions your company has put in place to address the issues identified during the process of consultation.

The table below provides example of some stakeholders that may be associated with your operations. Once you have done the stakeholder mapping and identified their concerns, you may start looking at the other necessary information, such as: engagement method, information to be disclosed or reported back to your stakeholders and the key information you would like to obtain.

| STAKEHOLDER ENGAGEMENT PLAN |          |                   |   |                              |
|-----------------------------|----------|-------------------|---|------------------------------|
| Stakeholder                 | Concerns | Engagement method | Information to disclose and report back | Most valuable info to obtain |
| Employees                   |          |                   |   |                              |
| Contract workers            |          |                   |   |                              |
| Local community             |          |                   |   |                              |
| Consumers                   |          |                   |   |                              |
| Suppliers                   |          |                   |   |                              |
| Contractors                 |          |                   |   |                              |
| Regulators                  |          |                   |   |                              |
| NGOs                        |          |                   |   |                              |
| Media organizations         |          |                   |   |                              |
| Etc.                        |          |                   |   |                              |



## 7. External Communication and Grievance Mechanism



# External Communication and Grievance Mechanism

## Introduction

### Grievance Mechanism

The purpose of a Grievance Mechanism is to establish a way for an individual or a group within communities affected by your business to contact you if they have an inquiry, a concern or a formal complaint. It provides people with an alternative way of communicating with your company as part of your formal stakeholder engagement process.

### External Communication

Even if affected communities per se are not identified, you should always establish and maintain a publicly available and easily accessible channel for the public to contact you (e.g., phone number, website, email address, etc.). External stakeholders can provide valuable information such as suggestions on product improvement, feedback on customers' interaction with your employees and comments from regulators, NGOs and individuals regarding your company's environmental and social performance.

We present two tools related to this element:

- Checklist for Effective Grievance Mechanism
- Grievances Log



## 7. External Communication and Grievance Mechanism

### Checklist for Effective Grievance Mechanism

#### Instructions

The following checklist will guide you through the key aspects of an effective grievance mechanism. This list includes some illustrative examples; consider adapting these to your company's size, complexity and local context.

| KEY ASPECTS OF EFFECTIVE GRIEVANCE MECHANISMS  | COMPANY'S METHOD  |
|--|---|
| <p><b>Provide ease of access to confidentially communicate or file complaints, including anonymous ones</b></p>                              | <p>Form and instructions on website that people can fill in and submit online</p> <p>Email address</p> <p>Telephone hotline</p> <p>Suggestion boxes located outside the company gate and in strategic places (e.g., churches, municipality, civic centers)</p> <p>Weekly visits by a designated community liaison to affected villages to register complaints</p>                                   |
| <p><b>Publicize the system so that stakeholders know it exists and how to access it</b></p>  | <p>Distribution of brochures at churches, schools and civic centers, highlighting company profile and operations and including instructions for how external stakeholders can communicate or file complaints, and the procedure to handle them</p> <p>Written procedure is explained by general manager/designated community liaison when meeting with community leaders and other stakeholders</p> |
| <p><b>Foster sense of legitimacy and trust; encourage dialogue and shared responsibility for outcomes</b></p>                                | <p>Major cases reviewed by a formal multi-stakeholder oversight body (i.e., company, representatives of affected communities, NGOs, university, municipality)</p> <p>Provision of transparent funding for expert resources, so that any collection of evidence is independent and unbiased</p> <p>Most serious claims resolved through independent mediation</p>                                    |
| <p><b>Be transparent about the process and outcomes</b></p>  | <p>All cases are summarized with details about whether the complaint is accepted or not and what is the process and timeline for investigation and resolution</p> <p>Summarized cases are posted on the company website and/or reported back to the complainant through letter/email/community liaison</p>  |
| <p><b>Implement a predictable and defined process that includes assignment of responsibility, time limits and monitoring of outcomes</b></p> | <p>Company assigns an employee or team to record complaints and then work with relevant staff and external stakeholders to investigate, determine actions and report back outcomes</p>  |
| <p><b>Make the system a source of continual learning</b></p>   | <p>Complaints are systematized and reviewed periodically with the management team to check for effectiveness of the system and cumulative learning that can be integrated into the company systems</p> <p>Company performs perception surveys among affected stakeholders regarding the awareness, accessibility and trustworthiness of the grievance mechanism</p>                                 |



## 7. External Communication and Grievance Mechanism

### Grievances Log

#### Instructions:

Keeping a logbook or database of grievances allows you to monitor their state of resolution. Also, when grievances are systematized, the information can be analyzed and used as a feedback mechanism for improving operations. This tool provides an illustration of useful information to annotate when recording a grievance.

|   |  |  |
|---|--|--|
| <b>1. GRIEVANCE IDENTIFICATION NUMBER</b>       |  |  |
| <b>2. DETAILS OF COMPLAINT</b>                  |  |  |
| 2.1 When it occurred                            |  |  |
| 2.2 Where it occurred                           |  |  |
| 2.3 How it occurred and who was involved        |  |  |
| 2.4 Complainant(s)'s story and expectation      |  |  |
| 2.5 Date grievance was recorded                 |  |  |
| 2.5 Place/method grievance was received         |  |  |
| <b>3. PROFILE OF COMPLAINANT(S)</b>             |  |  |
| 3.1 Gender                                      |  |  |
| 3.2 Age   |  |  |
| <b>4. CONTACT INFORMATION OF COMPLAINANT(S)</b> |  |  |
| 4.1 Anonymous (Y/N)                             |  |  |
| 4.2 Phone                                       |  |  |
| 4.3 Email                                       |  |  |
| 4.4 Address                                     |  |  |
| <b>5. COMPLAINT ACCEPTED (Y/N)</b>              |  |  |
| <b>5.1 COMPLAINT NOT ACCEPTED</b>               |  |  |
| 5.1.1 Action taken                              | Clearly not related to the operations of the organization – rejected <input type="checkbox"/>                      |  |
|   | Labor-related grievances – transfer to HHRR <input type="checkbox"/>   |  |
|   | Commercial disputes – transfer to commercial dispute resolution mechanisms or civil court <input type="checkbox"/> |  |
|   | Related to governmental policy and institutions – transfer to authorities <input type="checkbox"/>                 |  |
|   | Other <input type="checkbox"/>   |  |
| 5.1.2 Complainant notified (Y/N)                |  |  |
| 5.1.3 Method of notification                    |  |  |
| 5.1.4 Date of closure                           |  |  |
| <b>5.2 COMPLAINT ACCEPTED</b>                   |  |  |
| 5.2.1 Category of complaint                     | Particulate emissions to air <input type="checkbox"/>  |  |
|   | Odor <input type="checkbox"/>  |  |

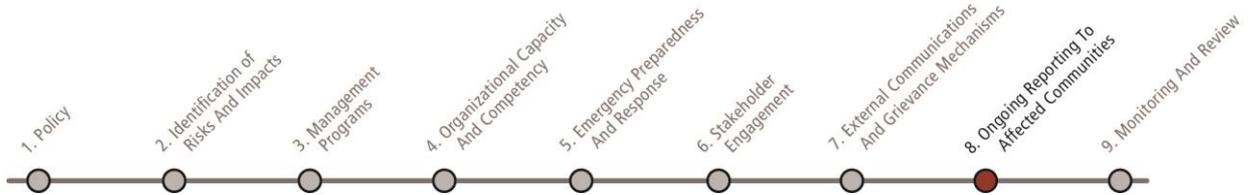


## 7. External Communication and Grievance Mechanism

|   |   |
|---|---|
|   | Noise <input type="checkbox"/>  |
|   | Effluents <input type="checkbox"/>                                      |
|   | Company vehicles <input type="checkbox"/>                               |
|   | Influx of migrant workers <input type="checkbox"/>                      |
|   | Security personnel <input type="checkbox"/>                             |
|   | Other <input type="checkbox"/>  |
| 5.2.2 Photos and documentary evidence of legitimacy                       |   |
| 5.2.3 Resolution instance   | First: Internal <input type="checkbox"/> - Responsible people/division: |
|   | Second: Multi-stakeholder oversight body <input type="checkbox"/>       |
|   | Third: Independent mediation <input type="checkbox"/>                   |
| 5.2.4 Resolution/corrective action taken                                  |   |
| 5.2.5 Complainant notified (Y/N)  |   |
| 5.2.6 Method of notification  |   |
| 5.2.7 Complainant(s) satisfied or appealed                                |   |
| 5.2.8 Photos and documentary evidence of closure                          |   |
| 5.2.9 Resources spent   |   |
| 5.2.10 Date of closure  |   |
| 5.2.11 Days from complaint to closure                                     |   |
| <b>6. POST CLOSURE MONITORING REQUIRED (Y/N)</b>                          |   |
| 6.1 Method and frequency of monitoring required                           |   |
| <b>7. PREVENTIVE MEASURES TO AVOID REOCCURRENCE OF SIMILAR GRIEVANCES</b> |   |
| 7.1 Suggested preventive actions  |   |



## 8. Reporting Back to Affected Communities



# Reporting Back to Affected Communities

## Introduction

Affected stakeholders will want to know what actions your company has put in place to resolve the issues identified when communicating with them. Keeping them informed of what you are doing is the final critical piece in building and maintaining a good relationship.

We present one tool related to this element:

- Formats and Venues for Ongoing Reporting



## 8. Reporting Back to Affected Communities

### Format and Venues for Ongoing Reporting

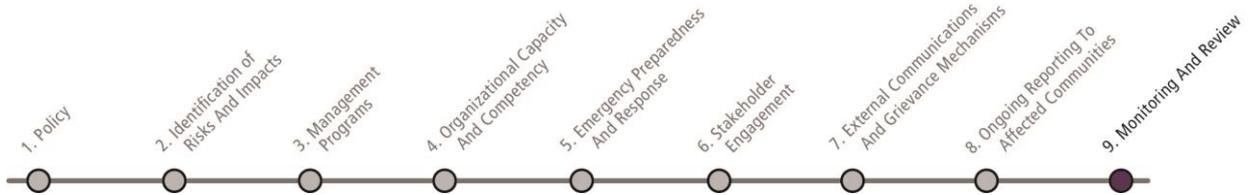
#### Instructions

Look at the list to brainstorm ideas on ways you could communicate back to affected stakeholders on actions taken and monitoring results in their areas of interest.

- Open houses
- Banners outside the company gate
- Brochures distributed in churches, schools, civic centers
- Website
- Town hall meetings at the local municipality or civic center
- Meetings with representatives of the affected stakeholders
- Letters to representatives of the affected stakeholders and complainants
- Emails
- Phone calls
- Sustainability reporting (e.g., GRI)



## 9. Monitoring and Management Review



# Monitoring and Management Review

## Introduction

Monitoring and review are critical because this is how you check and adjust your ESMS. You need to monitor whether your action plans are being implemented, procedures are followed and whether your ESMS is addressing the relevant risks and providing lasting improvements. The goal of the ESMS is to shift from corrective actions to preventive actions. Monitoring and management review is what gives you the information to do this.

We present two tools for this element:

- Monitoring Plan
- Auditing Guidance



## 9. Monitoring and Management Review

### Monitoring Plan

#### Instructions

Look at your action plans and think about process and performance indicators that will tell you if the actions are being implemented and if they are achieving your targeted objectives. A sample template for developing a monitoring plan is presented below.

See case studies **ABC** and **XYZ** for examples of these completed monitoring plans.

#### Example

**OBJECTIVE:**

**TARGET:**

Actions:

- 1.
- 2.

| PERFORMANCE INDICATORS     |                    |                      |
|----------------------------|--------------------|----------------------|
| Key Performance Indicators | Monitoring records | Monitoring equipment |
|                            |                    |                      |
|                            |                    |                      |

| PROCESS INDICATORS              |                    |
|---------------------------------|--------------------|
| Activities/Processes Indicators | Monitoring records |
|                                 |                    |
|                                 |                    |
|                                 |                    |



## 9. Monitoring and Management Review

### Auditing Guidance

#### Instructions

Go through all the areas highlighted in the Auditing Guidance – this will help you to get a broad view of all potential risk areas and elements of the ESMS beyond those that you may have targeted in your initial risk assessment.

| ✓ | A. PREPARATION  |
|---|---|
|   | Collect audit reports for the facility on environmental performance, labor standards performance and community stakeholder engagement, for the previous two years.  |
|   | Collect corrective action plans generated from previous audits and review the status of each action item that was agreed on from previous reviews. Are they all closed out? Focus the review on open items and the underlying reason(s) for incomplete status, and ensure that the audit considers the underlying issues for the upcoming audit. Focus should be on the underlying limiting factors that prevent completion.  |
|   | Ascertain the general level of PPE use on the farm/plantation. Ensure that auditors wear the same PPE as employees are required to wear: head, hearing, eye, skin protection, protective boots, clothing, etc. Do not allow any auditor to enter work areas without the clothing/gear required for the operations activity and that employees are required to wear.   |
|   | Obtain facility floor plans designating work areas, break areas, activities underway, flow of materials, clean areas, dirty areas, location of fire extinguishers, fire exits, emergency lighting and protective covers, security guard posts, restrooms, principal water outlets and drains, any non-potable water outlet. Ensure auditing team has a working knowledge of the facility/operation to be evaluated.   |
|   | Research and refer to current local environmental and labor laws and regulations.<br>Basic labor code issues: (i) regular weekly work hours, (ii) labor contract provisions, (iii) rest periods, lunch, etc., (iv) overtime requirements, limits and exceptions, (v) hour averaging and banking hours, (vi) minimum wage, (vii) social system payment liability, (viii) annual leave, (ix) laws to protect disadvantaged workers, (x) severance pay.<br>Basic environmental code issues: (i) wastewater, (ii) storm water, (iii) spill prevention and response, (iv) construction/demolition/remodeling, (v) hazardous materials, (vi) hazardous waste, (vii) toxic chemical release, (viii) air emissions, (ix) solid waste. |
|   | Review regulatory permit(s) conditions and specific requirements along with most recent review and corrective action reports.   |
|   | Review certification(s) audit reports (e.g. BSCI or SA8000) for nonconformance, mandatory remedial actions, recommendations, etc. Summarize status of items (open or closed).   |
|   | Review any government inspection reports, third-party audit reports, etc.   |
|   | Review the stakeholder engagement plan and records of grievances by external stakeholders. Pay attention to: emergency preparedness and response capability to include the community if necessary; use of chemicals and accidental releases of hazardous materials affecting community, e.g. dyes and chlorine; discharges of wastewater or other wastes to areas affecting local communities; exacerbation of flooding; limits of water availability use and physical access; diminution of quality of life due to the operation.  |
|   | Pay special attention in observation/document review/interviews to issues identified in previous reports.   |
|   | Research and understand the national and local context of labor union rights and activity, local environmental groups and community activist organizations.   |
|   | Schedule sufficient time to conduct the scope of the audit. Announce the availability of confidential meeting schedules with employees; schedule, arrange and conduct while protecting employee confidentiality.  |



## 9. Monitoring and Management Review

| ✓ B. INTRODUCTORY MEETING WITH MANAGEMENT |  |
|---|--|
|   | Meet with the senior management and department managers before conducting audit activities to review ESMS issues and the purpose of the audit.                     |
|   | Share an agenda for the meeting and itinerary with senior management and department managers.  |
|   | With department managers, review the prior audit reports and performance to date in meeting corrective actions.  |
|   | Discuss non-retaliation against cooperating workers; inform management that future audits will include reviews of the continued employment of workers interviewed. |

| ✓ C. OPERATIONAL WALK-THROUGH |  |
|-------------------------------|--|
|                               | Conduct operational walk-through following the flow of production from receipt of raw materials to packaging and shipment of finished goods. Refer to previous relevant physical walk-through assessments of the facility; determine if all previous nonconformance/action items are closed out; if not, why not?  |
|                               | Minimize the number of managers that accompany you on the walk-through. One or two escorts based on knowledge/responsibilities are usually sufficient.   |
|                               | During the walk-through, be aware of your body language and the message this sends to workers; ensure that you are equipped with/wearing the same PPE required of employees.   |
|                               | <p>Take note of all things observed that require attention:</p> <ol style="list-style-type: none"> <li>1. Water used indiscriminately for watering as well as washing and cleaning;</li> <li>2. Water wastages/inefficiencies</li> <li>3. Energy wastage;</li> <li>4. Evidence of spillages;</li> <li>5. Dry cleanup and collection of organic solids;</li> <li>6. Harborage or other unorganized storage of materials;</li> <li>7. Wastes and discards;</li> <li>8. Workplace availability of data on hazards or banned or restricted chemicals in use (MSDS/ICSC);</li> <li>9. Movement of materials: hand trucks, forklifts, etc. Are the passageways and transit routes clearly marked; is color-coding used for non-pedestrian movement?;</li> <li>10. Obvious hazards for heads, hearing, sight, life and limb: workplace hazards attenuated; employee awareness?;</li> <li>11. PPE used as prescribed, available, replaced at no cost; employee awareness;</li> <li>12. Are employees able to explain jobs and responsibilities?; and</li> <li>13. Evidence of QA team activity.</li> </ol> |
|                               | Verify that fire exits exist and open on demand; no means to prevent exit; panic bars in good working order; clear egress once exit opened; emergency exits clearly marked; nearest exits clearly marked; hose cabinets equipped with hoses, nozzles, etc.; prohibited areas clearly marked; electrical cabinets closed and sealed; lockout tag out procedures and tools (tags, locks, warning labels and signs) clearly available near electrical cabinets; first aid cabinets and equipment; emergency lighting; emergency preparedness and evacuation plans in place; employees trained.  |
|                               | Work conditions should be verified for adequacy if there is potential for risks such as heat, light, noise and dust. Use measuring devices to determine air quality, noise level, temperature and adequate lighting. (This is a useful/easy thing to do). For dusty operations or potentially dusty areas, LEL (lower explosive limit) meters and alarms should be installed.  |
|                               | Following the facility walk-through conduct a walk-through of the dormitory facilities, canteens, washrooms, changing rooms if relevant. Ask to use the toilet; be shown where and how to access for both men/women. Ask for a drink of water. Note the condition and adequacy of these areas.   |



## 9. Monitoring and Management Review

|  |   |
|--|---|
|  | Suggest best practice to supervisors and managers during the walk-through; ensure that the suggestion is filtered by processes/operations practicalities.   |
|  | Give sufficient attention to all ESMS elements during the operation/dormitory walk-through. Knowledge of procedures, training using the procedures, awareness of complaints management and resolution procedure, employment rights, HR policy and provisions, etc.  |
|  | Identify all incidences of non-conformance with ESMS issues, both major and minor.  |
|  | Pay special attention to areas identified in previous corrective action requests. Focus on open non-conformances from previous audits: why did they occur? Elucidate the underlying cause and make an effort to diagnose and prescribe preventive and ameliorative measures. The individual who is responsible for the item is not as important as why it occurred and how the company can prevent non-conformances and unplanned events in the future. |

| ✓ D. INTERVIEWING WORKERS |  |
|---------------------------|--|
|                           | Select at least 5 percent of workers, max. 100 workers. Conduct individual and group interviews for balanced response.   |
|                           | Select workers who are representative of the workforce population (gender, race, age, religion, functional departments, etc.).   |
|                           | If the factory has contracted or migrant workers, make sure to include them as well.   |
|                           | Do not allow supervisors or managers to influence selection of workers for interviews or the interviews.   |
|                           | Conduct on-site interviews in areas that protect worker confidentiality and where the worker would feel comfortable. Make sure supervisors or managers are not in or near the space where the interviews are conducted. Keep them away from the selection and interview process. |
|                           | Conduct interviews early in the audit to allow for follow-up.  |
|                           | Make sure to tell the workers that everything they say is confidential and that management has been warned against retaliation.  |
|                           | Be sensitive to cultural and gender issues.  |
|                           | Plan for an average of fifteen minutes per interview; however, use common sense in terminating interviews that are becoming nonproductive and extending interviews with people who are candid or openly addressing critical issues.  |
|                           | Formulate questions prior to the interviews to make sure you cover all specific areas of the ESMS review through the aggregated interviews. Always ask employees how processes may be improved, water use reduced, energy saved, waste reduced, etc.                             |
|                           | If you plan to take notes, ask the workers if it is OK and clearly explain reason for taking notes. Try to minimize note taking as much as possible during the interview. Finish writing your notes immediately after the interview, so you have accurate documentation.         |
|                           | Have your worker representatives recommend a preferred approach to building rapport with workers.  |
|                           | Ask workers specifically about follow up on previous corrective action plans. What non-conformances remain open; what issues presented through the complaints management and resolution mechanism remain open?   |



## 9. Monitoring and Management Review

Make sure your questions address the following:

### LABOR ISSUES

- Do workers know about and understand your policies related to labor and working conditions?
- Do workers understand their rights under the law related to freedom of association and collective bargaining?
- Do workers understand how their wages are calculated, for base time, performance and overtime?
- Are workers aware of any dismissal, transfer, demotion or other punitive action against workers due to their exercising their rights under either their contracts or local or national law?
- Ask workers about the status of trade unions, worker committees or other worker groups in the factory and whether there is management interference.
- Ask questions to determine conformance to discrimination and sexual harassment policies.
- Do workers understand the company's grievance mechanism, and do they feel it is operational and free from retaliation?

