



**GRI Apparel and Footwear Sector Supplement**  
**Draft for Public Comment**

**Comments must be submitted by 28 August 2006**  
**using the Public Comment Form on the GRI Website:**  
**<http://www.globalreporting.org/guidelines/sectors/apparel.asp>**

## Background

The draft version of the Global Reporting Initiative (GRI) Apparel and Footwear Supplement (further referred to as the “Supplement”) now open for public comment, is a sustainability reporting guidance tool for use by companies within the apparel and footwear sector, and is based on GRI’s *Sustainability Reporting Guidelines* (the “*Guidelines*”).

The *Guidelines* have been used by more than 840 organizations in 57 countries (as of May 2006) as the foundation for reporting on their organizational performance and contributions to sustainable development. The *Guidelines* were developed over several years using a global, multi-stakeholder process, which engaged hundreds of individuals worldwide from different constituencies and geographic regions. The *Guidelines* represent the reporting content that has been identified as most broadly relevant to both reporting organizations and report users.

In order to support the use of the *Guidelines* by different sectors, GRI has initiated the development of sector supplements, which are sector-specific sustainability reporting guidance tools. These sector supplements are designed to complement the *Guidelines* and should be used in addition to, not in place of, the *Guidelines*. GRI is currently developing a third generation of the *Guidelines* due out in October 2006, and this Supplement is designed to be compatible with this new version of the *Guidelines*, known as *G3 Guidelines*).

This draft Supplement was developed by a multi-stakeholder working group formed in 2005. The working group is comprised of individuals from a range of geographical regions and drawn from a number of different constituencies including apparel and footwear companies, civil society organizations, trade unions, and mediating institutions (a list of working group members can be found in the Annex 1 of this document).

The first working group meeting was held in September 2005 to identify issues specific to the apparel and footwear sector and determine the scope of the Supplement. At the second meeting in December 2005, the working group identified the issues that would be developed into disclosures and performance indicators. The group met for the third time in March 2006 to refine the new disclosures and performance indicators and commentary on the relevant *G3 Guidelines* content more specific to the sector. A fourth meeting is planned for October 2006 to review feedback received during the public comment period and to finalize the Supplement for release as a pilot version. The working group will also review the Supplement content against the finalized *G3 Guidelines* for any necessary modification since the working group based their work on a draft version of the *G3 Guidelines* that was available at the time of developing the content of the Supplement presented in this document.

To broaden the scope and ensure the relevance of the Supplement, the draft version of the Apparel and Footwear Sector Supplement is available for public comment from **29 May through 28 August 2006**. The content of the Supplement will ultimately be produced with the *G3 Guidelines*, however, this document only shows the content developed through the multi-stakeholder working group process for the purpose of obtaining comments during the public comments period.

Please use the Word public comment form available from the following GRI website when providing comments: <http://www.globalreporting.org/guidelines/sectors/apparel.asp>.

GRI welcomes all comments and suggestions on how to improve the draft Supplement. Specifically, GRI would like proposals on alternative wording options for the new disclosures, performance indicators and commentary. GRI would like to thank all in advance for taking the time to comment.

## Text for Public Comment

***Comments are invited on the following introductory section of the Supplement.***

### Introductory section

#### **For Whom Is the Supplement Intended?**

The Supplement content was developed to be globally applicable to retailers, brands, buying offices and manufacturers (e.g. final products, sewing, fabric, tanneries, trim, etc.) within the apparel and footwear sector.

Various disclosures and indicators included in this Supplement may be relevant to other sectors that are adopting business models and supply chain strategies with similar features to those in the apparel and footwear sector. Nonetheless, *all* aspects included in this Supplement are important and appropriate for the apparel and footwear sector and should be used to guide sustainability reporting (i.e., reporting on economic, environmental, and social performance at an organizational-level) in this sector.

#### **How is this Supplement Organized?**

This Supplement is divided into five areas:

- Economic
- Environmental
- Social
- Apparel and Footwear - Business Integration
- Apparel and Footwear - Codes of Conduct

The Business Integration and Codes of Conduct sections have been created specifically for this Supplement in addition to the Economic, Environmental and Social sections found in the *Guidelines*, given their importance in this sector and the fact that disclosures and indicators contained in these sections cut across more than one of the these areas.

#### *The Significance of Business Integration in this Sector*

The apparel and footwear sector is characterized by complex supply chains, consisting of businesses that are inter-related, many with the potential to influence the activities of their business partners. Analyses of the sector have illustrated that management approaches and business practices at one level of the supply chain have an indirect effect on the labor and environmental practices at another level. For example, inefficient decision-making, last minute design changes (e.g. late commercialization), or poor critical path management can place pressure on working hours in the workplaces producing the apparel or footwear. Likewise, new fashion trends can have negative consequences on the environment. With this in mind, disclosures in the Business Integration section focus on reporting on efforts to make the production process more sustainable, from design through shipment, including capacity-building efforts undertaken by a reporting organization to enhance sustainability and compliance within the supply chain.