### OCCUPATIONAL HEALTH AND SAFETY ISSUES

- Do workers feel safe and protected in their jobs? For example, are they provided with PPE that is appropriate and works? Is their physical environment free of hazards? Are they expected to reduce physical hazards or are engineering controls in place? Are there job hazards assessments done routinely and when the processes or materials change? Have issues submitted through the complaints management and resolution mechanism been addressed?
- Do they feel there is adequate safety equipment, such as extinguishers/hydrants and first aid kits? Are there sufficient safety drills if an emergency, such as a typhoon, flood or wind storm, were to occur and necessitate an evacuation from buildings? Witness the emergency mock drills and make note of shortcomings; ask an employee to pretend he/she has just been injured and explain what to do next.
- Are they instructed and trained on these risks at regular intervals?
- Have any workers been involved in accidents at the facility and, if so, what happened afterwards?
- Is the environment comfortable to work in, in terms of ventilation, adequate illumination for the task at hand temperature, noise and dust levels
- Do they feel that chemicals, waste and other substances are stored or disposed of safely and appropriately at the facility? Is there sufficient access to Material Safety Data Sheets (MSDSs) and/or International Chemical Safety Cards (ICSCs) and appropriate training in their use? What is the management's response to any expressed issues through the complaint management and resolution mechanism?

If the organization employs contract workers, make sure to ask questions that address possible violations and areas of abuse. Do you feel different from a permanent employee? Why?

Conduct some worker interviews off-site if possible.



## 9. Monitoring and Management Review

| ✓ E. INTERVIEWING AFFECTED COMMUNITIES AND OTHER STAKEHOLDERS |  |
|---|--|
|   | The stakeholder mapping exercises and stakeholder consultation meetings should help identify the relevant population that is affected by the facility and its activities.  |
|   | Select a sample of individuals that represent the views of this affected community. This group may include members of the public as well as NGOs, campaign groups, trade unions, local businesses and government authorities. If possible, target NGOs that are industry-specific. Seek out former employees if possible, but filter out disgruntled former employees or those with a personal agenda against the company.   |
|   | Gauge awareness of the grievance mechanism. Has it been tested? Does it work? Does the company utilize it in practice or ignore it? Is it taken seriously?   |
|   | Be sure to include representatives from indigenous or marginalized groups in these interviews.   |
|   | <p>Make sure your questions address the following:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> How have the facility's operations affected the physical environment (air, water, land) near them?</li> <li><input type="checkbox"/> Has this resulted in either air, land or water contamination?</li> <li><input type="checkbox"/> Has wildlife been affected by the facility's activities?</li> <li><input type="checkbox"/> Has the facility's business impacted local livelihoods, access, traditional hunting/fishing/breeding/religious/other grounds due to natural habitat conversion?</li> <li><input type="checkbox"/> Have any health risks or deterioration to well-being been associated with the facility from exposure to toxic chemicals, from air emissions or noise pollution? Note any neighbors or employees with sick children or significant notable abortion rates.</li> <li><input type="checkbox"/> Have any contagious illnesses been on the rise due to an influx of workers to the facility?</li> <li><input type="checkbox"/> Have these affected groups had any clashes with security hired at the facility?</li> <li><input type="checkbox"/> Have any of these groups been approached or invited by the company running the facility to discuss their concerns at meetings or had any of their grievances addressed and investigated or had any follow up to their questions?</li> </ul> |

| ✓ F. ON-SITE DOCUMENT REVIEW |   |
|------------------------------|---|
|                              | <b>LABOR ISSUES:</b>  |
|                              | <p>Make sure you review the relevant documents for the following areas:</p> <ol style="list-style-type: none"> <li>1. Human resources: Management-worker committee meeting minutes, memos and letters, budgets related to implementing labor policy, training material, logs and curricula or written communications to workers that address all issues, training records and instructor qualifications.</li> <li>2. Working conditions: Contracts for all workers; policies and procedures related to wages, benefits, hours and leave; evidence of communication and training on wage calculation; personnel files; time cards; payroll records and pay stubs (selected without management interference); criteria used to set performance pay bonuses; and employment and termination records.</li> <li>3. Are employee payment methods secure? Are employees able to have payments deposited into an account? Are they paid in cash at the facility (which can lead to significant risks during the trip home)?</li> <li>4. Collective bargaining: Collective bargaining policy, agreement and documentation (such as minutes and records of collective bargaining sessions).</li> <li>5. Discrimination: Discrimination policy; related procedures; documentation handling discrimination issues; diversity training and attendance log; hiring, promotion and termination records; gender demographics in facility at worker and manager levels.</li> <li>6. Retrenchment: Policies and procedures for workforce reduction, severance and transition; documentation of prior workforce reductions; minutes of management meetings and communications to workers on this issue.</li> <li>7. Complaint management and resolution mechanism: Documented procedure, communications, records and logs of grievance handling.</li> <li>8. Child labor: Procedure for age verification, documentation of apprentice program, birth and medical records and school records of workers.</li> <li>9. Forced labor: Employment contracts (as well as for those workers hired through recruitment agencies), payroll records, timesheets and wage deduction, worker passports and IDs.</li> </ol> |



## 9. Monitoring and Management Review

|   |   |
|---|---|
|   | <p>10. Health and safety: Accident and medical treatment logs, equipment safety logs, logs of fire and safety drills, health and safety risk analyses, government health inspection reports, safety certificates and training curriculum and logs, and evidence of changes to all of this when company processes, methods, chemicals or materials are changed, reordered, etc.</p>  |
|   | <p>Select files and/or records at random to generate a representative sample of the workforce population and functional distribution in the factory. Seek some files to corroborate interviews conducted earlier.</p>   |
|   | <p>Balance your time and effort investigating all areas of labor standards at work. Document review is particularly critical for wages, working hours, health and safety, use of sub-contractors, hiring and termination.</p>   |
|   | <p>If the operation employs contract workers, address potential areas of abuse in the document review. Specifically review the contract with the workers.</p>   |
|   | <p>Identify all significant incidences of non-conformance in preparation for your management meeting.</p>   |
| <p><b>ENVIRONMENTAL AND OSH ISSUES:</b></p> |   |
|   | <p>Make sure you review the relevant documents for the following areas:</p> <ol style="list-style-type: none"> <li>1. Emergency response and preparedness: Examine the facility's emergency response procedures and accident reports, as well as documents indicating that workers have been trained on these issues. Ask the employee to show you how to get out, assuming that there is now a fire; follow the employee; ask another to tell/show you what happens if he/she was just injured.</li> <li>2. Environmental management: Examine any company environmental policies and environmental management system policies and reports, including sustainability reports, energy consumption records, guidelines and monitoring, resource use and waste generation. Note the status of previously identified non-conformances.</li> <li>3. Insurance: Identify documents that indicate legal permits have been obtained, insurance policies are in place and the relevant legal authorities notified of the facility's activities.</li> <li>4. Technical: Documents on production processes, and storage, purchase and maintenance of facility equipment. Availability of MSDS/ICSCs and employee training and orientation to the specific risk posed by materials in use; response to submissions through the complaint management and resolution mechanism.</li> <li>5. Waste disposal: Policies, procedures and guidelines on elimination and recycling of waste emissions and effluents to air, water and land, including monitoring of the quantity and quality, treatment and disposal of all waste, including wastewater and solid waste; are employees/area supervisors queried for opinions on improvements?</li> <li>6. Hazardous material: The storage of chemicals and toxicology sheets (MSDS/ICSCs from ILO/WHO/EU/UNEP, etc.). Avoid total reliance upon manufacturer's statements. Does procurement mandate furnishing such materials?</li> <li>7. Health and safety: Check for the existence of logs of accident and fatality rates, health and safety guidelines or handbooks for workers and monitoring of these statistics, including the job hazard analyses and engineering corrections to eliminate hazards at the source, as opposed to requiring employees to mitigate environmental hazards; provision of appropriate PPE that cover actual, defined technical, physical, biological and chemical hazards in the workplace; Tool Box safety meetings records.</li> <li>8. Work environment: Look for guidelines, reports, logs and "ecomaps" of the facility work environment that monitor emissions of dust, odors, sources of noise and vibrations and worker exposure to heat and cold. LEL meters and audible and visual alarms are mandatory wherever there may be accumulations of dust or ambient dust.</li> <li>9. Suppliers and sub-contractors: Ask for a list of sub-contractors. Ask for ESMS reports related to suppliers and subcontractors.</li> </ol> |



## 9. Monitoring and Management Review

| ✓ G. SUPPLIERS |  |
|----------------|--|
|                | Supply chain map: Make sure that the facility has mapped and identified suppliers, subcontractors and homeworkers used.  |
|                | Risk assessment: Check the existence of a risk assessment procedure for the main suppliers or groups of suppliers in order to identify the key risks these suppliers face.   |
|                | Policy: Check for well-defined labor, OHS, environmental and community policies for suppliers based on national law, outcomes of the risk assessment and your requirements.  |
|                | Binding Contracts: Check whether the facility includes its policies in contractual arrangements with suppliers.  |
|                | <p>Ensure that the facility's labor, OHS, environmental and community policies are understood and implemented by suppliers through:</p> <ul style="list-style-type: none"> <li>• Active communication of policies to suppliers.</li> <li>• Periodic monitoring and auditing of suppliers.</li> <li>• Follow-up on corrective actions as a result of monitoring and auditing.</li> <li>• Training and capacity building programs of suppliers related to the management systems on labor, OHS, environment and community issues.</li> <li>• Job descriptions and evaluation criteria implemented by the procurement department of the facility.</li> <li>• Evaluation/selection criteria of existing and new suppliers. Do they include labor, OHS, environmental and community criteria?</li> <li>• Making it possible for suppliers to meet labor and OHS policies by agreeing on reasonable prices, lead times and product specifications and by integrating environmentally friendly processes, components or products in the production processes.</li> <li>• Checking the existence of an effective grievance mechanism at supplier level.</li> </ul> |

| ✓ H. CLOSING MEETING WITH MANAGEMENT |   |
|--------------------------------------|---|
|                                      | Conduct a closing meeting with senior management and department managers.   |
|                                      | Present your preliminary findings with particular emphasis on the positives as well as areas for improvement. All new and previously existing non-conformances must be addressed. Seek clarification on any findings or issues raised during the audit. |
|                                      | Work with the department managers and supervisors on a corrective action plan that details specific actions to be taken and timelines for their completion.   |
|                                      | Go over any outstanding corrective action requests from previous audit reports.   |
|                                      | Make sure senior management signs off on the corrective action plan.  |



# ESMS Case Studies

## TEXTILES AND APPAREL

## ABC Textiles and Apparel, China

ABC Textiles and Apparel Company (ABC), established in 1972, is a medium-sized family owned business based in Dongguan, Guangdong Province, China. It is a denim mill that dyes, weaves and finishes denim fabrics. Current annual production is about 5 million meters of high quality denim fabric. The company buys un-dyed yarns from Chinese, Turkish and Indian spinners. ABC sells the denim fabric that is produced to domestic and foreign clients. Most of its domestic clients are sewing factories based in Guangdong Province. These sewing factories then deliver to up-market domestic and foreign brands. The factory is located in a large industrial area with dozens of other textile companies. The factory operations are separated into three different buildings: the dyeing operations are in one building; the weaving and finishing operations are in the second building; and the warehouse, dormitory and canteen are in the third building. The premises are surrounded by a fence and guarded in order to make sure no valuable material is lost.

The factory is managed by three brothers who took over from their father five years ago. One brother is responsible for sales; the other is responsible for production; and the third oversees finances and human resources. ABC currently has 450 employees. The factory runs on two shifts. **All workers are required to work mandatory overtime. Workers who refuse overtime are penalized by the management. Workers are not paid any overtime premium rates.** About 25% of the workers are from Dongguan and the remaining 75% are from the Eastern and Northern regions of China. The factory closes or runs at low capacity during Chinese New Year, when most workers from other regions return to their families. **The factory withholds wages around the New Year to make sure workers return after their leave.** Most employees tend to return after Chinese New Year, but increasing numbers are not returning. As a result, the annual staff turnover rate has increased to 41%. The factory has been raising wages over the past few years due to higher minimum wages stipulated by the government and in an effort to reduce the turnover of staff. The factory needs experienced staff in order to maintain its current quality level. The majority of the workers on the factory are **female workers who complain about verbal harassment from middle management and sexual harassment from the male guards** of the factory, who tend to frisk them when leaving the factory.

The factory has also started an apprentice program for young workers. This program was created in order to offset the increased costs of paying higher wages to older workers, and to make sure that the company has a sufficient base of workers in the future. **A local blogger has recently accused the management of allowing children (below the legal minimum age of 16 years) into the apprentice program and forcing young workers to work overtime and night shifts.** The blog was recently picked up by a local NGO who contacted ABC's clients. Since the blog put their reputation on the line, ABC's clients demanded a quick and thorough response. ABC's lack of response would have resulted in direct termination of the business relationships. The clients also performed audits of the company to address issues around the apprentice program and found **non-compliances related to wages and overtime as well.** This has increased tensions between ABC and its clients. **A major client is very close to terminating the relationship.**

ABC's other major concern is the environmental criteria stipulated by brands and the government. **The factory uses vast amounts of water to process and dye yarns and fabrics. It also uses large amounts of energy to heat the water.** The factory was, until recently, able to keep up with local law and brands' requirements by sending the effluents to the municipal wastewater treatment plant. However, that is no longer sufficient. **Surrounding communities and the local authorities have become increasingly aware of the negative effects of the textile industry due to the large amounts of water consumed and corresponding amounts of wastewater.** As a result, water prices have been raised over the years and wastewater outflow parameters issued in terms of pH, BOD<sub>5</sub>, COD, and metals have become more demanding. Enforcement of those parameters is also becoming stricter. Two brands that use ABC fabrics in their products were identified as the main contributors to pollution in China in a recent report. As a result, brands have started to tighten their policies. **Brands are also increasing their restrictions or bans on the use**

**of certain chemicals.** The brothers are not sure how to deal with these issues. They are not sure how to save water and additional wastewater treatment is costly. They are also not sure how to control the banned and restricted substances in the dyes and auxiliaries they buy from specialized large companies. They are also afraid that the quality, look and feel of their denims will change if they start changing processes and recipes.

Despite these issues, ABC's profit and revenue have risen steadily. However, the brothers are worried about the near future. They struggle with the attitude of their workers and clients. They feel that the new generation of workers is complaining about everything: work pressure, management style, the food, the dormitory, noise and dust levels. Clients are also becoming more and more demanding about social and environmental issues, but also claim that they are unable to pay more. On top of these challenges, NGOs and local communities have also started to interfere with the company's internal processes.

In order to get a better understanding of the social and environmental processes and to be able to handle all these new requirements, the management has decided to set up an Environmental and Social Management System (ESMS).

## **ABC TEXTILES AND APPAREL COMPANY Policy Statement**

Under pressure from its clients, personnel and the community, ABC has decided to adopt policies for the environment and on labor and working conditions. Management realizes it will be very hard to meet these requirements, given the current conditions and operational procedures of the factory. Nevertheless, the company has decided to proceed with a complete set of policies because it is afraid of losing its major customers. Management has established a three-year plan to achieve compliance with the policies and gain some type of international certification or recognition.

### **Environment**

- Our company will comply with applicable environmental laws and regulations.
- We will monitor our emissions and effluents.

### **Resource Efficiency**

- Our company will take feasible and cost-effective measures to improve efficiency in our consumption of energy, water and our most important input materials.

### **Pollution Prevention**

- Our company will avoid or minimize and control as much as possible the release of emissions and pollutants to air, water and land from routine, non-routine and accidental circumstances.

## **Labor and Working Conditions**

### **Human Resources Policies and Procedures**

- Our company will have documented policies and procedures related to our labor standards code, in keeping with international standards and national labor law.
- We will inform workers of their rights under our code as well as national labor and employment law.

### **Working Conditions and Terms of Employment**

- We will provide reasonable working conditions and terms of employment, at a minimum complying with the national labor law.

### **Workers' Organizations**

- Our company will comply with national laws that recognize workers' rights to form and to join workers' organizations.
- We will not interfere with or discriminate against workers who choose to organize.
- We will negotiate in good faith and respect any collective bargaining agreements that we sign.

### **Non-Discrimination and Equal Opportunity**

- Our company will hire, promote and compensate workers solely based on ability to do the job.
- All workers will be given equal access to training, tools and opportunities for advancement.
- We will ensure that all workers are free from harassment by management or other workers.

### **Retrenchment**

- If we have a large number of layoffs, workers will receive notice and all due back pay, severance and benefits as required by law.

**Grievance Mechanism**

- Our company will establish a transparent process for workers to express concerns and file grievances, including anonymous complaints.
- Management will treat the grievances seriously, take prompt, appropriate action and ensure there is no retaliation.

**Child Labor**

- Our company will not employ workers under the minimum age for employment as defined by national law.
- Workers between the minimum age and 18 will not be employed in dangerous work or work that interferes with their education or development.

**Forced Labor**

- Our company will not employ forced labor.
- We will respect workers' rights to retain their personal documents and money.
- We will respect workers' rights to leave the workplace after work.

**Occupational Health and Safety**

- We will take all necessary precautions to prevent and mitigate work-related risks and develop an emergency prevention and response system.
- Workers will be provided personal protective equipment and appropriate training at our company's expense.
- We will document and report accidents, diseases and incidents.

**Workers Engaged by Third Parties**

- Our company will extend our labor standards performance policies and procedures to our contractors hired directly or through employment agencies.

**Supply Chain**

- Our company will extend our principles concerning child labor, forced labor and worker safety to our suppliers, as feasible.

**Community Health, Safety and Security**

- Our company will take every precaution in our sourcing, production and storage to provide our customers with food that is safe to consume.
- We will avoid or minimize as much as possible any potential community exposure to health and safety risks from our operations.

## ABC TEXTILES AND APPAREL COMPANY CEO Letter - Internal

### To All Employees of Our Company:

Our vision for Our Company is to become one of the most respected and admired denim company in our area. We aspire to conduct ourselves in an ethical and responsible manner. Corporate social responsibility, which spans environmental, human rights, labor and social issues, is a growing concern to investors, consumers and to all of us as people.

To integrate corporate social responsibility into our day-to-day business activities, we are developing and implementing an environmental and social management system (ESMS). A management system is trained, committed people routinely following procedures and continually improving.

I ask for your full cooperation in this important initiative. We believe that corporate social responsibility must be a foundation of our long-term growth and profitability. Not only is it an integral part of our overall business strategy, but it is also the right thing to do. It is the right thing for our customers, our suppliers, our shareholders, our communities and for you, as a core part of this company.

As we strive to successfully implement our ESMS, we will train and involve you throughout the process. **[Person's name and title]** is in charge of this corporate social responsibility initiative. Each of you has a direct line of communication with **[person]** for any suggestions or concerns. I thank you for your efforts and your continued dedication to our success.

### ABC TEXTILES AND APPAREL COMPANY Risk Identification Worksheet

ABC's ESMS team used the Risk Identification Worksheet below to identify those areas where problems are more likely to happen.

| LABOR AND WORKING CONDITIONS RISKS   |   |  |
|--|---|--|
| RISK FACTORS   | My company has the following conditions (circle the appropriate answer) | Potential negative impact (A "yes" response means that there is a potential negative impact)                     |
| There is a difference in nationality, race or religion between workers and managers.                                       | Yes/No <input checked="" type="radio"/> No                              | Discrimination. Disciplinary abuse and harassment. Human trafficking and/or forced labor.                        |
| Our managers and supervisors are not aware of the workers' rights under the national labor law or collective agreements.   | <input checked="" type="radio"/> Yes/No                                 | Inadequate wages, benefits and contracts. Excessive overtime. Discrimination. Disciplinary abuse and harassment. |
| Female workers make up the majority of the workforce, while most managers and/or security staff are male workers.          | <input checked="" type="radio"/> Yes/No                                 | Discrimination. Disciplinary abuse and (sexual) harassment.  |
| We have an apprentice program that provides young workers with training and work experience.                               | <input checked="" type="radio"/> Yes/No                                 | Forced labor. Child labor.   |
| We routinely use recruiting agencies and contract workers.   | Yes/No <input checked="" type="radio"/> No                              | Inadequate wages, benefits and contracts. Forced labor.  |
| We routinely use homeworkers or other off-site producers, or contractors that use homeworkers or other off-site producers. | Yes/No <input checked="" type="radio"/> No                              | Inadequate wages, benefits and contracts. Forced labor. Child labor.   |
| We routinely use seasonal or temporary workers.  | Yes/No <input checked="" type="radio"/> No                              | Inadequate wages, benefits and contracts. Excessive overtime.  |
| Some of the workers in my company are migrants from another area.  | <input checked="" type="radio"/> Yes/No                                 | Forced labor. Discrimination.  |
| We provide a dormitory for some or all of our workers.   | <input checked="" type="radio"/> Yes/No                                 | Lack of freedom of movement. Lack of clean adequate space. Excessive charges for the use of the dormitory.       |
| There are security guards at our company.  | <input checked="" type="radio"/> Yes/No                                 | Lack of freedom of movement. Harassment.   |
| We are located in a free-trade zone.   | Yes/No <input checked="" type="radio"/> No                              | Inadequate wages, benefits and contracts.  |
| There are large fluctuations in orders and/or seasonality of production.   | <input checked="" type="radio"/> Yes/No                                 | Excessive overtime. Exhaustion. No payment of overtime due to hour-averaging. Layoffs.                           |
| There is a labor shortage in my area.  | Yes/No <input checked="" type="radio"/> No                              | Child labor. Excessive overtime. Exhaustion.   |
| There is no history of collective bargaining, unions or other forms of worker representation at our company.               | <input checked="" type="radio"/> Yes/No                                 | Lack of freedom of association.  |
| Wages paid do not always meet the legal minimum wage or a level to meet the basic needs of a family.                       | <input checked="" type="radio"/> Yes/No                                 | Malnutrition. Child labor. Excessive overtime. Exhaustion.   |

## ABC 2. Identification of Risks and Impacts

|   |   |  |
|---|---|--|
| There is no procedure for workers to express their complaints (grievance mechanism).  | <input checked="" type="radio"/> Yes/No | Discrimination. Disciplinary abuse and harassment. Worker injuries and chronic conditions. |
| Our processing activities include significant lifting, carrying or repetitive motions.  | <input checked="" type="radio"/> Yes/No | Worker injuries and chronic conditions.  |
| Our processing activities involve workers routinely interacting with potentially dangerous machinery and/or hazardous chemicals. Personal Protective Equipment (PPE), such as cutting gloves, needle guards and appropriate material, is not provided or not consistently used. | <input checked="" type="radio"/> Yes/No | Worker injuries and chronic conditions.  |
| Our processing activities involve elevated levels of noise, cotton or silica dust, chemical vapors, and extreme temperature.  | <input checked="" type="radio"/> Yes/No | Worker injuries and chronic conditions.  |
| Our facility has outdated electrical wiring and/or wiring and machinery is exposed or close to VOCs, dust, yarns, fabrics, water and/or packing material, which increases fire or explosion risks.  | Yes <input checked="" type="radio"/> No | Worker injuries or casualties.   |
| Our workers are not aware of what to do in case of an emergency. Emergency routes and exits are often blocked and locked.   | Yes <input checked="" type="radio"/> No | Injuries and lives lost.   |
| Our building is not fit for its purpose or does not have a permit for operations taking place.  | Yes <input checked="" type="radio"/> No | Unsafe building. Collapse of building. Injuries and lives lost.                            |
| Our workers don't have access to separate clean areas for eating and changing clothes.  | Yes <input checked="" type="radio"/> No | Worker illnesses. Lack of privacy and breaks.  |
| Bathrooms are not properly cleaned and often lack running water, soap and toilet paper.   | Yes <input checked="" type="radio"/> No | Worker illnesses.  |
| We routinely subcontract processes or buy inputs from unmonitored or uncontrolled subcontractors and suppliers.   | <input checked="" type="radio"/> Yes/No | All of the above.  |

| ENVIRONMENTAL RISKS   |   |  |
|---|---|--|
| RISK FACTORS  | My company has the following conditions (circle the appropriate answer) | Potential negative impact (A "yes" response means that there is a potential negative impact)   |
| Our operations require large quantities of fresh water (e.g. for pre-treatment, dyeing and washing of yarn, fabric or garments).                        | <input checked="" type="radio"/> Yes/No                                 | Groundwater depletion in the region. Contamination of ground or surface water sources in the region due to discharge of effluent. High energy consumption for treatment of raw or process water. |
| We face difficulties in meeting our fresh water requirements.   | Yes <input checked="" type="radio"/> No                                 | Ground or surface water depletion.   |
| Our operations have high requirements for power supply (e.g. for production of hot water and steam and finishing of fabrics or operation of machinery). | <input checked="" type="radio"/> Yes/No                                 | High energy consumption.   |

|   |  |  |
|---|--|--|
| We require large quantities of fuel (gas/diesel/coal/etc.) for our operations.  | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Air emissions. Solid waste (fly and bottom ash if coal is used).   |
| We have various process and utility equipment that may generate air emissions such as drying, printing, fabric preparation, finishing processes (e.g. coating and dyeing operations) and boilers and diesel generators. | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Air emissions. Noise generation.   |
| We generate large (or significant) quantities of solid waste (such as cutting waste, packing material) from our manufacturing process, which are not reprocessed into recycled products or byproducts.                  | Yes/ <input checked="" type="radio"/> No                       | Waste of resources. Solid waste. Contamination of land.  |
| The quantity of solid waste from rejected finished product due to re-work, re-processing that does not meet quality or delivery requirements is high (or significant) at our facility.                                  | Yes/ <input checked="" type="radio"/> No                       | Waste of resources. Solid waste. Contamination of land. High energy consumption or emissions due to excess or extra production.  |
| We dispose of our solid waste in our landfill or city's landfill facility.  | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Contamination of land, groundwater and/or surface water (due to run-off). Impact on wildlife or fisheries if exposed.  |
| Our operations generate large (or significant) quantities of wastewater (e.g. from dyeing or washing effluent, cleaning of floors and machinery).   | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Contamination of ground and/or surface water due to improper disposal of wastewater.   |
| We discharge our wastewater (process effluent) in a nearby river, lake or any other water body.   | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Contamination of receiving water body and aquatic life. Eutrophication due to high BOD <sub>5</sub> or COD.  |
| We treat our wastewater (process effluent) before discharge.  | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Energy consumption. Solid waste generation (e.g. sludge from treatment process, membrane concentrated waste discharge from reverse osmosis, treatment chemicals). Land and/or water contamination due to improper disposal of waste.       |
| We treat our sewage (from toilets, washrooms, etc.) before discharging it in the city's sewer line.   | Yes/ <input checked="" type="radio"/> No                       | Energy consumption. Solid waste generation (e.g. sludge from treatment process, membrane concentrated waste discharge from reverse osmosis, treatment chemicals). Land and/or water contamination due to improper disposal of solid waste. |
| We do not re-use (part of) our treated wastewater (process effluent) for processing purposes  | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Water consumption.   |
| We generate hazardous or toxic solid or liquid waste (such as chemical residues and sludge from wastewater treatment plants).   | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Contamination of land, groundwater and/or surface water (due to run-off) if disposed improperly.   |
| We require a large land area for our industrial operations.   | Yes/ <input checked="" type="radio"/> No                       | Loss of natural habitats or agricultural land. Air, water and/or land pollution based on expansion requirements and infrastructure development.  |

## ABC 2. Identification of Risks and Impacts

|  |        |  |
|--|--------|--|
| Our operations may have an impact on the surrounding forest or wildlife. | Yes/No | Loss of native species. Impact on biodiversity.  |
| We use some banned or restricted chemicals/materials in our processes.   | Yes/No | Non-fulfillment of regulatory requirements. Air, land or water pollution depending on current usage. Exposure of workers or consumers to banned chemicals. |

### COMMUNITY HEALTH, SAFETY AND SECURITY RISKS

| RISK FACTORS  | My company has the following conditions (circle the appropriate answer) | Potential negative impact (A "yes" response means that there is a potential negative impact)   |
|---|---|--|
| Our processing activities and treatments involve liquids or solids that may lead to odors.  | Yes/No  | Exposure of community to odors.  |
| Our operations involve air emissions, water discharge, solid waste disposal, leakage of chemicals or gases, etc., that may affect the surrounding community.                      | Yes/No  | Air, water or land contamination, which can affect the health and livelihood of local communities.   |
| Our operations use large quantities of fresh water.   | Yes/No  | Potential negative effects for fisheries, lack of water for irrigation for nearby farmers, negative effect on availability of drinking water.  |
| Our operations involve a high risk of fires and/or explosions and/or our building is not fit or does not have a permit for operations taking place.                               | Yes/No  | Collapse of building. Fires and explosions may affect nearby buildings. Injuries and lost lives.   |
| We plan to develop new infrastructure, buildings, equipment and other facilities.   | Yes/No  | Exposure of communities to air emissions, noise and accidents due to equipment and vehicular movement. Impact on wildlife, biodiversity and local livelihoods due to natural habitat conversion.                           |
| We plan to decommission and dispose of old infrastructure, buildings, equipment and other facilities.   | Yes/No  | Health risks to communities due to exposure to toxic substances (e.g. from chemicals, heavy metals, asbestos, etc.), air emissions and noise due to equipment and vehicular movement. Impact on wildlife and biodiversity. |
| There is significant movement of vehicles in and around our facility due to our operations (e.g. vehicles carrying material or finished products, movement of water tanks, etc.). | Yes/No  | Exposure of communities to air emissions, noise and accidents due to vehicular movement.   |
| We store hazardous chemicals or hazardous waste in our facility.  | Yes/No  | Health risks to communities and negative impacts on wildlife and biodiversity due to the intentional or unintentional (spills) release of hazardous or toxic substances contaminating air, land and/or water.              |

|   |   |  |
|---|---|--|
| <b>We discharge water from our plant, which may have an impact on surrounding water bodies.</b> | <input checked="" type="radio"/> Yes / <input type="radio"/> No | Negative impacts on local food security and income generation due to contamination of aquatic life. Diseases/illness among local communities due to the use of contaminated water. |
| <b>We hire temporary and migrant workers.</b>   | <input checked="" type="radio"/> Yes / <input type="radio"/> No | Communicable diseases brought or spread by the influx of workers.  |
| <b>We hire private security personnel</b>   | <input checked="" type="radio"/> Yes / <input type="radio"/> No | Conflicts with communities and indigenous people.  |
| <b>We normally have conflicts/complaints with the local community.</b>                          | Yes / <input checked="" type="radio"/> No                       | Conflicts with communities and indigenous people.  |

## ABC 2. Identification of Risks and Impacts

### ABC TEXTILES AND APPAREL COMPANY Process Map

The Process Map presented below covers the activities and operations carried out at ABC Company. However, these would be similar to most of the processes and activities in other textile and apparel companies as well.

| Inputs  | Process                     | Outputs  | Potential Negative Impacts - OHS   | Potential Negative Impacts - Environment And Community  | Opportunity For Waste Reduction/ Energy & Water Savings  |
|---|-----------------------------|--|--|---|--|
| Materials, labor, resources   | Operational activity        | Product, waste, by-product   | Injuries, long-term illness  | Discharge, contamination, pollution, Shortage   | Improved process, re-purposing and recycling by-products   |
| Cotton  | Cotton opening and blending |  | Cotton dust might lead to respiratory problems of workers.   | Unsustainable agricultural practices in cotton production. Child labor in cotton harvesting.  |  |
|   | ▼                           |  |  |   |  |
|   | Spinning                    |  | Cotton dust might lead to respiratory problems of workers.   |   |  |
|   | ▼                           |  |  |   |  |
| Water, energy, detergents-emulsifiers, sequestering and wetting agents, caustic soda                        | Yarn Chemical Scouring      | Wastewater containing organic matter, wax, pectin, heavy metals and/or alkaline earth metals | Caustic soda can cause severe damage to eyes, skin and respiratory tract if handled improperly.  | Water and energy intensive. Large volumes of wastewater, which can cause environmental and health problems if not treated properly. | Enzymes Scouring: Enzymes such as pectinase, cellulose or, protease can be used to break apart the pectins, waxes and impurities in a process that replaces chemical scouring. Enzyme scouring reduces water and energy consumption during the scouring process. |
|   | ▼                           |  |  |   |  |
| Water, energy to heat water and drive dyeing equipment, sulfur dyes, caustic soda, auxiliaries (like salts) | Yarn Dyeing and Washing     | Wastewater containing dyes   | Slip and trip accidents due to messy and wet floors. Caustic soda can cause severe damage to eyes, skin and respiratory tract if handled improperly. | Water and energy intensive. Wastewater, which can cause environmental and health problems if not treated properly.                  | Reuse rinse water for subsequent dyeing.   |
|   | ▼                           |  |  |   |  |
| Energy  | Drying                      |  |  | High energy requirements for drying can lead to high volumes of greenhouse gas emissions and other damaging emissions to air.       | Avoid most polluting sources of energy (such as coal).   |
|   | ▼                           |  |  |   |  |

## ABC 2. Identification of Risks and Impacts

|  |                                    |                          |   |  |  |
|--|------------------------------------|--------------------------|---|--|--|
| Water, energy, sizing agent like starch or polyvinyl alcohol | Sizing                             | Wastewater, cotton waste |   | Solid and liquid waste streams. Large volumes of waste water. Can cause environmental and health problems if not disposed of properly. | Recycle or reuse water. Sell sizing cotton waste.      |
|  | ▼                                  |                          |   |  |  |
| Energy   | Drying                             |                          |   | High energy requirements for drying can lead to high volumes of greenhouse gas emissions and other damaging emissions to air.          | Avoid most polluting sources of energy (such as coal). |
|  | ▼                                  |                          |   |  |  |
| Warp yarn, Weft yarn (uncolored), energy                     | Warp Yarn Weaving                  |                          | Due to noise levels workers might experience hearing problems. Cotton dust might lead to respiratory problems of workers. |  |  |
|  | ▼                                  |                          |   |  |  |
| Gas  | Denim fabric Brushing and Singeing | Cotton waste             |   |  |  |
|  | ▼                                  |                          |   |  |  |
| Water, energy, pre-wetting agent                             | Sanforizing for shrinkage control  | Wastewater               | Hot steam might burn workers  |  |  |
|  | ▼                                  |                          |   |  |  |
| Packing material   | Control and packing                |                          |   |  | Use recycled material for packing and labeling         |

## ABC | 2. Identification of Risks and Impacts

### ABC TEXTILES AND APPAREL COMPANY Risk Assessment Prioritization Form

Based on the Risk Identification Form, ABC used the Risk Assessment Prioritization Form below to address the highest priority risks for their Action Plans.

| COMPANY AREA OR DEPARTMENT      | RISK   | PROBABILITY OF OCCURRING (low, medium, high, extreme) | SEVERITY IF OCCURRED (low, medium, high, extreme) | NOTES   |
|---------------------------------|--|---|---|---|
| Dyeing Department               | Use of banned and restricted chemicals, and water bodies contamination via effluents (wastewater) or accidental spills | High  | High to Extreme                                   | May lead to contamination of receiving water body and aquatic life.   |
| Dyeing Department               | High consumption of water related to pre-treatment, dyeing and finishing of fabric                                     | High  | High to Extreme                                   | May lead to depletion of surface and ground water if overuse of water continues.  |
| Production departments, HR      | Child labor and insufficient protection of young workers via apprentice program  | High  | High to Extreme                                   |   |
| All departments, HR             | Forced overtime without premium compensation   | High  | High  |   |
| Production departments, HR      | Forced labor via withholding of salaries of migrant workers around New Year  | High  | High  |   |
| All departments                 | Verbal harassment and sexual harassment of female workers  | High  | High  |   |
| Dyeing Department               | High energy consumption related to heating of water and fixing and stabilizing processes                               | High  | Medium to High                                    | Contributes to increased emissions of greenhouse gasses and other polluting emissions to air.   |
| Community and local authorities | Concerns about negative effect on environment related to high use of energy and water and effluent streams             | Medium  | Medium  | Community is increasingly concerned about short and long term consequences for the environment and the health of citizens living close to or down- stream of the facility |
| Supply Chain                    | Unmonitored/uncontrolled supply chain (suppliers and subcontractors)   | High  | Low to Extreme                                    | High probability of labor and environmental issues which are unaddressed  |

### **ABC TEXTILES AND APPAREL COMPANY Action Plan**

Based on its Risk Assessment Form, ABC prioritized the following four key risks:

- Risk 1: Use of banned and restricted chemicals, and water bodies contamination via effluents (wastewater) or accidental spills;
- Risk 2: High consumption of water related to pre-treatment, dyeing and finishing of fabric;
- Risk 3: Child labor and insufficient protection of young workers;
- Risk 4: Forced overtime without compensation at premium rates.

## ABC 3. Management Programs

### Risk 1:

Use of banned and restricted chemicals, and water bodies contamination via effluents (wastewater) or accidental spills

| MITIGATION HIERARCHY | ACTION   | OBJECTIVE AND TARGET   | DEADLINE  | RESPONSIBLE STAFF  | RESOURCES REQUIRED   | OPERATIONAL PROCEDURES   |
|----------------------|--|--|-----------|--|--|--|
| Avoid                | <ul style="list-style-type: none"> <li>- Institute multiple levels of approvals – incorporating the EHS department - for the procurement of textile chemicals.</li> <li>- Replace banned chemicals listed under the OEKO-TEX® Standard 1000 or prohibited by clients.</li> <li>- Engage with other textile producers to increase safe chemicals demand to suppliers.</li> </ul>  | <p>Objective: Eliminate use of banned chemicals</p> <p>Target: 100% elimination</p>  | 6 months  | <ul style="list-style-type: none"> <li>- EHS manager</li> <li>- Procurement manager</li> <li>- Production manager</li> </ul> | <p>Staff time intensity: Medium</p> <p>Capital intensity: Medium</p> | <ul style="list-style-type: none"> <li>- Procedure for procurement of textile chemicals</li> <li>- Procedure for recording legal and clients' requirements on textile chemicals</li> </ul>   |
| Minimize             | <ul style="list-style-type: none"> <li>- Collect and segregate industrial process wastewater for differentiated pre-treatment: Remove non-biodegradable organic matter using chemical oxidation; Reduce heavy metals using precipitation, coagulation and flocculation; and Treatment of dye house wastewater with membrane technology to recycle dye and send water back to the process</li> <li>- Safely store and dispose of contaminated sludge as to reduce leaching to groundwater and other contamination risks.</li> </ul> | <p>Objective: Reduce pollution loads in treated wastewater</p> <p>Target: Meet effluents levels as defined in WBG EHS Guidelines for Textile Manufacturing</p> | 12 months | - EHS manger   | <p>Staff time intensity: Medium</p> <p>Capital intensity: High</p>   | <ul style="list-style-type: none"> <li>- Procedures for wastewater collection, treatment and sludge disposal</li> <li>- Procedure for safe use and storage of hazardous substances</li> <li>- Emergency procedure for response to chemical spills</li> </ul> |
| Compensate / Offset  | <ul style="list-style-type: none"> <li>- Collaborate with other polluters, local authorities, specialists, and local communities to identify polluted areas that pose most dangers to men or nature.</li> <li>- Agree with other polluters on alternatives to carryout and share clean-up costs.</li> </ul>  | <p>Objective: Clean up contaminated areas</p> <p>Target: 100%</p>  | 24 months | <ul style="list-style-type: none"> <li>- General manager</li> <li>- CSR manager</li> </ul>                                   | <p>Staff time intensity: Medium</p> <p>Capital intensity: High</p>   | <ul style="list-style-type: none"> <li>- Procedures for procuring consulting services for clean-up works</li> </ul>  |

## ABC 3. Management Programs

### Risk 2:

High consumption of water related to pre-treatment, dyeing and finishing of fabric

| MITIGATION HIERARCHY | ACTION  | OBJECTIVE AND TARGET  | DEADLINE  | RESPONSIBLE STAFF                               | RESOURCES REQUIRED  | OPERATIONAL PROCEDURES   |
|----------------------|---|---|-----------|---|---|--|
| Avoid                | - Develop water balance for specific processes and estimate consumptive and non-consumptive water usage; add meters to monitor key consumers; benchmark water use against industry standards.<br>- Avoid water leaks through detection, preventive maintenance and improved cleaning. | Objective:<br>Reduce water consumption<br>Target: 50% reduction | 3 months  | - Senior management<br>- Department supervisors | Staff time intensity:<br>Low<br>Capital intensity:<br>Low       | - Procedures for monitoring of fresh water consumption<br>- Procedures to identify water losses and inefficiencies |
| Minimize             | - Replace indigo dyes with environmentally friendly dyes such as Diresul® RDT to reduce number of dyeing batches.   |   | 6 months  | - Procurement manager<br>- Production manager   | Staff time intensity:<br>Medium<br>Capital intensity:<br>Medium |  |
| Minimize             | - Reuse treated wastewater from dye house into the process.<br>- Recover and reuse non-contact cooling water and condensate.  |   | 12 months | - Maintenance manager<br>- EHS manager          | Staff time intensity:<br>Medium<br>Capital intensity:<br>Low    |  |
| Minimize             | - Improve water efficiency in cleaning operations by installing shutoff valves and turning off hoses when they are not in use.  |   | 1 month   | - Maintenance manager                           | Staff time intensity:<br>Low<br>Capital intensity:<br>Low       | - Procedures for housekeeping and cleaning   |