## *The Significance of Codes of Conduct in this Sector*

While Codes of Conduct based in international labor and environmental standards exist in other sectors, the apparel and footwear sector is one of the leading industries that have made progress with regard to the use of Codes and related Code compliance systems and auditing mechanisms. As such, organizations in this sector have developed systems for collecting information that can offer important insights into organizations' sustainability practices.

As organizations' capacities to collect this information have developed, so too has the sector's understanding of the significance of the information. The assumption that a high number of Code violations indicate poor performance has been debated, and there is a view that an increase in numbers demonstrates better ability for organizations to track and address those issues as compliance systems continue to evolve over time. Such findings accompanied by reliable evidence of effective remediation of those problems may further indicate progress as violations can only be addressed once they are found.

Today, there is an increased awareness that certain Code issues are more difficult to find and may take more time and/or resources to remediate. A growing appreciation of the root causes of problems have led away from a focus on auditing or 'policing' to current models for improvement that involve developmental approaches to compliance, integration of compliance into all business functions, and/or efforts to develop mature systems of industrial relations. The Code section of the Supplement includes disclosures and indicators that as whole, can offer insights into an organization's efforts in addressing these challenges.

## **Reporting Process**

Reporting process could provide meaningful opportunities to examine an organization's policies and programs and the economic, social, and environmental impact of its activities. This analysis can then help shape the organization's next steps for further improvement, and reporting on these will exhibit its improvement over time.

Although different organizations are at different stages in their development with regard to sustainability and have different capacities to gather and analyze data and/or bring changes, organizations at any stage are encouraged to use this Supplement to undertake the reporting process. The breadth and depth of disclosures and performance indicators found in this Supplement may pose challenges for reporters, especially for new reporters or small and medium sized enterprises. However, the use of GRI reporting framework is voluntary, and enables reporting organizations to apply it within the context of their specific situation.<sup>1</sup> Reporting organizations new to sustainability reporting can report in an incremental manner as measurement capabilities are developed within the reporting organization.<sup>2</sup>

## **Highlights of Issues Addressed in This Supplement**

The following are some of the issues that the working group has raised as meriting special attention by reporting organizations. These are common and often endemic problems in the apparel and footwear sector, which should be examined closely and reported upon over time.

*Environment:* The apparel and footwear sector has its own particular environmental 'footprint' whereby fashion trends can affect component materials and chemicals used in production.

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<sup>1</sup> Reporting principles found in the G3 *Guidelines* should be referenced when determining report content.

<sup>2</sup> GRI is currently developing guidance in this area, including reporting guidance for small and medium sized enterprises.

Disclosures and indicators in this Supplement offer opportunities for reporting organizations to report on their efforts to create sustainable products and develop life-cycle production processes.

*Gender:* The majority of workers in the apparel and footwear sector are women. As in other sectors, women face unique challenges in apparel and footwear workplaces. The most basic issue is gender discrimination with regard to pay, advancement, and/or hiring. This Supplement includes disclosures and indicators that focus on these gender issues, including pregnancy and maternal rights and sexual harassment.

*Wages:* The issue of low wages has long been associated with the apparel and footwear industry. As a first step to reporting in this area, this Supplement has focused on developing disclosures and indicators on the most basic wage issue in this sector, that is, that workers receive all the wages and benefits to which they are legally entitled. These include but are not limited to: on-time payment of legal minimum wages, full overtime premiums, and social security benefits. Nonetheless, reporting organizations are encouraged to report beyond these baseline reporting indicators whenever they undertake additional initiatives to improve wage levels.

*Building Capacity:* Key component for improving sustainability performance in all aspects within the sector is strengthening the knowledge and skills of those engaged in various levels of production process. This requires an ongoing strategy for education, training, and other capacity building activities. Making information public about capacity-building programs provides an indication of the ways in which a reporting organization is seeking sustainability. It also offers opportunities for shared learning between reporting organizations and with stakeholders.