## ABC 3. Management Programs

### Risk 3:

Child labor and insufficient protection of young workers

| MITIGATION HIERARCHY | ACTIONS  | OBJECTIVE AND TARGET   | DEADLINE | RESPONSIBLE STAFF   | RESOURCES REQUIRED  | OPERATIONAL PROCEDURES       |
|----------------------|--|--|----------|---|---|------------------------------|
| Avoid                | <ul style="list-style-type: none"> <li>- Establish, communicate and implement clear policies on child labor and young workers (workers over the minimum age for work and under the age of 18):               <ul style="list-style-type: none"> <li>• No workers below the national set minimum age for employment are hired.</li> <li>• Young workers may be employed, but where such young workers are subject to compulsory education laws, they may work only outside of school hours.</li> <li>• Under no circumstances shall any young worker's school, work, and transportation time exceed a combined total of 10 hours per day, and in no case shall young workers work more than 8 hours a day.</li> <li>• Young workers may not work during night hours.</li> <li>• The company shall not expose young workers to any situations – in or outside of the workplace – that are hazardous or unsafe to their physical and mental health and development.</li> <li>• The provisions above shall not be avoided through the use of contract labor, sub-contracting, and trainees and apprenticeship schemes.</li> </ul> </li> <li>- Communicate child labor and young workers policies to employment agencies and schools (apprentice programs).</li> <li>- Educate young workers and all department managers and supervisors on the rights of young workers and their limits in employability.</li> </ul> | <p>Objective:<br/>Protection of children</p> <p>Target: No instances of child labor or situations where young workers are in physical or mental danger</p> | 3 months | <ul style="list-style-type: none"> <li>- HR manager</li> <li>- Department managers and supervisors</li> </ul> | <p>Staff time intensity: Medium</p> <p>Capital intensity: Low</p> | - Zero child labor procedure |

|                       |   |   |          |                             |  |   |
|-----------------------|---|---|----------|-----------------------------|--|---|
| Compensate/<br>offset | <ul style="list-style-type: none"> <li>- Create a remediation program and communicate it to workers and their families; if children are found to be working in the factory, remove children from work and facilitate and pay for education at minimum until compulsory school age.</li> <li>- Check the correlation between low wages of parents and/or unavailability or remoteness of schools and child labor occurrence. Address where necessary.</li> </ul> | <p>Objective:<br/>Remediation of child labor instances<br/>Target 1: 100%</p> | 6 months | - Human Resource department | <p>Staff time intensity: Low<br/>Capital intensity: Low/medium</p> | - Policies and procedures for child labor remediation program |
|-----------------------|---|---|----------|-----------------------------|--|---|

## ABC 3. Management Programs

### Risk 4:

Forced overtime without compensation at premium rates

| MITIGATION HIERARCHY | ACTION   | OBJECTIVE AND TARGET   | DEADLINE   | RESPONSIBLE STAFF  | RESOURCES REQUIRED                                  | OPERATIONAL PROCEDURES   |
|----------------------|--|--|--|--|---|--|
| Avoid                | <ul style="list-style-type: none"> <li>- Establish, communicate and implement policy on remuneration and working hours based on regulatory requirements and industry norms: Regular working hours should be limited to the local maximum or 48 hours per week, with at least one rest day per week. All overtime should be limited, voluntary and be paid at premium rate as set by law or agreed upon by industry;</li> <li>- Verify and amend labor contracts (new and existing) in order to comply with company policy and national law.</li> </ul> | Objective: Remuneration compliant with regulatory requirements and industry norms<br>Target: 100% compliance | 3 months   | - HR manager   | Staff time intensity: Low<br>Capital intensity:     | <ul style="list-style-type: none"> <li>- HR policy and procedure for overtime and overtime compensation.</li> <li>- Complaint management and resolution procedure</li> </ul> |
| Avoid                | <ul style="list-style-type: none"> <li>- Investigate the options and costs associated with operating an extra shift for a number of production lines to meet demand for production and decrease the amount of overtime; provide safe transportation to night workers and ensure remuneration complies with the legal minimum wage for night workers.</li> </ul>  |  | 3 months   | <ul style="list-style-type: none"> <li>- Production manager</li> <li>- HR manager</li> </ul> | Staff time intensity: Medium<br>Capital intensity:  |  |
| Minimize             | <ul style="list-style-type: none"> <li>- Provide workers with periodic and clear records of pay calculations including worked overtime and received compensation.</li> </ul>   |  | 1 month  | - HR manager   | Staff time intensity: Low<br>Capital intensity: Low |  |
| Compensate /Offset   | <ul style="list-style-type: none"> <li>- Retroactively compensate for overtime work at the established overtime rate.</li> </ul>   |  | 3 months   | - HR manager   | Staff time intensity: Low<br>Capital intensity:     |  |
| Minimize             | <ul style="list-style-type: none"> <li>- Assess the current production process to identify current inefficiencies due to lack of training, poor production design and poor machinery.</li> <li>- Improve two identified bottle-necks in production and measure improved productivity.</li> </ul>   |  | Objective: Improve efficiency in production<br>Target: 10% improvement | 6 months   | - Production manager                                | Staff time intensity: Medium<br>Capital intensity: Low-High  |

**ABC TEXTILES AND APPAREL COMPANY Zero Child Labor Procedure**

The following is the zero child labor procedure that ABC adopted to address the identified risk of child labor, as listed in the Action Plan (see Risk 3).

**Title:** ABC Zero Child Labor Procedure

**Approving authority:** HR Manager

**Date Issued:** March 22, 2013

**Related Policy Statement:**

- Our company will not use child labor since it deprives children of their childhood, their potential and their dignity, and because it is harmful to their physical and mental development.
- Therefore, our company does not engage in employment of children below:
  - the age of 15 years; or
  - the national set minimum age for employment if it is higher; or
  - the age of completion of compulsory education if it is higher.
- Our company does hire young workers (workers between the minimum working age as defined above and 18), but only if granted special protections:
  - No night work
  - Maximum of 10 hours per day for work, school and transportation
  - Maximum of 8 hours per day working
  - Young workers can only work outside of school hours if subject to compulsory education laws

**Procedure Checklist:****Application Process**

- ✓ Communicate Zero Child Labor Policy to schools (apprentice programs)
- ✓ Communicate Zero Child Labor Policy to employment agencies
- ✓ Communicate Zero Child Labor Policy and procedures to suppliers and contractors
- ✓ Record proof of age upon recruitment, including copies of such documents as birth certificates, religious or other local records, passports and/or medical records.

**Orientation and Training**

- ✓ Provide a written copy of the Zero Child Labor Policy to workers during orientation and explain in detail
- ✓ Provide training to workers on filing a complaint concerning child labor, during orientation and annually thereafter; individuals who believe they have experienced violation of their rights as defined in the Zero Child Labor Policy should file their complaints through our company's grievance mechanism
- ✓ Provide semi-annual training to middle-level management and supervisors, about the Zero Child Labor Policy
- ✓ Provide semi-annual training to suppliers, contractors and employment agencies, about the Zero Child Labor Policy and procedures

**Disciplinary Actions and Complaints**

- ✓ Suppliers, contractors, employment agencies and schools who purposely circumvent or ignore the Zero Child Labor Policy, will be given a written warning on the first offense and subsequent discipline following procedures outlined in the Disciplinary Practices Procedure.

- ✓ In case children were accidentally employed (example: child presents false ID that the company unknowingly accepts), remove child from work, provide compensatory remuneration to provide for schooling until of legal employment age and/or offer to employ an adult member of the family

### **Management Review**

General Manager will conduct a spot check of all application files processed during the previous quarter, to check for evidence of child labor

## ABC TEXTILES AND APPAREL COMPANY Complaint Management and Resolution Procedure

In order to receive and handle forced overtime and other complaints, ABC developed the following Complaint Management Resolution Procedure.

Title: Complaint Management and Resolution (Internal Grievance Procedure)

Procedure number: HR003

Number of pages: 2

### 1.0 Purpose and Scope:

- 1.1. Purpose: Establish a transparent process for workers to express concerns and file complaints, including anonymous complaints. Ensure there is no retaliation or discrimination against those that express concerns or file complaints. Ensure good worker-manager communications to enable workers to raise concerns before they become serious grievances.
- 1.2. Scope: Any complaint or dispute that may arise from a worker or worker organization.

All individual complaints shall be initiated at Step 1 and shall, if necessary, proceed step by step to Step 5 where the resolution proposed shall be final and binding. Collective complaints and disputes will be handled in the same step-by-step approach as that for individual complaints, but shall begin at Step 2.

Issues will inevitably arise from time to time, but since disputes are potentially harmful to the company, its workers, supervisors and managers at every level, all parties will be expected to resolve all but the most complex difficulties without recourse to Step 5 of this procedure.

The worker organization filing the complaint or representing the worker filing the complaint shall have the right to be notified and be present at all steps of the procedure.

Every effort should be made to settle the issue at each step and until this procedure has been completed there shall be no threats of “go-slows,” partial or general stoppages of work or other illegal action or lock-out.

### 2.0 Definitions:

- 2.1 Grievance: Specific violation or feeling of having been wronged – the reason for filing a complaint.
- 2.1 Complaint: The formal communication of a grievance to the appropriate parties.

### 3.0 Responsibilities:

HR Department

### 4.0 Work Instructions:

Step 1:

- 4.1. The worker presents the complaint or grievance verbally to the most immediate supervisor, who has the authority to make adjustments in the matter, within 14 days. Explanations of responses to complaints, even if only to alert workers to a delay in the process, are key to ensuring workers understand their complaints are respected and taken seriously.
- 4.2. The supervisor records the complaint or grievance and the action taken in the complaints log.

Step 2:

- 4.3. If a satisfactory settlement is not reached in Step 1 within three days, or if the worker fears

making the complaint directly to the most immediate supervisor, then a worker representative may present the complaint verbally to the supervisor concerned. The worker may choose to remain anonymous.

**Step 3:**

- 4.4. If a satisfactory settlement is not reached in Step 2 within three days following its completion, the worker or his or her chosen representative for the case may present the complaint to the department head. The complaint shall be in writing and shall state the complainant(s) or grievant(s) name(s).

**Step 4:**

- 4.5. If a satisfactory settlement is not reached in Step 3 within five days of the date of submission of the written complaint or grievance to the department head, the worker or his or her chosen representative for the case may present the complaint or grievance to the head of the Human Resources Department.
- 4.6. The head of the Human Resources Department or his/her designee shall schedule a meeting to be held within fourteen days of the receipt of the complaint or grievance with the worker or his or her chosen representative, for the purpose of attempting to resolve the complaint or grievance.
- 4.7. The worker can bring one or two peers for support during this meeting; those workers will also be covered under the non-reprisal clause.
- 4.8. The head of the Human Resources Department or his/her designee shall respond in writing within seven days of the date of the meeting.

**Step 5:**

- 4.9. If the complaint or grievance is not resolved at Step 4, and it is clear that resolution within the company is impossible, the worker or his or her chosen representative may refer the complaint or grievance to the Labor Ministry for resolution.

**Monitoring:**

- 4.10. The Human Resources Department will conduct a quarterly review of all complaints and actions taken. It will review the complaint logs of each supervisor and department head to evaluate the effectiveness of the grievance procedure and resolutions.
- 4.11. As part of the quarterly review, the Human Resources Department will follow up directly with the worker or his or her chosen representative to make sure there has been no retaliation.
- 4.12. The Human Resources Department will maintain a central record of all complaints and resolutions.

**5.0 Reference Documents:** Related Policy: Labor and Working Policies including Non-Discrimination Procedure; China national and local labor law

**6.0 Records:** Complaint Log; Complaint Investigation File; Complaint Resolution Report and Communication

**7.0 Approving Authority:** Senior Manager of HR

**8.0 Date Issued:** March 15, 2013

**9.0 Date revised:**

### ABC TEXTILES AND APPAREL COMPANY- Hazardous Substances Flowchart

ABC also identified the use of banned and restricted chemicals in its operations as a problem in its risk identification and risk prioritization exercises. The company addressed this risk in an Action Plan (Risk 1). One of the outcomes of implementing this Action Plan was the development of a procedure below to eliminate or limit the use of hazardous substances and ensure their safe storage.

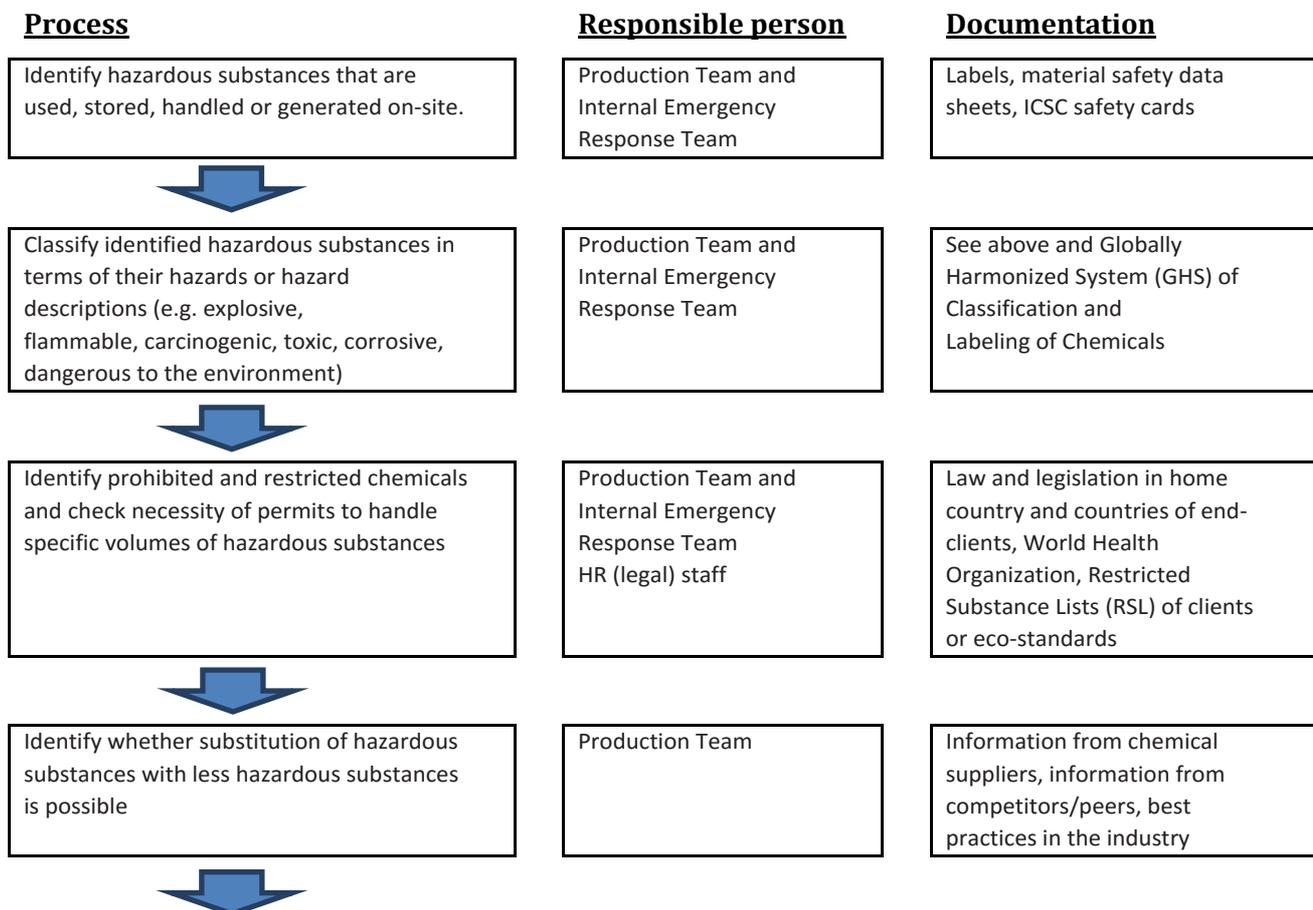
**Title: Hazardous Substances Procedure**

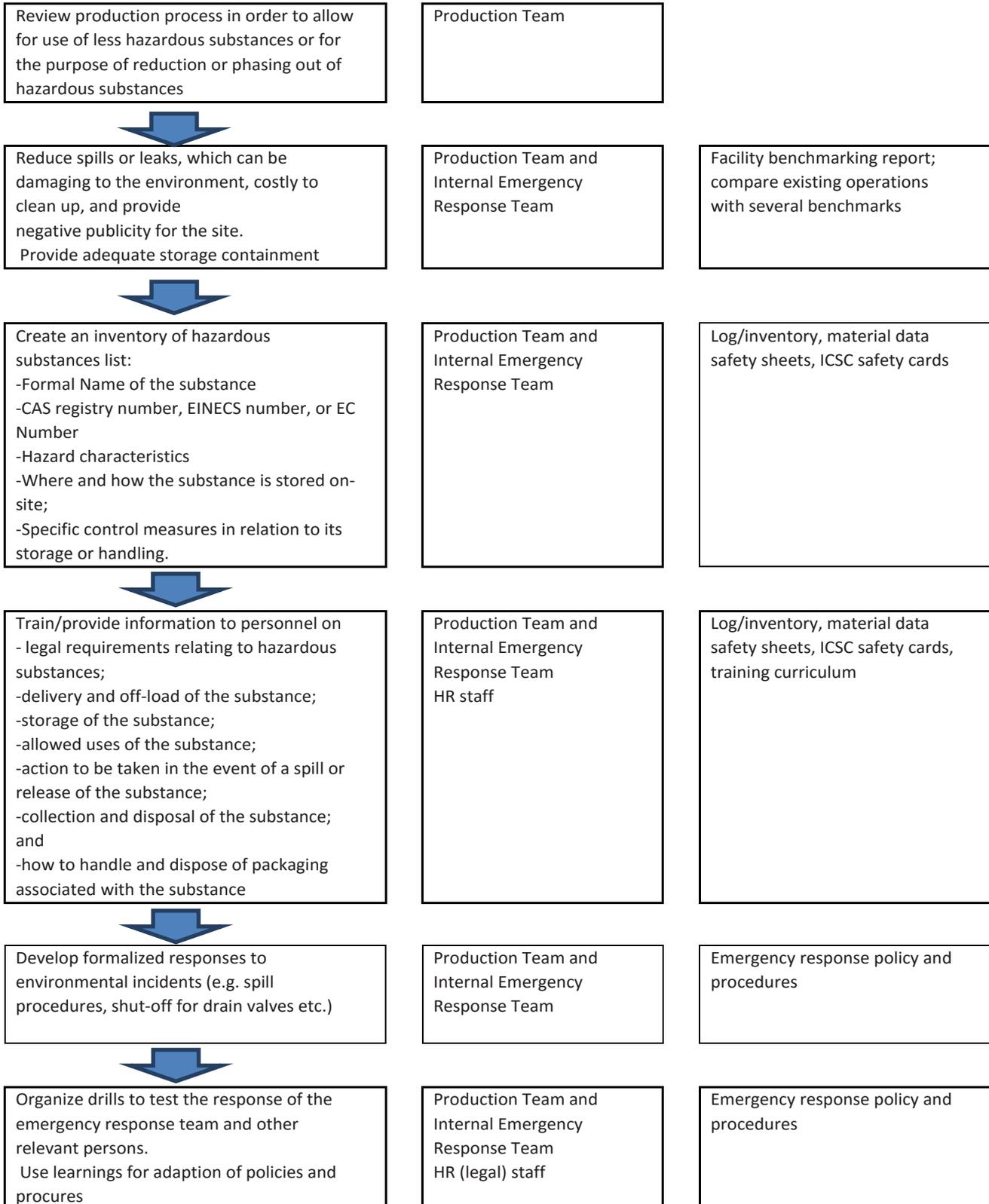
**Date issued:** February 15, 2011

**Date revised:** March 1, 2012

**Purpose:** To eliminate or limit use of hazardous substances and ensure the safe use and storage of hazardous substances

**Approving authority:** EHS Manager





## ABC | 4. Organizational Capacity and Competency

### ABC TEXTILES AND APPAREL COMPANY Training Plan

ABC developed a simple Training Plan to raise awareness on the ESMS and provide the skills needed to implement the action plans and related procedures. ABC was able to participate in a program set-up by the local government that provided subsidized training in these areas.

| DEPARTMENT                        | MODULE 1  | MODULE 2  | MODULE 3  | MODULE 4   |
|-----------------------------------|---|---|---|--|
| <b>ESMS Team</b>                  | Competency program on ESMS                          |   |   |  |
| <b>Senior management</b>          | Introduction to IFC Performance Standards and ESMS. | Introduction to legal and industry/sector developments on labor issues with focus on child labor, forced labor and discrimination and harassment.       | Introduction to effective complaint management and resolution procedures for workers and community.   | Training on reduction of and alternatives to hazardous substances and treatment of waste water streams and sludge.   |
| <b>All department supervisors</b> |   | Training on basic steps of the complaint management system and how to handle complaints.  | Practical training on how to use policies and procedures for child and forced labor and harassment on the work floor.                       | Extensive training on alternative production processes and use of alternative chemicals. Extensive training on waste treatment and storage and disposal of sludge. |
| <b>All personnel</b>              |   | Brief instruction on policies and procedures set for child and forced labor and discrimination and harassment.  | Brief instruction on basic steps of the complaint management system.  | Instructions on modified/new operational procedures.   |
| <b>Human Resource department</b>  |   | Extensive training to legal and industry/sector developments on labor issues with focus on child labor, forced labor and discrimination and harassment. | Extensive training in set up of the complaint management system and handling of diverse type of complaints of both workers and communities. |  |







# ABC 4. Organizational Capacity and Competency

| 4. Organizational Capacity and Competency |  | Senior mgt time | Mid-mgt time | Supervisors time | Workers time | MONTH |   |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |
|---|--|-----------------|--------------|------------------|--------------|-------|---|--|--|---|--|--|--|---|--|--|--|---|--|--|--|---|--|--|--|---|--|--|--|--|
|   |  |                 |              |                  |              | 1     |   |  |  | 2 |  |  |  | 3 |  |  |  | 4 |  |  |  | 5 |  |  |  | 6 |  |  |  |  |
| Developing                                | Environmental and social awareness program for middle management   |                 | 1.5          |                  |              | █     |   |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |
|   | Environmental and social awareness program for workers   |                 |              | 5                |              |       | █ |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |
|   | Competency program for ESMS core team  |                 | 1.5          | 2                |              | █     |   |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |
|   | Internal auditor training for the organization's ESMS assessors/auditors                                       | 1               | 2            |                  |              |       |   |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |
| Implementing                              | General awareness and training on environmental, social and labor issues/ESMS for senior and middle management | .5              | 1            |                  |              |       | █ |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |
|   | Environmental and social awareness program for workers   |                 | 1            | 1.5              | 5            |       | █ |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |
|   | Competency program for ESMS core team  |                 | 1.5          | 2                |              | █     |   |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |
|   | Internal auditor training for the organization's ESMS assessors/auditors                                       | 1               | 2            |                  |              |       |   |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |







## ABC | 5. Emergency Preparedness and Response

In addition, ABC developed an Emergency Preparedness and Response Plan to identify, prevent and respond to emergencies based on the risk assessment, which identified unsafe use and storage of hazardous substances as a severe-impact risk (Risk 1). The plan included a Chemical Spill Response Procedure.

### **ABC TEXTILES AND APPAREL COMPANY Chemical Spill Response Procedure**

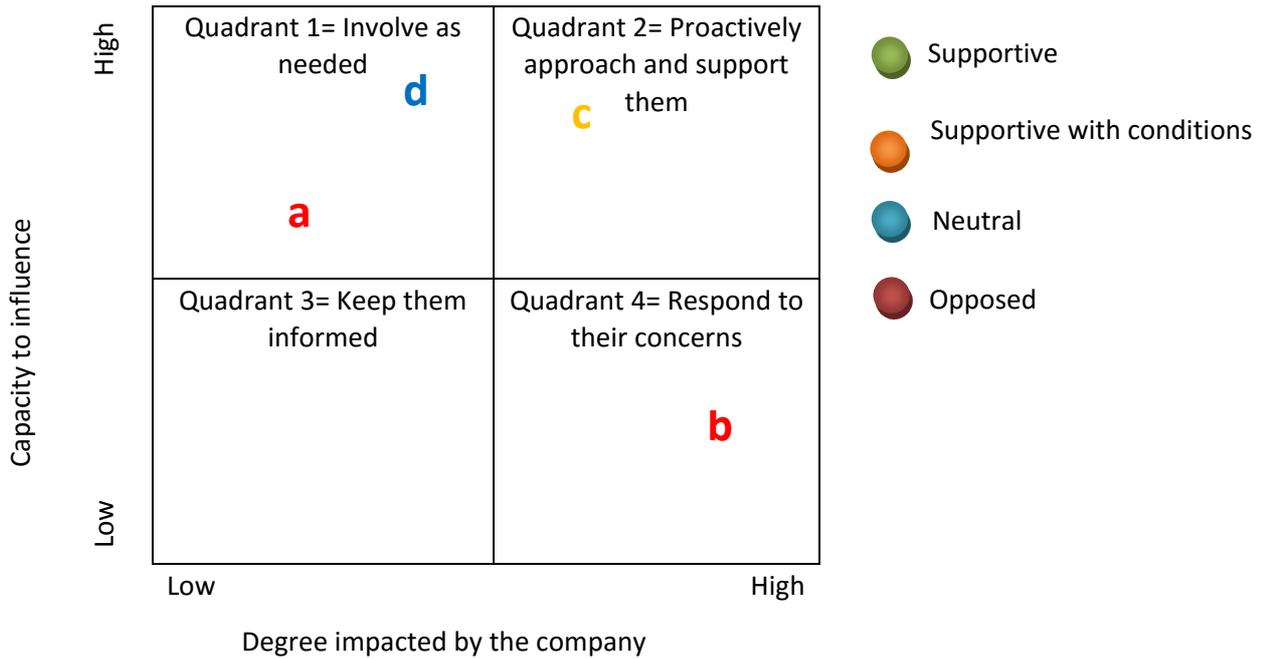
See sample Chemical Spill Response Procedure in Section I of this Toolkit.

## ABC TEXTILES AND APPAREL COMPANY Stakeholder Mapping – identification and analysis

An ABC cross-departmental team brainstormed and listed the stakeholders that are affected by or have an interest in the company’s operations. The team then discussed and listed their key concerns, issues and interests. To identify those, they looked back at the environmental and social key risks and impacts previously identified (see Chapter 2. *Identification of Risks and Impacts – ABC Case Study*) and how these affect the surrounding communities.

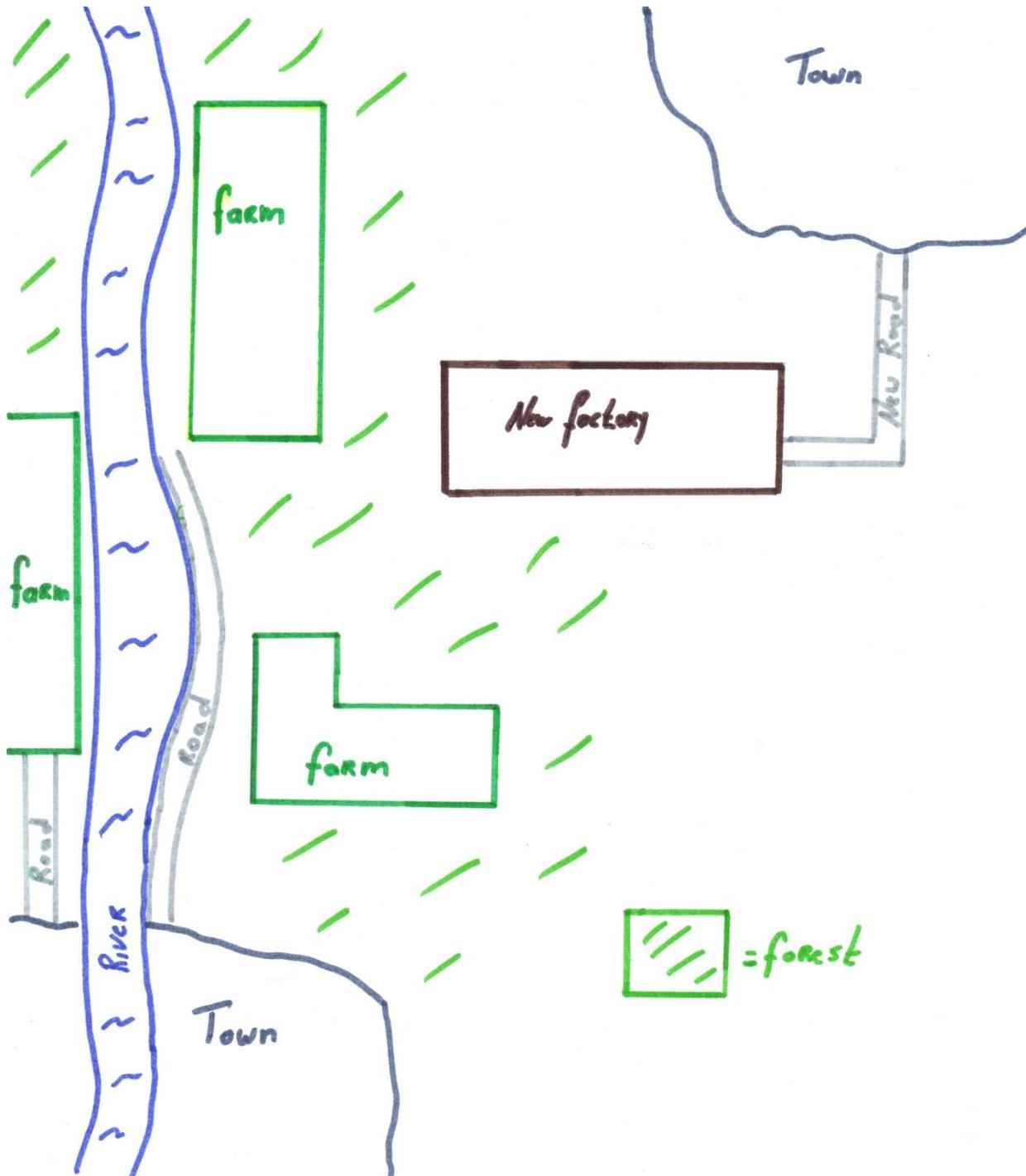
| STAKEHOLDER  | ISSUES/CONCERNS/INTERESTS   |
|--|---|
| a. Local NGO                                       | Concern about labor issues, especially child labor and abuse of young workers.<br>NGO has reached out to key clients to express their concerns and increase pressure on ABC.  |
| b. Communities close to or affected by the factory | Neighboring communities are increasingly concerned about the negative impact of ABC on the environment due to high use of water, along with noticeable depletion of ground water, and contamination of water bodies due to use of hazardous substances.   |
| c. Customers (brands and retailers)                | Non-compliances with codes of conduct.<br>Legal non-compliances.<br>Reputational damage.  |
| d. Local environmental authorities                 | Non-compliances environmental laws.<br>Environmental damage to eco systems, agriculture, fisheries and human health risks due to overuse and contamination of water.<br>The local government increasingly penalizes non-complaint companies, and has closed polluting factories.<br>Water prices have been raised in order to stimulate reduction in use. |
| e. Local NGO                                       | Concern about labor issues, especially child labor and abuse of young workers.<br>NGO has reached out to key clients to express their concerns and increase pressure on ABC.  |
| f. Communities close to or affected by the factory | Neighboring communities are increasingly concerned about the negative impact of ABC on the environment due to high use of water, along with noticeable depletion of ground water, and contamination of water bodies due to use of hazardous substances.   |
| g. Customers (brands and retailers)                | Non-compliances with codes of conduct.<br>Legal non-compliances.<br>Reputational damage.  |
| h. Local environmental authorities                 | Non-compliances environmental laws.<br>Environmental damage to eco systems, agriculture, fisheries and human health risks due to overuse and contamination of water.<br>The local government increasingly penalizes non-complaint companies, and has closed polluting factories.<br>Water prices have been raised in order to stimulate reduction in use. |

Then, ABC **mapped the stakeholders** on a matrix according to (i) the degree to which they are impacted and (ii) their ability to influence the company operations. Finally, ABC **categorized** them based on their current relationship with the company: supportive, supportive with conditions, neutral, opposed. Based on this, they defined their **engagement method** with each group.



**ABC TEXTILES AND APPAREL COMPANY Impact Zoning Tool for Identifying Affected Communities**

In order to enlarge capacity, ABC is considering the construction of a new factory about 50 km from the present one. In order to get an overview of possible impacts this might create, ABC management has created a simple sketch. The next step is to add and identify impacts and associated stakeholders to this map (see below).



## ABC TEXTILES AND APPAREL COMPANY Stakeholder Engagement Plan

Based on the information above, ABC prepared a Stakeholder Engagement Plan. ABC prioritized engagement with those groups that are most affected.

| STAKEHOLDER ENGAGEMENT PLAN FOR AFFECTED STAKEHOLDERS           |  |   |  |  |
|---|--|---|--|--|
| Stakeholder   | Concerns   | Engagement method   | Information to disclose and report back  | Most valuable info to obtain   |
| b. Communities close to or affected by the factory (Quadrant 4) | Negative impact of ABC on the environment especially due to high use of water and noticeable depletion of ground water, and contamination of water bodies due to use of hazardous substances | - <b>Dialogue</b> via meeting at the factory or neutral location with neutral facilitator<br>- <b>Grievance mechanism</b> which can be accessed by the community              | - Progress on actions to avoid and reduce water consumption<br>- Progress on actions to avoid and reduce the use of hazardous substances<br>- Progress on improved and extra treatment of wastewater<br>- Difficulties and dilemmas (e.g. lack of alternatives for certain hazardous substances) | - Build and improve relationships<br>- Practical feedback<br>- Identify other complaints at an early stage   |
| c. Customers (brands and retailers) (Quadrant 2)                | Non-compliances with codes of conduct<br>Legal non-compliances<br>Reputational damage  | - <b>Letter to customers</b> which communicates actions and plans<br>- Facilitate customer <b>audits</b> and <b>express commitment</b> to abide by customers' Code of Conduct | - Policies, actions and timelines<br>- Steps taken/planned to meet relevant Codes of Conduct<br>- Difficulties and dilemmas (e.g. exclusion of hazardous chemicals is possible but will be more expensive)   | - Continuation of business relations<br>- Improved trust<br>- Options for collaboration and (financial) support<br>- Missed priorities/concerns of customers |
| d. Local environmental authorities (Quadrant 1)                 | Non-compliances with environmental laws<br>Environmental damage to ecosystems, agriculture, fisheries and human health risks due to overuse and contamination of water.                      | - <b>Formal communication</b> e.g. letters<br>- Facilitate <b>Inspections</b> of local authorities  | - Planned actions and commitment to address issues with an emphasis on reducing water use and treating waste water streams   | - Actions to be taken to stay within or meet the law   |
| a. Local NGO (Quadrant 1)                                       | Labor issues, especially child labor and abuse of young workers  | - <b>Dialogue</b> via meeting at the factory<br>- <b>Grievance mechanism</b> which can be accessed by the NGO<br>- <b>Progress report or emails</b>                           | - Set policy for child labor and young workers<br>- Progress made on implementation  | - Feedback on action taken<br>- Improved trust<br>- Reduced pressure via more positive communication of NGO to customers                                     |

In addition to the internal grievance mechanism introduced in chapter 3, ABC has implemented a grievance mechanism for the community as well. The procedure is explained to the community during a factory meeting and is also announced on a poster outside the company's gate and on the company's website.

### ABC TEXTILES AND APPAREL COMPANY Grievance Mechanism Poster

**ABC TEXTILES AND APPAREL COMPANY**

*We're proud to be part of your community. If you have any questions, concerns or complaints, here's how to reach us, and how we'll respond.*





- You can send an email to ABC's Administrative Officer at [Community@ABC.com](mailto:Community@ABC.com).  
*Time for acknowledgment of receipt: 48 hours*
- You can call ABC's Administrative Officer, Monday to Friday, from 3pm to 5 pm, at 123-45-6789.  
*Time for acknowledgment of receipt: immediate or 48 hours if left a message.*
- You can fill out a form and submit it to the suggestion box at the company's gate. The suggestion box is more confidential. It will only be opened by ABC's Administrative Officer.  
*Time for acknowledgment of receipt: 1 week.*

*At the time of the acknowledgment of receipt, ABC will provide an estimated date for response and request further information if needed.*

*If the issue is not resolved by the estimated date, ABC's Administrative Officer will provide an update of the situation to the interested party.*

*Every three months at the ABC factory meeting, ABC's General Manager will present the list of questions and complaints received, their status and the actions taken by the company to address the issues.*

## ABC TEXTILES AND APPAREL COMPANY Grievance Mechanism Procedure



## Key Aspects of ABC TEXTILES AND APPAREL COMPANY’S Grievance Mechanism

| KEY ASPECTS OF EFFECTIVE GRIEVANCE MECHANISMS   | ABC’S METHOD  |
|---|---|
| <b>Provide ease of access to confidentially communicate or file complaints, including anonymous ones</b>                              | ABC has an email address, a telephone hotline and a suggestion box specifically for complaints. Email is checked daily and suggestion box is checked biweekly by the administrative office.                         |
| <b>Publicize the system so that stakeholders know it exists and how to access it</b>  | ABC has a written procedure that the General Manager explains during quarterly town hall meetings. The procedure is posted on a banner outside the company’s gate. The poster is in English and the local language. |
| <b>Foster sense of legitimacy and trust; encourage dialogue and shared responsibility for outcomes</b>                                | ABC works with the local government ministries to ensure that legal mechanisms are followed and consults with various groups to refine its system as needed.  |
| <b>Be transparent about the process and outcomes</b>  | The administrative office receives and records complaints and reports back to the complainant about whether the complaint is accepted or not and what is the process and timeline for investigation and resolution. |
| <b>Implement a predictable and defined process that includes assignment of responsibility, time limits and monitoring of outcomes</b> | The administrative office receives and records the complaint and then works with relevant staff and external stakeholders to investigate, determine actions, and report back outcomes.                              |
| <b>Make the system a source of continual learning</b>   | ABC’s General Manager and department heads meet quarterly to review complaints and check for ways to improve the mechanism and the overall company systems.   |

## ABC | 8. Reporting Back to Affected Communities

ABC regularly reports back to affected communities on the progress of its commitments to resolve the issues identified during its stakeholder engagement process and through its grievance mechanism. Reports are presented in the local language and in a clear format during quarterly factory meetings so that everybody can understand.

## ABC | 9. Monitoring and Reporting

### ABC TEXTILES AND APPAREL COMPANY Monitoring Plan for ABC

ABC's ESMS Team developed a Monitoring Plan based on the Action Plans and their targeted objectives (see *Chapter 3 Management Programs – ABC Case Study*).

**Risk 1: Use of banned and restricted chemicals, and water bodies contamination via effluents (wastewater) or accidental spills**

Objective: Eliminate use of banned chemicals

Target: 100% elimination

| PERFORMANCE INDICATORS  |                                   |
|---|-----------------------------------|
| Monitoring indicators   | Monitoring records                |
| Type and volume of restricted and banned substances used  | - Production and sourcing records |
| Type and volume of alternative (more responsible) substances used (e.g. biodegradable substances) | - Production and sourcing records |

| PROCESS INDICATORS   |                    |
|--|--------------------|
| Monitoring indicators  | Monitoring records |
| Processes changed leading to phase out, reduction, or substitution of hazardous substances (e.g. substitution of dyes) | Production records |

Objective: Reduce pollution loads in treated wastewater

Target: Meet effluents levels as defined in WBG EHS Guidelines for Textile Manufacturing

| PERFORMANCE INDICATORS   |  |
|--|--|
| Monitoring indicators  | Monitoring records                                 |
| Volume of wastewater streams   | - Wastewater meter readings                        |
| Quality of water streams measured via:<br>- mg COD, BOD <sub>5</sub> , zinc, cadmium, chromium etc. per liter wastewater<br>- color, temperature and PH of waste water | - Monthly wastewater sampling and analysis records |
| Volume of sludge generated from wastewater treatment plant   | - Sludge disposal records                          |

| PROCESS INDICATORS                        |                    |
|---|--------------------|
| Monitoring indicators                     | Monitoring records |
| Personnel trained on wastewater treatment | Training records   |

## ABC | 9. Monitoring and Reporting

Objective: Clean up contaminated areas

Target: 100% clean up

| PERFORMANCE INDICATORS   |                     |
|--|---------------------|
| Monitoring indicators  | Monitoring records  |
| Number of external complaints related to contamination of water bodies | - Grievance records |
| Resources spent on clean up  | - Financial records |

| PROCESS INDICATORS   |                                |
|--|--------------------------------|
| Monitoring indicators  | Monitoring records             |
| Partnerships with NGOs, authorities, customers, suppliers leading to more responsible substances use | Stakeholder engagement records |

**Risk 2: High consumption of water related to pre-treatment, dyeing and finishing of fabric**

Objective: Reduce water consumption

Target: 20% reduction

| PERFORMANCE INDICATORS                                       |                            |
|--|----------------------------|
| Monitoring indicators  | Monitoring records         |
| Total volume of water consumption                            | -Water meter reading logs  |
| Volume of water consumption per process and per kg of fabric | -Water meter reading logs  |
| Total volume of water recycled                               | - Water meter reading logs |

| PROCESS INDICATORS  |                             |
|---|-----------------------------|
| Monitoring Indicators   | Monitoring records          |
| Water saving technology/machinery installed                         |                             |
| Wastewater streams analyzed for their suitability for recycle/reuse | Wastewater analysis records |

## ABC | 9. Monitoring and Reporting

### Risk 3: Child labor and insufficient protection of young workers

Objective: Protection of children

Target: No instances of child labor or situations where young workers are in physical or mental danger

| PERFORMANCE INDICATORS   |   |
|--|---|
| Monitoring indicators  | Monitoring records  |
| Number of incidences of child labor  | - Human Resource department records                                       |
| Number of violations of policies and procedures on protection of young workers | - Workers employment contracts<br>- Records of working hours and overtime |
| Number of hours and type of labor using young workers                          | - Workers employment contracts<br>- Records of working hours and overtime |
| Percentage of incidences of child labor and abuse of young workers remediated  | - Human Resource department records                                       |

| PROCESS INDICATORS   |                                     |
|--|-------------------------------------|
| Monitoring indicators  | Monitoring records                  |
| Number and percentage of supervisors trained on child labor and young workers policy | - Human Resource department records |
| Number and percentage of workers with documented proof of age                        | - Human Resource department records |
| Number of internal and external complaints on child labor and abuse of young workers | - Grievance records                 |

### Risk 4: Forced overtime without compensation at premium rates

Objective: Remuneration compliant with regulatory requirements and industry norms

Target: 100% compliance

| PERFORMANCE INDICATORS   |  |
|--|--|
| Monitoring indicators  | Monitoring records   |
| Number of hours of overtime per worker, per department and total                         | - Time records   |
| Amount and percentage of labor cost spent on overtime premium rate compensation          | - Payment records  |
| Number of non-compliances from internal and external audits on forced labor and overtime | - Audit reports  |
| Number and percentage of complaints related to remuneration and working hours remediated | - Records of complaints, disputes and grievances redressed |

## ABC | 9. Monitoring and Reporting

| PROCESS INDICATORS  |                                    |
|---|------------------------------------|
| Monitoring indicators   | Monitoring records                 |
| Number and percentage of supervisors trained on remuneration and working hours policy | - Human Resources training records |
| Number and percentage of workers who receive detailed wage records                    | - Pay slips                        |

Objective: Improve efficiency in production

Target: 10% improvement

| PERFORMANCE INDICATORS |  |
|------------------------|--|
| Monitoring indicators  | Monitoring records                           |
| Output per week        | - Production department records              |
| Inputs cost            | - Production and finance departments records |

| PROCESS INDICATORS   |                        |
|--|------------------------|
| Monitoring indicators  | Monitoring records     |
| Number and percentage of supervisors and workers trained on proper functioning of machinery                                    | - Training records     |
| Rate of replacement of inefficient machinery   | -Technology department |
| Level of interaction between workers and managers to provide information on production weaknesses as gauged through interviews | - Interviews           |

# XYZ Textiles and Apparel, Greece-Bulgaria

XYZ Textiles and Apparel Company (XYZ Company) was established in 1992. The company is based in Thessaloniki, Greece and Petrich, Bulgaria. The company manufactures T-shirts, sweatshirts, skirts and dresses. The office in Thessaloniki employs 15 people who are responsible for sales, administration, quality control, packing and shipping. Production takes place just across the border in Bulgaria. The owner of XYZ Company decided to move production from Greece to Bulgaria in 2002 due to difficulties competing with low cost countries like Turkey and countries in Asia.

In Bulgaria, the owner controls a factory which produces 1 million garments per year. The factory employs 50 permanent workers and an additional 20 to 50 workers in peak periods. **Management positions in the factory are held by men.** The rest of the workforce mainly consists of local Bulgarian women. The factory cuts, sews and irons garments according to client specifications. The factory also operates rotating printing machines, which allow the factory to quickly apply prints on the chests or hems of T-shirts and other items. The factory is known for its ability to quickly process products. The owner is proud of his ability to deliver the product within 4 weeks of order confirmation from the client. Speed and flexibility are necessary to remain in business in the face of competition from cheaper suppliers in Asia. The factory operates two shifts: a 6am to 2pm shift and a 2pm to 10pm shift. Extra workers are hired for a short period of time during peak production periods. These workers are paid each week in cash. Permanent workers also work extra hours when needed. In order to avoid penalties or air shipments that can apply when lead times are not met, **workers work double shifts in some cases.** While the older women who work in the factory are satisfied with the current set-up of the factory, the young and ambitious female workers are getting frustrated with the fact that is impossible for them to grow or be promoted in the factory. **No training is provided to female workers, and promotion to middle or top level management is impossible.** They also feel that it is unfair that the **few men who work in the factory get higher salaries for the same work.** As a result, the most talented and hard-working young female workers leave when they get the chance. They move to bigger cities or to factories that provide further opportunities. The factory has, so far, been able to hire new workers due to high unemployment in the region. However, the costs associated with hiring and training new workers are high. The inexperienced workers also have higher product defect rates and lower productivity rates.

**The factory subcontracts embroidery and clothing decorations to Greek and Bulgarian knitters who live near the factory and work from their homes,** in order to accommodate short lead times. These knitters work under significant pressure since they must meet a minimum quota to be paid their weekly wages. If they do not meet the quota, they must work overtime to finish the work. They are not compensated at a premium rate for this extra time. Many workers feel the quota is hard to meet but they need the money and so they are willing to forego toilet and rest breaks in order to meet it.

While management is strict on product quality, they tend to be more flexible on other issues. **Workers can decide for themselves whether to use protective equipment** (e.g. gloves in the cutting department and needle guards). A number of workers have sustained injuries, such as puncture wounds to their fingers, because the protective equipment is uncomfortable to wear and slows their production rate. **Maintenance on electrical wiring and other machinery is also not a priority for management.**

The factory is located in the middle of a small city. The summers are hot, and the winters are cold. The factory is surrounded by small houses for local families and a small number of industrial buildings. The factory building is old. Routing of production lines is inefficient and working conditions are poor. So far, the owner has **postponed investments in insulation and ventilation, extra toilets and improved lighting.** Workers have been complaining about the **heat and lack of toilets.** The people living close to the factory complain about the **traffic late and early in the day, as well as the noise from the machines.** A couple of weeks ago there was a **fire in the factory** due to an electrical short circuit. Two workers were injured while

fighting the fire since they were not sure how to handle and use the fire extinguishers available. The fire has increased tensions among the workers and the community. They fear that a fire can happen again. **An action committee formed by workers and community members asked the management to take action but management did not respond.** As a result, the action committee informed the local authorities about the bad and unsafe situation in the factory. The local authorities informed management that they will inspect the factory within the next four weeks.

The situation in the factory is also reflected in the increasing number of social and environment audits requested by key clients. The audit results were not positive. The reports pointed out several serious non-conformances related to the working conditions in the factory. Two major clients have also sent “restricted substances” lists (RSL) to be signed. The **clients started to demand test reports per fabric and color to prove that chemicals on the restricted substances lists are not used or do not exceed defined limits.** Clients also announced they will put more emphasis in future audits on the use, handling and storage of chemicals used in the printing department of the factory.

The owner is not confident that the factory will be able to pass these audits and meet requirements of his clients in the near future. He is afraid he might lose business as a result. He is aware that XYZ Company lacks the knowledge and policies to manage social and environmental issues, and he wants to get control of these issues. In order to make sure that he can satisfy workers, clients and community, the owner of XYZ Company has decided to develop and implement an environmental and social management system.

## XYZ TEXTILES AND APPAREL COMPANY Policy Statement

Under pressure from its clients, personnel and the community, XYZ decided to adopt policies for the environment and on labor and working conditions. Management realizes it will be very hard to meet these requirements, given the current conditions and operational procedures of the factory. Nevertheless, the company has decided to proceed with a complete set of policies because it is afraid of losing major customers. Management established a three-year plan to try to achieve compliance with the policies and gain some type of international certification or recognition.

Besides the complete set of policies, management prepared a shorter version summarizing the most relevant points:

*XYZ - Our products, our environment, our people*

Together we produce quick response, fashionable, quality, garments that create value and confidence for our customers.

We are committed to conducting our operations in accordance with the environmental and labor laws and regulations that apply to our industry.

We strive for a safe and injury-free workplace, ensuring that our workers are not exposed to dangerous situations or hazardous chemicals, and that they use the appropriate personal protective equipment.

We treat men and women equally in our company, which is reflected in equal pay for equal work and the ability to grow and develop for all.

We are open to dialogue with the wider community around our factory. We are open to their concerns and will address them when possible.

We feel that our responsibility for good environmental and labor conditions also applies to our suppliers. We monitor and facilitate their ability to live up to our commitment.

We are all - managers, workers, clients, suppliers and community – jointly responsible for making our policy a reality.

### XYZ TEXTILES AND APPAREL COMPANY – Tanzania Risk Identification Worksheet

XYZ completed the following Risk Identification Worksheet to help its management focus on the areas where the company might have potential risks. For each line, XYZ circled the appropriate answer.

| LABOR AND WORKING CONDITIONS RISKS   |   |  |
|--|---|--|
| RISK FACTORS   | My company has the following conditions (circle the appropriate answer) | Potential negative impact (A “yes” response means that there is a potential negative impact)                     |
| There is a difference in nationality, race or religion between workers and managers.                                       | Yes/No  | Discrimination. Disciplinary abuse and harassment. Human trafficking and/or forced labor.                        |
| Our managers and supervisors are not aware of the workers’ rights under the national labor law or collective agreements.   | Yes/No  | Inadequate wages, benefits and contracts. Excessive overtime. Discrimination. Disciplinary abuse and harassment. |
| Female workers make up the majority of the workforce, while most managers and/or security staff are male workers.          | Yes/No  | Discrimination. Disciplinary abuse and (sexual) harassment.  |
| We have an apprentice program that provides young workers with training and work experience.                               | Yes/No  | Forced labor. Child labor.   |
| We routinely use recruiting agencies and contract workers.   | Yes/No  | Inadequate wages, benefits and contracts. Forced labor.  |
| We routinely use homeworkers or other off-site producers, or contractors that use homeworkers or other off-site producers. | Yes/No  | Inadequate wages, benefits and contracts. Forced labor. Child labor.   |
| We routinely use seasonal or temporary workers.  | Yes/No  | Inadequate wages, benefits and contracts. Excessive overtime.  |
| Some of the workers in my company are migrants from another area.  | Yes/No  | Forced labor. Discrimination.  |
| We provide a dormitory for some or all of our workers.   | Yes/No  | Lack of freedom of movement. Lack of clean adequate space. Excessive charges for the use of the dormitory.       |
| There are security guards at our company.  | Yes/No  | Lack of freedom of movement. Harassment.   |
| We are located in a free-trade zone.   | Yes/No  | Inadequate wages, benefits and contracts.  |
| There are large fluctuations in orders and/or seasonality of production.   | Yes/No  | Excessive overtime. Exhaustion. No payment of overtime due to hour-averaging. Layoffs.                           |
| There is a labor shortage in my area.  | Yes/No  | Child labor. Excessive overtime. Exhaustion.   |
| There is no history of collective bargaining, unions or other forms of worker representation at our company.               | Yes/No  | Lack of freedom of association.  |
| Wages paid do not always meet the legal minimum wage or a level to meet the basic needs of a family.                       | Yes/No  | Malnutrition. Child labor. Excessive overtime. Exhaustion.   |

|   |  |  |
|---|--|--|
| There is no procedure for workers to express their complaints (grievance mechanism).  | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Discrimination. Disciplinary abuse and harassment. Worker injuries and chronic conditions. |
| Our processing activities include significant lifting, carrying or repetitive motions.  | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Worker injuries and chronic conditions.  |
| Our processing activities involve workers routinely interacting with potentially dangerous machinery and/or hazardous chemicals. Personal Protective Equipment (PPE), such as cutting gloves, needle guards and appropriate material, is not provided or not consistently used. | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Worker injuries and chronic conditions.  |
| Our processing activities involve elevated levels of noise, cotton or silica dust, chemical vapors, and extreme temperature.  | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Worker injuries and chronic conditions.  |
| Our facility has outdated electrical wiring and/or wiring and machinery is exposed or close to VOCs, dust, yarns, fabrics, water and/or packing material, which increases fire or explosion risks.  | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Worker injuries or casualties.   |
| Our workers are not aware of what to do in case of an emergency. Emergency routes and exits are often blocked and locked.   | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Injuries and lives lost.   |
| Our building is not fit for its purpose or does not have a permit for operations taking place.  | Yes/ <input checked="" type="radio"/> No                       | Unsafe building. Collapse of building. Injuries and lives lost.                            |
| Our workers don't have access to separate clean areas for eating and changing clothes.  | Yes/ <input checked="" type="radio"/> No                       | Worker illnesses. Lack of privacy and breaks.  |
| Bathrooms are not properly cleaned and often lack running water, soap and toilet paper.   | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Worker illnesses.  |
| We routinely subcontract processes or buy inputs from unmonitored or uncontrolled subcontractors and suppliers.   | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | All of the above.  |

## ENVIRONMENTAL RISKS

| RISK FACTORS   | My company has the following conditions (circle the appropriate answer) | Potential negative impact (A "yes" response means that there is a potential negative impact)   |
|--|---|--|
| Our operations require large quantities of fresh water (e.g. for pre-treatment, dyeing and washing of yarn, fabric or garments). | Yes/ <input checked="" type="radio"/> No                                | Groundwater depletion in the region. Contamination of ground or surface water sources in the region due to discharge of effluent. High energy consumption for treatment of raw or process water. |
| We face difficulties in meeting our fresh water requirements.  | Yes/ <input checked="" type="radio"/> No                                | Ground or surface water depletion.   |

|  |  |  |
|--|--|--|
| Our operations have high requirements for power supply (e.g. for production of hot water and steam and finishing of fabrics or operation of machinery).  | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | High energy consumption.   |
| We require large quantities of fuel (gas/diesel/coal/etc.) for our operations.   | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Air emissions. Solid waste (fly and bottom ash if coal is used).   |
| We have various process and utility equipment that may generate air emissions such as drying, printing, fabric preparation, finishing processes (e.g. coating and dyeing operations), and boilers and diesel generators. | Yes/ <input checked="" type="radio"/> No                       | Air emissions. Noise generation.   |
| We generate large (or significant) quantities of solid waste from our manufacturing process (such as cutting waste or packaging material), which are not reprocessed into recycled products or byproducts.               | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Waste of resources. Solid waste. Contamination of land.  |
| The quantity of solid waste from rejected finished product due to re-work, re-processing that does not meet quality or delivery requirements is high (or significant) at our facility.                                   | Yes/ <input checked="" type="radio"/> No                       | Waste of resources. Solid waste. Contamination of land. High energy consumption or emissions due to excess or extra production.  |
| We dispose of our solid waste in our landfill or city's landfill facility.   | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Contamination of land, groundwater and/or surface water (due to run-off). Impact on wildlife or fisheries if exposed.  |
| Our operations generate large (or significant) quantities of wastewater (e.g. from dyeing or washing effluent, cleaning of floors and machinery).  | Yes/ <input checked="" type="radio"/> No                       | Contamination of ground and/or surface water due to improper disposal of wastewater.   |
| We discharge our wastewater (process effluent) in a nearby river, lake or any other water body.  | Yes/ <input checked="" type="radio"/> No                       | Contamination of receiving water body and aquatic life. Eutrophication due to high BOD <sub>5</sub> or COD.  |
| We treat our wastewater (process effluent) before discharge.   | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Energy consumption. Solid waste generation (e.g. sludge from treatment process, membrane concentrated waste discharge from reverse osmosis, treatment chemicals). Land and/or water contamination due to improper disposal of waste.       |
| We treat our sewage (from toilets, washrooms, etc.) before discharging it in the city's sewer line.  | Yes/ <input checked="" type="radio"/> No                       | Energy consumption. Solid waste generation (e.g. sludge from treatment process, membrane concentrated waste discharge from reverse osmosis, treatment chemicals). Land and/or water contamination due to improper disposal of solid waste. |
| We do not re-use (part of) our treated wastewater (process effluent) for processing purposes.  | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Water consumption.   |
| We generate hazardous or toxic solid or liquid waste (such as chemical residues and sludge from wastewater treatment plants).  | <input checked="" type="radio"/> Yes/ <input type="radio"/> No | Contamination of land, groundwater and/or surface water (due to run-off) if disposed improperly.   |

## XYZ 2. Identification of Risks and Impacts

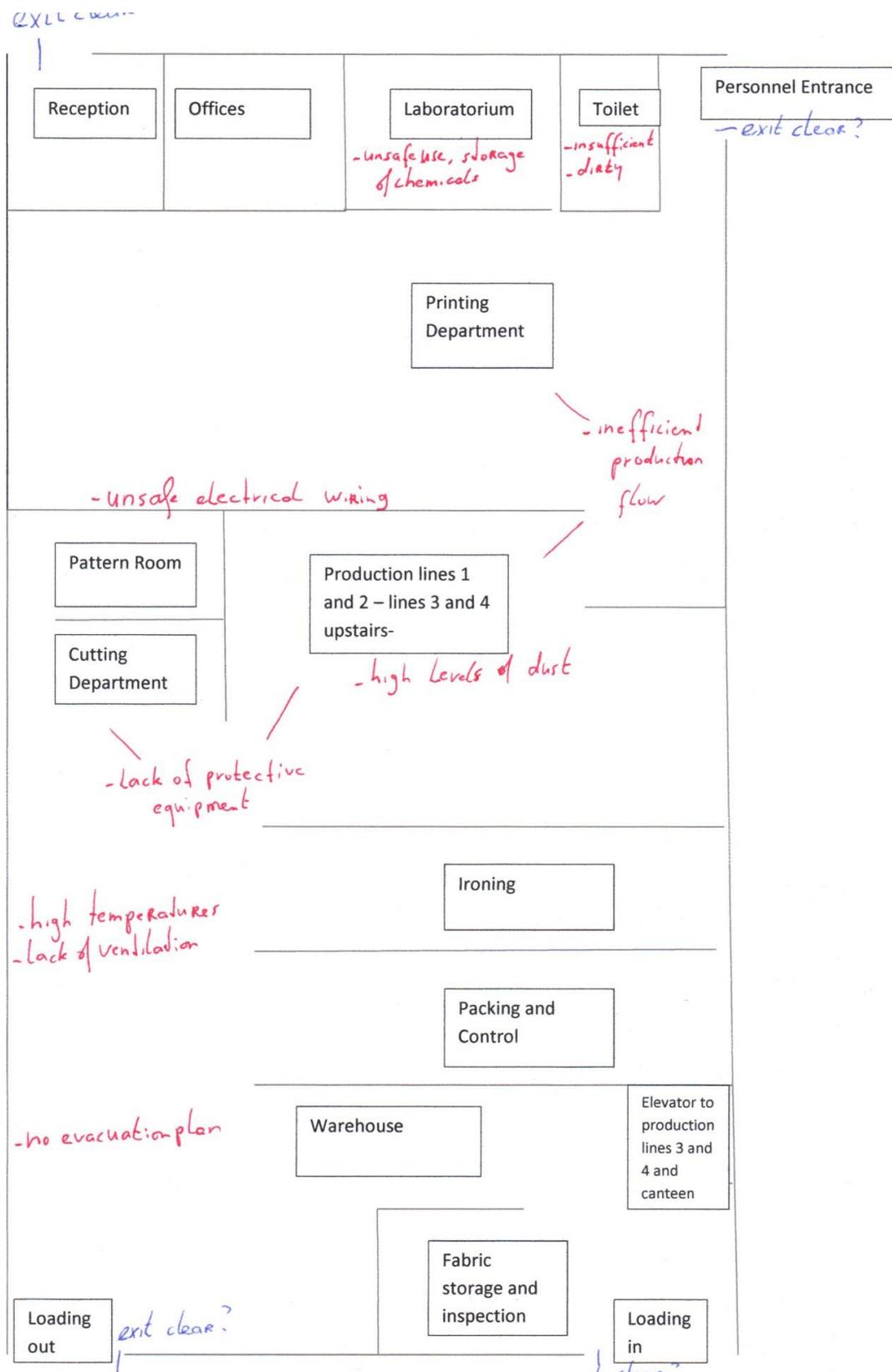
|  |   |  |
|--|---|--|
| We require a large land area for our industrial operations.              | Yes/No <input checked="" type="radio"/> | Loss of natural habitats or agricultural land. Air, water and/or land pollution based on expansion requirements and infrastructure development.            |
| Our operations may have an impact on the surrounding forest or wildlife. | Yes/No <input checked="" type="radio"/> | Loss of native species. Impact on biodiversity.  |
| We use some banned or restricted chemicals/materials in our processes.   | Yes/No <input checked="" type="radio"/> | Non-fulfillment of regulatory requirements. Air, land or water pollution depending on current usage. Exposure of workers or consumers to banned chemicals. |

| COMMUNITY HEALTH, SAFETY AND SECURITY RISKS   |   |  |
|---|---|--|
| RISK FACTORS  | My company has the following conditions (circle the appropriate answer) | Potential negative impact (A "yes" response means that there is a potential negative impact)   |
| Our processing activities and treatments involve liquids or solids that may lead to odors.  | Yes/No <input checked="" type="radio"/>                                 | Exposure of community to odors.  |
| Our operations involve air emissions, water discharge, solid waste disposal, leakage of chemicals or gases, etc., that may affect the surrounding community.                      | Yes/No <input checked="" type="radio"/>                                 | Air, water or land contamination, which can affect the health and livelihood of local communities.   |
| Our operations use large quantities of fresh water.   | Yes/No <input checked="" type="radio"/>                                 | Potential negative effects for fisheries. Lack of water for irrigation for nearby farmers, negative effect on availability of drinking water.  |
| Our operations involve a high risk of fires and/or explosions and/or our building is not fit or does not have a permit for operations taking place.                               | Yes/No <input checked="" type="radio"/>                                 | Collapse of building. Fires and explosions may affect nearby buildings. Injuries and lost lives.   |
| We plan to develop new infrastructure, buildings, equipment and other facilities.   | Yes/No <input checked="" type="radio"/>                                 | Exposure of communities to air emissions, noise and accidents due to equipment and vehicular movement. Impact on wildlife, biodiversity and local livelihoods due to natural habitat conversion.                           |
| We plan to decommission and dispose of old infrastructure, buildings, equipment and other facilities.   | Yes/No <input checked="" type="radio"/>                                 | Health risks to communities due to exposure to toxic substances (e.g. from chemicals, heavy metals, asbestos, etc.), air emissions and noise due to equipment and vehicular movement. Impact on wildlife and biodiversity. |
| There is significant movement of vehicles in and around our facility due to our operations (e.g. vehicles carrying material or finished products, movement of water tanks, etc.). | Yes/No <input checked="" type="radio"/>                                 | Exposure of communities to air emissions, noise and accidents due to vehicular movement.   |
| We store hazardous chemicals or hazardous waste in our facility.  | Yes/No <input checked="" type="radio"/>                                 | Health risks to communities and negative impacts on wildlife and biodiversity due to the intentional or unintentional (spills) release of hazardous or toxic substances contaminating air, land and/or water.              |

|   |        |   |
|---|--------|---|
| <b>We discharge water from our plant, which may have an impact on surrounding water bodies.</b> | Yes/No | Negative impacts on local food security and income generation due to contamination of aquatic life.<br>Diseases/illness among local communities due to the use of contaminated water. |
| <b>We hire temporary and migrant workers.</b>   | Yes/No | Communicable diseases brought or spread by the influx of workers.   |
| <b>We hire private security personnel</b>   | Yes/No | Conflicts with communities and indigenous people.   |
| <b>We normally have conflicts/complaints with the local community.</b>                          | Yes/No | Conflicts with communities and indigenous people.   |

XYZ TEXTILES AND APPAREL COMPANY Physical Mapping

A team that included supervisors and workers did a walk-through of XYZ’s Bulgarian plant during operating hours and annotated on a sketch map all the problems they observed.



**XYZ TEXTILES AND APPAREL COMPANY Risk Assessment Prioritization Form**

XYZ used the Risk Assessment Worksheet to prioritize which risks to address through their Action Plans.

| COMPANY AREA OR DEPARTMENT         | RISK  | PROBABILITY OF OCCURRING (low, medium, high, extreme) | SEVERITY IF OCCURRED (low, medium, high, extreme) | NOTES   |
|------------------------------------|---|---|---|---|
| All                                | Lack of fire safety due to high levels of dust, unsafe wiring, lack of training and awareness of workers and management | High  | Extreme   | Also fire risk to nearby community families       |
| All                                | Unequal treatment of men and women; unequal salaries and access to training and promotion                               | High  | High  |   |
| Cutting department                 | Injuries due to lack of discipline and enforcement of wearing protective gloves   | Medium  | Extreme   |   |
| All                                | Injuries due to inefficient production floor  | High  | Low to High                                       |   |
| Production lines                   | Injuries due to lack of discipline and enforcement of use of needle guards  | High  | Low to High                                       |   |
| Supply Chain                       | Systematic involuntary overtime without compensation. Unsafe production sites. Child labor. Inadequate wages.           | High  | High  |   |
| Toilets                            | Insufficient number of toilets; unhygienic  | High  | High  |   |
| Printing department and laboratory | Unsafe use, storage and disposal of hazardous chemicals   | High  | Medium to High                                    |   |
| All                                | Extreme heat (summer) and cold (winter) due to lack of ventilation and insulation                                       | High  | Medium  | Building is old, needs maintenance                |
| All                                | Slip, trip, fall accidents from confined space and inefficient work flow  | High  | Medium  | Work spaces are confined and inefficiently routed |
| All                                | High exposure to dust and noise   | High  | Medium  |   |
| All                                | Overtime in peak seasons  | Medium  | Medium  |   |
| Community                          | Complaints due to noise, early and late traffic   | Medium  | Medium  |   |

## XYZ | 3. Identification of Risks and Impacts

### XYZ TEXTILES AND APPAREL COMPANY Action Plan

Based on its Risk Assessment Form, XYZ prioritized the following four key risks:

- Risk 1: Lack of fire safety due to high levels of dust, unsafe wiring, and lack of training and awareness of workers and management;
- Risk 2: Unequal treatment of men and women; unequal salaries and access to training and promotion;
- Risk 3: Occupational health and safety - Work related injuries due to lack of use or provision of Personal Protective Equipment (PPE)
- Risk 4: Systematic involuntary overtime without compensation in the supply chain

#### Risk 1:

Lack of fire safety due to high levels of dust, unsafe wiring, and lack of training and awareness of workers and management

| MITIGATION HIERARCHY | ACTION   | OBJECTIVE AND TARGET   | DEADLINE                                     | RESPONSIBLE STAFF   | RESOURCES REQUIRED                                     | OPERATIONAL PROCEDURES   |
|----------------------|--|--|--|---|--|--|
| Avoid and Minimize   | - Establish, communicate and implement well defined fire safety and emergency response policies and procedures.  | Objective:<br>Minimize number, size and consequence of fire incidents (deaths, injuries, property damage)<br>Target: 80% reduction | 3 months                                     | -General manager<br>- EHS officer<br>- Operations manager | Staff time intensity: Medium<br>Capital intensity: Low | - Policy and procedures for fire safety and emergency response |
| Avoid and Minimize   | - Review the building's design and operation to identify how it can be upgraded towards compliance with local and internationally-accepted fire safety codes, with particular attention to:<br>1. Fire prevention (e.g. electrical installations, storage of flammable materials, dust LEL, etc.);<br>2. Emergency exits (e.g. at least two - but not less than the number prescribed for building size and occupancy - clearly marked and unlocked emergency exits on each floor);<br>3. Fire detection and alarm systems (e.g. smoke detectors, visual and audible alarms);<br>4. Compartmentalization to limit the spread of smoke and fire;<br>5. Fire suppression and control (e.g. type, number and location of fire extinguishers, fire hoses and other equipment to extinguish fires). |  | 1 month for review;<br>6 months for upgrades | - Operations manager<br>- EHS officer                     | Staff time intensity: Low<br>Capital intensity: Medium |  |

## XYZ | 3. Identification of Risks and Impacts

|                     |   |   |   |                                     |  |  |
|---------------------|---|---|---|-------------------------------------|--|--|
| Avoid and Minimize  | - Contract a certified and competent company for annual inspection, testing and maintenance of fire detection, alarm and suppression systems.   |   | 3 months; repeated annually   | - EHS officer                       | Staff time intensity: Low<br>Capital intensity: Low    |  |
| Avoid and Minimize  | - Conduct fire and emergency risk assessment to evaluate root causes such as electrical wiring, circuit breaker cabinets/fuse boxes, boilers, combustible dust, stored material, etc.   |   | 3 months; repeated quarterly  | - EHS officer                       | Staff time intensity: Low<br>Capital intensity: Low    | - Procedures for fire and emergency risk assessment  |
| Avoid and Minimize  | - Assemble and regularly train fire-fighting and emergency response teams; the number of fire fighters and emergency responders must be proportional to the total workforce and there should be at least one for each section of the factory.<br>- Provide identification to fire fighters and emergency responders (brightly colored armband).<br>- Conduct emergency drills at least every six months; drills must be conducted in all work shifts.<br>- Have all staff practice emergency evacuation procedures regularly; ensure that new and temporary workers are trained on emergency evacuation procedures as part of their induction training. |   | 3 months; emergency drills and evacuation repeated every six months | - EHS officer<br>- Fire safety team | Staff time intensity: Medium<br>Capital intensity: Low | - Procedures for training of emergency response team<br>- Procedures for evacuation and drills |
| Avoid and Minimize  | - Undertake daily inspections to confirm that emergency evacuation routes and emergency exit doors are clearly marked, well lit, unobstructed and unlocked.   |   | Daily   | - Fire safety team                  | Staff time intensity: Low<br>Capital intensity: Low    |  |
| Avoid and Minimize  | - Maintain records of accidents and incidents; have appropriate parties (e.g. engineering, maintenance, insurance manager) and joint management-worker health and safety committees regularly review records to confirm that appropriate actions to prevent reoccurrence have been taken.   |   | 1 month; review records quarterly                                   | - Fire safety team                  | Staff time intensity: Medium<br>Capital intensity: Low |  |
| Compensate / Offset | - Contract insurance to safeguard against large, unforeseen fires.  | Objective: Compensate victims as per company's policies<br>Target: 100% | 1 month   | - Operations manager                | Staff time intensity: Medium<br>Capital intensity: Low |  |

## XYZ | 3. Identification of Risks and Impacts

|                    |   |              |           |              |  |  |
|--------------------|---|--------------|-----------|--------------|--|--|
|                    |   | compensation |           |              |  |  |
| Compensate /Offset | <ul style="list-style-type: none"> <li>- Provide medical care for people who are injured in the workplace.</li> <li>- Compensate for loss of life and loss of ability to work.</li> <li>- Ensure that the workers continue to receive their salary until relocation/re-opening of the factory.</li> </ul> |              | As needed | - HR manager | Staff time intensity: Low<br>Capital intensity: Medium | -Policies and procedures for compensation of victims |

### Risk 2:

Unequal treatment of men and women; unequal salaries and access to training and promotion

| MITIGATION HIERARCHY | ACTION  | OBJECTIVE AND TARGET  | DEADLINE | RESPONSIBLE STAFF  | RESOURCES REQUIRED  | OPERATIONAL PROCEDURE   |
|----------------------|---|---|----------|--|---|---|
| Avoid                | <ul style="list-style-type: none"> <li>- Establish, communicate and implement clear policies on non-discrimination and equal pay for equal work: Workers are hired, promoted and compensated solely based on their ability to do the job; All workers have equal access to training, tools and opportunities for career advancement; No gender in job advertisements to avoid discrimination in hiring against women; No pregnancy tests as part of job candidate screening.</li> </ul> | <p>Objective: Reduction of gender imbalances</p> <p>Target 1: Two new female supervisors on key departments</p> <p>Target 2: Reduce (female) worker turnover by 20%</p> | 1 month  | <ul style="list-style-type: none"> <li>- General manager</li> <li>- HR manager</li> </ul>    | Staff time intensity: Low<br>Capital intensity: Low           | <ul style="list-style-type: none"> <li>- HR policies and procedures on hiring, compensating and promoting of personnel</li> <li>- Non-discrimination procedure</li> </ul> |
| Minimize             | <ul style="list-style-type: none"> <li>- Establish, communicate and implement procedures for a work/life balance including family responsibilities by: Clearly specify in the employment contract the regular working hours, maximum overtime and rest days; Clearly communicate ahead of time (at least one week) requirements on overtime; Conduct training during work hours and compensate for that time; Provide maternity benefits as required by law.</li> </ul>                 | <p>Target 3: Bring salaries to parity and compensate women for lost salaries over the past 6 months</p>   | 1 month  | <ul style="list-style-type: none"> <li>- HR manager</li> <li>- Operations manager</li> </ul> | Staff time intensity: Low<br>Capital intensity: Low to Medium | <ul style="list-style-type: none"> <li>- Procedures for work/life balance</li> </ul>  |

## XYZ | 3. Identification of Risks and Impacts

|                   |  |  |          |  |   |   |
|-------------------|--|--|----------|--|---|---|
| Minimize          | <ul style="list-style-type: none"> <li>- Provide progressive skills training to male and female workers including for non-traditional jobs (e.g. cutters and line supervisors for women, sewing operators for men).</li> <li>- Seek out opportunities for women in doing non-traditional jobs such as cutters, drivers, security, and line supervisors.</li> </ul>   |  | 6 months | <ul style="list-style-type: none"> <li>- HR manager</li> <li>- Operations manager</li> </ul> | Staff time intensity: Low to Medium<br>Capital Intensity: Low to Medium |   |
| Minimize          | <ul style="list-style-type: none"> <li>- Establish “risk free” communication channels for workers to reach managers. Nominate a trusted fellow female worker who can regularly discuss and bring forward issues to management prevalent under the female.</li> </ul>   |  | 1 month  | <ul style="list-style-type: none"> <li>- HR manager</li> </ul>                               | Staff time intensity: Low<br>Capital intensity: Low                     | <ul style="list-style-type: none"> <li>- Procedures for person of trust system</li> </ul> |
| Compensate/offset | <ul style="list-style-type: none"> <li>- Regularly review worker demographics and compensation in non-managerial jobs and immediately bring them to parity if a gap is identified between men and women.</li> <li>- Review worker and manager gender demographics in the workplace and take positive discrimination actions to remediate for historical exclusion of women in higher paid jobs.</li> </ul> |  | 6 months | <ul style="list-style-type: none"> <li>- HR manager</li> <li>- General manager</li> </ul>    | Staff time intensity: Low<br>Capital intensity: Low to Medium           |   |

## XYZ | 3. Identification of Risks and Impacts

### Risk 3:

Occupational health and safety - Work related injuries due to lack of use or provision of Personal Protective Equipment (PPE)

| MITIGATION HIERARCHY | ACTION  | OBJECTIVE AND TARGET  | DEADLINE   | RESPONSIBLE STAFF  | RESOURCES REQUIRED                                     | OPERATIONAL PROCEDURE  |
|----------------------|---|---|--|--|--|--|
| Avoid                | - Establish, communicate and implement clear policies and procedures related to machine safety and mandatory use of PPE.  | Objective: Reduce frequency, incidence and severity of work related injuries<br><br>Target: 50% reduction | 3 months   | - General manager<br>- EHS officer   | Staff time intensity: Medium<br>Capital intensity: Low | Procedures for machine safety and maintenance and use of PPE |
| Avoid                | - Conduct job hazard/safety analysis.   |   | 1 month; repeat if new/modified process or equipment | - EHS officer<br>- Department supervisors                                  | Staff time intensity: Low<br>Capital intensity: Low    | Procedure for periodic job/hazard safety analysis            |
| Avoid                | - Institute multiple levels of approvals – incorporating EHS officer - for the procurement of new equipment and machinery.  |   | 1 month  | - Procurement manager<br>- EHS officer                                     | Staff time intensity: Low<br>Capital intensity: Low    | Procedure for procurement of equipment and machinery         |
| Avoid                | - Review production flow and/or factory layout.   |   | 6 months   | - Operations manager   | Staff time intensity: Low<br>Capital intensity: Medium |  |
| Avoid                | - Set a joint management-worker health and safety committee to: <ul style="list-style-type: none"> <li>• Get worker input on reluctance of using PPE;</li> <li>• Get worker input on alternative PPE (e.g. have workers try on different sizes and styles of metal gloves to select the most appropriate ones);</li> <li>• Adapt daily production quotas if the use of PPE (e.g. metal gloves) slows down worker productivity;</li> </ul> |   | 3 months   | - EHS officer<br>- Department supervisors<br>- Health and safety committee | Staff time intensity: Low<br>Capital intensity: Low    |  |

## XYZ | 3. Identification of Risks and Impacts

|                     |  |  |   |   |  |   |
|---------------------|--|--|---|---|--|---|
|                     | <ul style="list-style-type: none"> <li>Periodically monitor and audit the implementation of safe work procedures and use of PPE;</li> <li>Maintain and review records of accidents and incidents to confirm that appropriate actions to prevent reoccurrence have been taken.</li> </ul> |  |   |   |  |   |
| Minimize            | - Regularly train workers on safe work procedures and correct use and maintenance of PPE; this must be included in the orientation training for all new and temporary workers.   |  | 4 months; repeat every six month and during induction   | - EHS officer<br>- HR manager             | Staff time intensity: Low<br>Capital intensity: Low  |   |
| Minimize            | - Display safety posters to visually communicate the importance of using PPE (e.g. metal gloves) and the potential consequences of not using it.<br>- Display first aid response posters suitable to the specific workplace.   |  | 3 months  | - EHS officer                             | Staff time intensity: Low<br>Capital intensity: Low  |   |
| Minimize            | -Assign first responders and regularly train them on first-aid skills and knowledge suitable to the specific workplace; make sure trained first responders are present during all shifts in all departments.<br>-Maintain appropriately stocked and unlocked first aid kits.             |  | 1 month (aid kits); 3 months (trained first responders) | - EHS officer<br>- Department supervisors | Staff time intensity: Low<br>Capital intensity: Low  |   |
| Minimize            | - Include OHS indicators in the performance evaluation of supervisors.   |  | 3 months  | - HR manager                              | Staff time intensity: Low<br>Capital intensity: Low  |   |
| Compensate / offset | - Provide medical care for workers who are injured in the workplace.<br>- Compensate for loss of life and loss of ability to work.   | Objective: Compensate victims as per company's policies<br>Target: 100% compensation | As needed   | - HR manager                              | Staff time intensity: High<br>Capital intensity: Depending on ability to offset investments with savings | Work flow organization, procedures and planning |

## XYZ | 3. Identification of Risks and Impacts

### Risk 4:

Systematic involuntary overtime without compensation in the supply chain

| MITIGATION HIERARCHY |  | ACTION  | OBJECTIVE AND TARGET   | DEADLINE  | RESPONSIBLE STAFF                          | RESOURCES REQUIRED                                     | OPERATIONAL PROCEDURES  |
|----------------------|--|---|--|-----------|--|--|---|
| Avoid                |  | - Establish, communicate and implement well-defined overtime and compensation policies based on national law and requirements of key clients.   | Objective: Key subcontractors complying with company's overtime and compensation policies.<br><br>Target: 2 subcontractors | 12 months | - General manager                          | Staff time intensity: Low<br>Capital intensity: Low    |   |
| Avoid                |  | - Inform subcontractors of company's overtime and compensation policies and include in binding agreements with subcontractors.<br>- Track and audit implementation of overtime and compensation policies in at least two key subcontractors.<br>- Gradually decrease production with subcontractors unwilling or unable to improve its labor practices. |  | 6 months  | - Procurement manager                      | Staff time intensity: Medium<br>Capital intensity: Low | -Procedures on communication and auditing of subcontractors   |
| Minimize             |  | - Engage with end clients on the labor and overtime consequences of their requests.<br>- Work with end clients on re-thinking purchasing practices to decrease amount of extreme peaks in production (e.g. long term decisions on volume and type of 'grey' basic fabrics and short term decisions on color).   |  | 6 months  | - General manager<br>- Procurement manager | Staff time intensity: Medium<br>Capital intensity: Low | - Work flow procedures between end clients and subcontractors |
| Minimize             |  | - Agree with subcontractors on systematic planning (review company's purchase practices) to minimize uncertainties in demand of products and supply of raw materials as such uncertainties are often compensated by overtime.   |  | 6 months  | - Procurement manager                      | Staff time intensity: Medium<br>Capital intensity: Low | - Modified purchasing procedures                              |

### XYZ TEXTILES AND APPAREL COMPANY Non-Discrimination Procedure

XYZ recognized that unequal treatment of women in the Bulgarian factory was an issue (Risk 2) and they were keen to prioritize addressing gender discrimination. Here we present the non-discrimination procedure that XYZ adopted to tackle the problem and improve the working conditions of women employed by the company.

**Title:** XYZ Non-Discrimination Procedure

**Responsible Party:** General Manager

**Date Issued:** February 15, 2013

#### Related Policy Statement:

- Our company will hire, promote and compensate workers solely based on their ability to do the job.
- All workers will be given equal access to training, tools and opportunities for advancement.
- We will ensure that all workers are free from harassment by management or other workers.

#### Procedure Checklist

##### Application Process

- ✓ When hiring any worker, keep the original application and a photocopy of the original identification documents in the applicant's file.
- ✓ If the applicant is hired, this will be transferred to his or her personnel file.
- ✓ Whether or not the applicant is hired, the application will be kept on file for a minimum of two years.
- ✓ Give all applicants a sheet explaining our company's Non-Discrimination and Equal Opportunity Policy.
- ✓ The Human Resources Department staff person accepting an application will verbally explain the policy and go over the points on the cover sheet with the applicant.

##### Orientation and Training

- ✓ Provide a written copy of the Non-Discrimination and Equal Opportunity Policy to workers during orientation and explain in detail.
- ✓ Provide training on filing a complaint concerning discrimination, during orientation and annually thereafter.
- ✓ Provide semi-annual training to middle-level management and supervisors, about our Non-Discrimination and Equal Opportunity Policy and about how to enable a respectful and constructive workplace atmosphere.
- ✓ Develop and implement a training plan that allows workers to develop skills and have equal access to opportunities for promotion

##### Disciplinary Actions and Complaints

- ✓ If management, supervisors or a worker engages in discriminatory or harassing behavior, he or she will be given a written warning on the first offense and subsequent discipline following procedures outlined in the Disciplinary Practices Procedure.

- ✓ Individuals who believe they have experienced discrimination at the workplace should file their complaints through our company's grievance mechanism.

### **Management Review**

- ✓ General Manager will conduct a spot check of all application files processed during the previous quarter, to check for evidence of discrimination.
- ✓ Each quarter, the general manager will review the workplace demographics by department in comparison with the application and personnel promotion files, review any complaint records, and interview workers, in order to check for evidence of discrimination.

### **XYZ TEXTILES AND APPAREL COMPANY Water Conservation Flowchart**

In order to receive and handle discrimination and other complaints, XYZ also started to develop a Complaint Management Resolution Procedure. Here we present the adopted policy. You can apply a similar procedure to your facility. **KEEP IN MIND:** It is also important to check whether your suppliers, sub-suppliers and subcontractors have an effective complaint management procedure. If they do not have such a procedure or it still under development, it is important to make your complaints procedure known and accessible to workers and other stakeholders of your contractors and suppliers. It creates a safety net for the workers involved, for you and your clients. It allows you to identify and solve issues before they escalate into a gross negative impact which is time and money consuming and can ruin your and your clients' reputation.

### **XYZ Complaint Management and Resolution (Internal Grievance Procedure)**

**Responsible Party:** Senior Management

**Date Issued:** March 15, 2013

**Procedure number:** HR003

**Number of pages:** 2

#### **1.0 Purpose and Scope:**

- 1.1. Purpose: Establish a transparent process for workers to express concerns and file complaints, including anonymous complaints. Ensure there is no retaliation or discrimination against those that express concerns or file complaints. Ensure good worker-manager communications to enable workers to raise concerns before they become serious grievances.
- 1.2. Scope: Any complaint or dispute that may arise from a worker or worker organization.

All individual complaints shall be initiated at Step 1 and shall, if necessary, proceed step by step to Step 5 where the resolution proposed shall be final and binding. Collective complaints and disputes will be handled in the same step-by-step approach as that for individual complaints, but shall begin at Step 2.

Issues will inevitably arise from time to time, but since disputes are potentially harmful to the company, its workers, supervisors and managers at every level, all parties will be expected to resolve all but the most complex difficulties without recourse to Step 5 of this procedure.

The worker organization filing the complaint or representing the worker filing the complaint shall have the right to be notified and be present at all steps of the procedure.

Every effort should be made to settle the issue at each step and until this procedure has been completed there shall be no threats of "go-slows," partial or general stoppages of work or other illegal action or lock-out.

**2.0 Definitions:**

2.1 Grievance: Specific violation or feeling of having been wronged – the reason for filing a complaint.

2.1 Complaint: The formal communication of a grievance to the appropriate parties.

**3.0 Responsibilities:**

HR Department

**4.0 Work Instructions:**

Step 1:

4.1. The worker presents the complaint or grievance verbally to the most immediate supervisor, who has the authority to make adjustments in the matter, within 14 days. Explanations of responses to complaints, even if only to alert workers to a delay in the process, are key to ensuring workers understand their complaints are respected and taken seriously.

4.2. The supervisor records the complaint or grievance and the action taken in the complaints log.

Step 2:

4.3. If a satisfactory settlement is not reached in Step 1 within three days, or if the worker fears making the complaint directly to the most immediate supervisor, then a worker representative may present the complaint verbally to the supervisor concerned. The worker may choose to remain anonymous.

Step 3:

4.4. If a satisfactory settlement is not reached in Step 2 within three days following its completion, the worker or his or her chosen representative for the case may present the complaint to the department head. The complaint shall be in writing and shall state the complainant(s) or grievant(s) name(s).

Step 4:

4.5. If a satisfactory settlement is not reached in Step 3 within five days of the date of submission of the written complaint or grievance to the department head, the worker or his or her chosen representative for the case may present the complaint or grievance to the head of the Human Resources Department.

4.6. The head of the Human Resources Department or his/her designee shall schedule a meeting to be held within fourteen days of the receipt of the complaint or grievance with the worker or his or her chosen representative, for the purpose of attempting to resolve the complaint or grievance.

4.7. The worker can bring one or two peers for support during this meeting; those workers will also be covered under the non-reprisal clause.

4.8. The head of the Human Resources Department or his/her designee shall respond in writing within seven days of the date of the meeting.

Step 5:

4.9. If the complaint or grievance is not resolved at Step 4, and it is clear that resolution within the company is impossible, the worker or his or her chosen representative may refer the complaint or grievance to the Labor Ministry for resolution.

Monitoring:

4.10. The Human Resources Department will conduct a quarterly review of all complaints and actions taken. It will review the complaint logs of each supervisor and department head to evaluate the effectiveness of the grievance procedure and resolutions.

4.11. As part of the quarterly review, the Human Resources Department will follow up directly with the worker or his or her chosen representative to make sure there has been no retaliation.

4.12. The Human Resources Department will maintain a central record of all complaints and resolutions.

5.0 **Reference Documents:** Related Policy: Labor and Working Policies including Non-Discrimination Procedure; Bulgarian national and local labor law

6.0 **Records:** Complaint Log; Complaint Investigation File; Complaint Resolution Report and Communication

7.0 **Approving Authority:** Senior Manager of HR

## XYZ 4. Organizational Capacity and Competency

XYZ developed a simple training plan to raise awareness on the ESMS and provide the skills needed to implement the action plans and related procedures. XYZ was able to participate in a program set up by the local government that provided subsidized training in these areas.

### XYZ TEXTILES AND APPAREL COMPANY Training Plan

| DEPARTMENT  | MODULE 1   | MODULE 2  | MODULE 3   | MODULE 4                    |
|---|--|---|--|-----------------------------|
| <b>Senior management<br/>(General manager,<br/>Operations<br/>manager,<br/>Procurement<br/>manager)</b> | Introduction to ESMS;<br>Labor standards<br>performance issues<br>Orientation to fire<br>safety and emergency<br>response planning and<br>health and safety<br>issues                                | Gender equity and<br>complaint<br>management and<br>resolution<br>procedure           | Optimization of<br>work flow leading<br>to increased<br>productivity (via<br>training and/or<br>consultancy) | ESMS in the<br>supply chain |
| <b>Department<br/>supervisors</b>   | Orientation to fire<br>safety and emergency<br>response planning and<br>health and safety<br>issues  | Gender equity and<br>complaint<br>management and<br>resolution<br>procedure           | Optimization of<br>work flow leading<br>to increased<br>productivity (via<br>training and/or<br>consultancy) | ESMS in the<br>supply chain |
| <b>All personnel</b>  | Use of personal<br>protective equipment<br>and safe machine<br>handling, evacuation<br>plan and fire drills<br>Personal in printing<br>department: safe use,<br>storage and handling<br>of chemicals | Brief instruction on<br>gender equity and<br>use of complaint<br>management<br>system |  |                             |
| <b>Health and safety<br/>and fire safety<br/>teams</b>  | Extended training on<br>fire safety and<br>emergency response<br>planning and health<br>and safety issues<br>including first aid   |   |  |                             |
| <b>Subcontractors</b>   |  | Instruction on<br>labor policies and<br>overtime<br>restrictions                      | Optimization of<br>work flow leading<br>to increased<br>productivity (via<br>training and/or<br>consultancy) |                             |







| 4. Organizational Capacity and Competency |  | Senior mgt time | Mid-mgt time | Supervisors time | Workers time | MONTHS |   |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |
|---|--|-----------------|--------------|------------------|--------------|--------|---|--|--|---|--|--|--|---|--|--|--|---|--|--|--|---|--|--|--|---|--|--|--|--|
|   |  |                 |              |                  |              | 1      |   |  |  | 2 |  |  |  | 3 |  |  |  | 4 |  |  |  | 5 |  |  |  | 6 |  |  |  |  |
| Developing                                | Environmental and social awareness program for middle management   |                 | 1.5          |                  |              | █      |   |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |
|   | Environmental and social awareness program for workers   |                 |              | 5                |              |        | █ |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |
|   | Competency program for ESMS core team  |                 | 1.5          | 2                |              | █      |   |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |
|   | Internal auditor training for the organization's ESMS assessors/auditors                                       | 1               | 2            |                  |              |        |   |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |
| Implementing                              | General awareness and training on environmental, social and labor issues/ESMS for senior and middle management | .5              | 1            |                  |              |        | █ |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |
|   | Environmental and social awareness program for workers   |                 | 1            | 1.5              | 5            |        | █ |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |
|   | Competency program for ESMS core team  |                 | 1.5          | 2                |              | █      |   |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |
|   | Internal auditor training for the organization's ESMS assessors/auditors                                       | 1               | 2            |                  |              |        |   |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |









## XYZ | 5. Emergency Preparedness and Response

Based on their risk assessment, which identified fire as a severe-impact risk (Risk 1), XYZ developed an Emergency Preparedness and Response Plan as part of its Action Plans in its Management Programs, to identify, prevent and respond to fire emergencies. The plan includes a Fire Response Procedure.

### **XYX TEXTILES AND APPAREL COMPANY Fire Response Procedure**

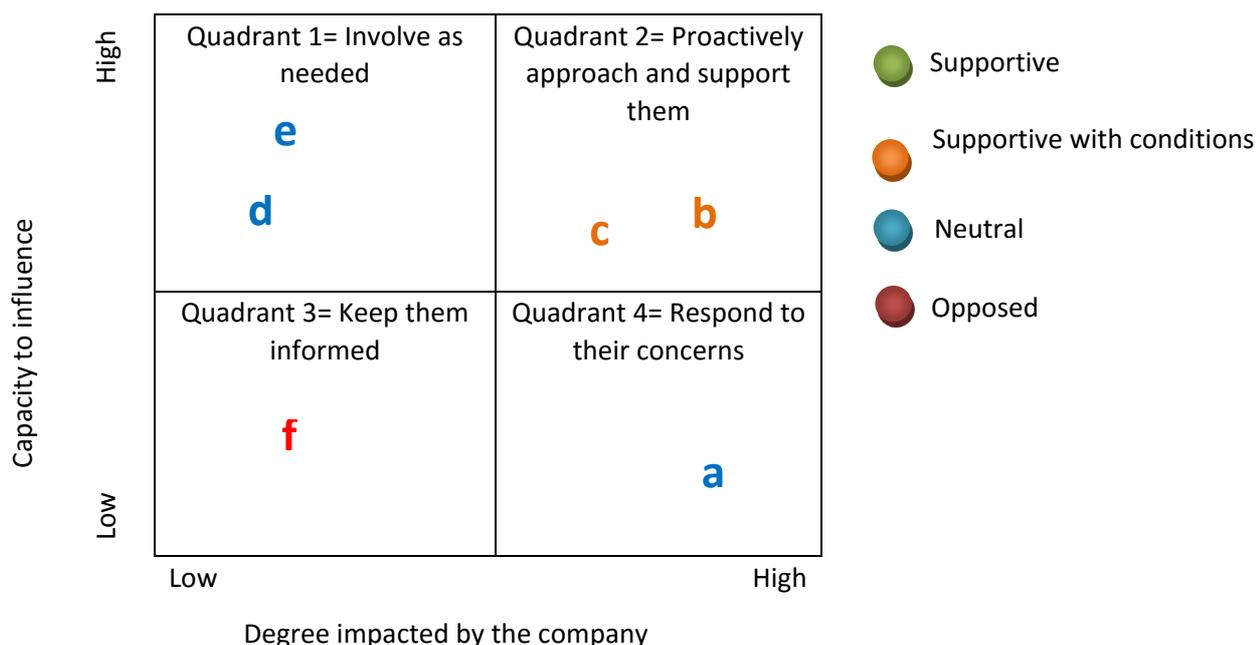
See sample Fire Response Procedure in Toolkit, Section I, Chapter 5.

### XYZ TEXTILES AND APPAREL COMPANY Stakeholder Mapping – identification and analysis

An XYZ cross-departmental team brainstormed and **listed the stakeholders** that are **affected by or have an interest in** their operations. The team then discussed and **listed their key concerns, issues and interests**. To identify those, they looked back at the environmental and social key risks and impacts previously identified (see Chapter 2. *Identification of Risks and Impacts – ABC Case Study*) and how these affect the surrounding communities.

| STAKEHOLDER   | ISSUES/CONCERNS/INTERESTS  |
|---|--|
| a. Surrounding citizens living next to or close to the factory (affected community) | Noise from machines and early and late traffic<br>Fire spreading from factory to houses                                  |
| b. Joint action committee of workers and community                                  | Noise from machines and early and late traffic<br>Fire spreading form factory to houses<br>Labor conditions              |
| c. Customers (brands and retailers)   | Non-compliances with codes of conduct<br>Legal non-compliances<br>Reputational damage                                    |
| d. Local Authorities  | Non-compliances with labor laws<br>Non-compliances environmental laws<br>Unsafe working conditions and fire safety risks |
| e. Business Social Compliance Initiative (BSCI)                                     | XYZ not compliant with code  |
| f. Local NGO  | NGO targeted XYZ as example of bad labor conditions in Bulgaria  |

Then, ABC **mapped the stakeholders** on a matrix according to (i) the degree to which they are impacted and (ii) their ability to influence the company operations. Finally, ABC **categorized** them based on their current relationship with the company: supportive, supportive with conditions, neutral, opposed. Based on this, they defined their **engagement method** with each group.



## XYZ 6. Stakeholder Engagement

### XYZ TEXTILES AND APPAREL COMPANY Stakeholder Engagement Plan

Based on the information above XYZ prepared a Stakeholder Engagement plan. XYZ prioritized engagement with those groups that are most affected.

| STAKEHOLDER ENGAGEMENT PLAN FOR AFFECTED STAKEHOLDERS  |   |  |   |  |
|--|---|--|---|--|
| Stakeholder  | Concerns  | Engagement method  | Information to disclose and report back   | Most valuable info to obtain   |
| a. Surrounding citizens living next to or close to the factory (affected community) (Quad 4) | Noise from machines and early and late traffic<br>Fire spreading from factory to houses                     | - <b>Dialogue via planned town hall meeting</b> announced in local newspapers  | - Progress on actions to isolate the building which will reduce the noise from the factory<br>- Progress on fire safety measures  | - Potential other complaints<br>- Feedback on plans<br>- Check if action committee is seen as the legitimate representative of all community members |
| b. Joint action committee of workers and community (Quadrant 2)                              | Noise from machines and early and late traffic<br>Fire spreading from factory to houses<br>Labor conditions | - <b>Dialogue via meeting</b> at the factory or neutral location with neutral facilitator<br>- <b>Grievance mechanism</b> internal for personnel and external for community        | - Progress on actions to isolate the building to reduce the noise from the factory<br>- Progress on fire safety measures<br>- Progress on plans to improve labor conditions with emphasis on gender equity and health and safety plans<br>- Difficulties and dilemmas (e.g. late and early traffic will be difficult to avoid at this location) | - Build and improve relationships<br>- Practical feedback<br>- Identify other complaints at an early stage.  |
| c. Customers (brands and retailers) (Quadrant 2)   | Non-compliances with codes of conduct<br>Legal non-compliances<br>Reputational damage                       | - <b>Letter to customers</b> which communicates actions and plans<br>- Facilitate customer <b>audits</b> and <b>express commitment</b> to live up to Codes of Conduct of customers | - Policies, actions and timelines<br>- Steps taken/planned to meet relevant Codes of Conduct<br>- Difficulties and dilemmas (e.g. exclusion of hazardous chemicals is possible but will be more expensive)  | - Improved trust<br>- Options for collaboration and (financial) support<br>- Missed priorities/concerns of customers                                 |
| d. Local Authorities (Quadrant 1)  | Non-compliances with labor and environmental laws<br>Unsafe working conditions and fire safety risks        | - <b>Formal communication</b> e.g. letters<br>- <b>Inspection</b> (announced) expressing commitment BY XYZ to remediate potential legal non-compliances                            | - Planned actions and commitment to address issues with emphasis on fire safety and labor law non-compliances   | - Actions to be taken to stay within or meet the law   |

|  |   |  |   |  |
|--|---|--|---|--|
| e. Business Social Compliance Initiative (BSCI) (Quadrant 1) | XYZ not compliant with code                                     | - Facilitate <b>BSCI audits</b> and <b>express commitment</b> to live up to BSCI Code of Conduct | - Actions and follow-up on corrective actions linked to non-compliances with BSCI code. |  |
| f. Local NGO (Quadrant 3)                                    | NGO targeted XYZ as example of bad labor conditions in Bulgaria | - <b>Yearly report</b> via email on actions planned and taken and progress made                  | - Policies, actions and progress  | - Feedback on action taken and progress made |

## XYZ | 7. External Communication and Grievance Mechanism

In addition to the internal grievance mechanism introduced in chapter 3, XYZ has implemented a grievance mechanism for the community as well.

### Key Aspects of XYZ TEXTILES AND APPAREL COMPANY'S Grievance Mechanism

| KEY ASPECTS OF EFFECTIVE GRIEVANCE MECHANISMS   | XYZ'S METHOD  |
|---|---|
| <b>Provide ease of access to confidentially communicate or file complaints, including anonymous ones</b>                              | XYZ has an email address and telephone hotline specifically for complaints. Email is checked daily by the administrative office.  |
| <b>Publicize the system so that stakeholders know it exists and how to access it</b>  | XYZ has a written procedure that the general manager explains during quarterly town hall meetings. The procedure is posted on a poster outside the company's gate. The poster is in English and the local language. It is also posted at key suppliers and sub-contractors. |
| <b>Foster sense of legitimacy and trust; encourage dialogue and shared responsibility for outcomes</b>                                | XYZ works with the local government ministries to ensure that legal mechanisms are followed and consults with various groups to refine its system as needed.  |
| <b>Be transparent about the process and outcomes</b>  | The administrative office receives and records complaints and reports back to the complainant about whether the complaint is accepted or not and what is the process and timeline for investigation and resolution.   |
| <b>Implement a predictable and defined process that includes assignment of responsibility, time limits and monitoring of outcomes</b> | The administrative office receives and records the complaint and then works with relevant staff and external stakeholders to investigate, determine actions and report back outcomes.   |
| <b>Make the system a source of continual learning</b>   | XYZ's general manager and department heads meet quarterly to review complaints and check for ways to improve the mechanism and the overall company systems.   |

XYZ regularly reports back to nearby citizens and the Joint Action Committee of workers and the community on the progress of its commitments to resolve issues identified through its stakeholder engagement process and through its grievance mechanism. Reports are presented in the local language and in a clear format during town hall meetings and during dialogues held with the Joint Action Committee.

## XYZ TEXTILES AND APPAREL COMPANY Monitoring Plan

XYZ's ESMS Team developed a Monitoring Plan based on its Action Plans and their targeted objectives (see Chapter 3 Management Programs – XYZ Case Study).

**Risk 1: Lack of fire safety due to high levels of dust, unsafe wiring, and lack of training and awareness of workers and management**

Objective: Minimize number, size, and consequence of fire incidents (deaths, injuries, property damage)

Target: 80% reduction

| PERFORMANCE INDICATORS   |  |
|--|--|
| Monitoring indicators  | Monitoring records                     |
| Number and consequence of fires incidents (death, injuries, near misses) | - Fire safety log<br>- Medical records |
| Number of work hours lost due to fire incidents                          | - Production records                   |
| Percentage and volume of product loss due to fire incidents              |  |

| PROCESS INDICATORS   |                                     |
|--|-------------------------------------|
| Monitoring indicators  | Monitoring records                  |
| Type and frequency of training provided to firefighting and emergency response teams           | - Training records/ Fire safety log |
| Number and percentage of workers and managers trained on fire safety and evacuation procedures |                                     |
| Number and results of fire drills  |                                     |

Objective: Compensate victims as per company's policies

Target: 100% compensation

| PERFORMANCE INDICATORS  |                                      |
|---|--------------------------------------|
| Monitoring indicators   | Monitoring records                   |
| Number and percentage of victims compensated and cared for in a manner acceptable to workers or their representatives | - Human Resources department records |

## XYZ | 9. Monitoring and Review

**Risk 2: Unequal treatment of men and women; unequal salaries and access to training and promotion**

Objective: Reduction of gender imbalances

Target 1: Two new female supervisors on key departments

Target 2: Reduce (female) worker turnover by 20%

Target 3: Bring salaries to parity and compensate women for lost salaries over the past 6 months

| PERFORMANCE INDICATORS  |  |
|---|--|
| Monitoring indicators   | Monitoring records   |
| Number and percentage of male and female workers on middle and top management positions   | - Human Resources department records   |
| Level of salaries of men and women for same type of work                                  | - Workers' employment contracts<br>- Records of working hours and overtime<br>- Records of wage payment and statutory deductions |
| Number and percentage of male and female workers getting access to training and promotion | - Human Resources department records   |
| Trend in (female) worker turnover linked to improved gender equity                        | - HR records and exit interviews   |

| PROCESS INDICATORS   |  |
|--|--|
| Monitoring indicators  | Monitoring records   |
| Number and percentage of workers surveyed/interviewed to identify their concerns, feedback and grievances  | - Employee survey, feedback, consultation and grievances records |
| Number and percentage of workers and managers trained on non-discriminatory labor practices (hiring, promoting, compensating and training, disciplinary abuse) | - Training records   |
| Number and percentage of employment contracts reviewed and amended to comply with non-discrimination policy  | - Human Resource department records                              |

## XYZ | 9. Monitoring and Review

### Risk 3: Health and safety; work related injuries due to lack of use or provision of Personal Protective Equipment (PPE)

Objective: Reduce frequency, incidence and severity of work related injuries

Target: 50% reduction

| PERFORMANCE INDICATORS   |   |
|--|---|
| Monitoring indicators  | Monitoring records  |
| Frequency, incidence, severity of work related accidents, injuries and near-misses                   | - Health and safety logs<br>- Medical records                         |
| Percentage and volume of product loss due to work related accidents and injuries                     | - Production records  |
| Number of work hours lost due to work related accidents  |   |
| Trend in productivity and work related accidents related to improved work flow and/or factory layout | - Production records<br>- Health and safety logs<br>- Medical records |

| PROCESS INDICATORS   |  |
|--|--|
| Monitoring indicators  | Monitoring records                                     |
| Number and type of PPE and first aid kits provided   | - HR Records   |
| Number and percentage of workers and managers trained on provision and use of PPE and first aid capabilities | - Records of training provided to workers and managers |
| Number and type of non-conformances with PPE and first aid policy  | - HR records/Internal audits                           |
| Frequency of joint worker-manager safety committee meetings  | - Records of training provided to committee            |

### Risk 4: Systematic involuntary overtime without compensation in the supply chain

Objective: Key subcontractors complying with company's overtime and compensation policies

Target: 2 subcontractors

| PERFORMANCE INDICATORS   |  |
|--|--|
| Monitoring indicators  | Monitoring records   |
| Number of suppliers with procedures for prevention and remediation of overtime | - Suppliers' procedures on working hours and overtime<br>- Suppliers' complaint management and resolution procedures |
| Number and percentage of overtime hours in audited suppliers                   | - Supplier internal and external audits  |
| Average compensation for overtime hours in audited suppliers                   | - Supplier internal and external audits  |

| PROCESS INDICATORS  |   |
|---|---|
| Monitoring indicators   | Monitoring records  |
| Number and percentage of suppliers informed on overtime and compensation policy   | - Procurement department records  |
| Number and percentage of suppliers screened and monitored for overtime  | - Supplier internal and external audits and corrective action/remediation records |
| Number and percentage of suppliers with restructured production processes and/or purchasing practices to increase efficiency and reduce overtime problems | - Reports of assessments and improvements made                                    |