## **Guidance on Reporting Boundaries for the Apparel and Footwear Sector**

The *GRI Boundaries Technical Protocol* and *G3 Guidelines*<sup>1</sup> provide the framework and standard criteria for setting the boundaries of a given organization's report. A reporting organization should therefore use the *Protocol* and *Guidelines* to understand and formulate the reporting boundaries for its report. **The boundaries guidance below ONLY relates to the indicators in this Supplement that are marked with an asterisk (\*) and is an interpretation of the Boundaries Technical Protocol for this sector.**

### *Setting Reporting Boundaries for Indicators Marked with an Asterisk (\*):*

While many companies in the apparel and footwear sector own or operate their own facilities, the practice of 'outsourcing' part or all of production to other business entities is common in this sector. As the roles of companies have changed along the value chain, there has been an increase in the use of outsourcing, which has resulted in long supply chains and greater linkages amongst the different participants in the chain.

In this context, it is not uncommon for an apparel or footwear company to have leverage over the business practices of at least some of the entities in its supply chain (e.g. business partners, contractors, subcontractors, agents, auditors, material suppliers, etc.).

In light of this reality, certain indicators in this Supplement (i.e. those marked with an asterisk [\*]) were designed to capture information about the performance of both the reporting organization *and* those entities in a reporting organization's supply chain over which it has significant influence or leverage as defined below. Criteria for determining the extended reporting boundaries for specially-marked indicators (\*) are outlined here.

**For indicators marked with an asterisk (\*), the reporting organization should assess its relationships with all entities in its supply chain and include within the reporting boundary any entity that meets the following criteria:**

- 1) Any entity that the reporting organization requires to comply with a code of conduct or specific performance standards as part of the contractual relationship; and/or**
- 2) Any entity over which the reporting organization has significant economic influence (see question for public comment below).**

### **Question for Public Comment: Q1**

The working group discussed two ways to determine significant economic influence and invites feedback on the best approach.

- Option 1: An organization has significant economic influence if it is one of the primary customers of the supplier OR if the entity represents a strategic supplier.
- Option 2: The boundary should be set such that it includes suppliers which amount to at least 60% of the organization's purchasing OR such that it includes the top ten suppliers.

These options represent different approaches and feedback is invited on which is best (including how to set the appropriate percentages or numbers) or concrete alternative suggestions.

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<sup>1</sup> GRI Boundary Technical Protocol and draft G3 *Guidelines* are available from the GRI website: [www.globalreporting.org](http://www.globalreporting.org)

## Proposals for Public Comment

**Comments are invited on the following proposed new disclosure/indicators and commentary for the apparel and footwear sector.**

This section outlines the proposed new disclosures and performance indicators for the sector (these are labeled as AF1, AF2, AF3, etc.) and new sector-specific commentary on existing draft G3 *Guidelines* indicators (these are labeled as, e.g., CommEN1, indicating that it is a commentary on existing draft G3 indicator EN1).<sup>1</sup>

The section is divided into five areas:

- Economic
- Environmental
- Social
- Apparel and Footwear - Business Integration
- Apparel and Footwear - Codes of Conduct

### ECONOMIC SECTION

Aspect	Proposal
<p><b>Economic Stability</b></p>	<p><b>AF1. Maximum annual variation of margins in the past three years in absolute terms.</b> <i>(New Performance Indicator)</i></p> <p><i>Explanation:</i> Calculate the changes in margin among two consecutive years, and report on the highest margin that occurred in three years.</p> <p><b>Question for Public Comment: Q2</b> Instability in financial performance can impact the ability to maintain CSR performance. This indicator was proposed as a business measure that could offer insight into CSR performance of a reporting organization. The Working Group (WG) was uncertain whether this indicator would be the best performance measure to capture that linkage. Comments are welcomed: 1) whether this would be a good measure, and 2) concrete proposals for alternative indicators that can elucidate this relationship.</p> <p>Concrete recommendations for other economic performance measures are also welcome.</p>

<sup>1</sup> Draft G3 *Guidelines* as well as accompanying Technical Protocols are available from the GRI website: [www.globalreporting.org](http://www.globalreporting.org).

## ENVIRONMENTAL SECTION

Aspect	Proposal
<b>Materials Used</b>	<p><b>AF2. Percentage of sustainable materials used in apparel and footwear products (specify type of materials).</b> <i>(New Performance Indicator)</i></p> <p><i>Explanation:</i> Report on percentage by product units.</p> <p>This indicator attempts to capture the trends for using sustainable materials in products, such as organic cotton and fibers considered to be of low impact (e.g. nettles, bamboo, and jute). Reporting organizations are expected to disclose what they consider as “sustainable materials.”</p>
	<p><b>AF3. Percentage of animal source used in apparel and footwear products other than cow and pig (specify type of materials).</b> <i>(New Performance Indicator)</i></p> <p><i>Explanation:</i> Report on percentage by product units.</p>
<b>Materials: Auxiliaries</b>	<p><b>CommEN1. Identify type of non-chemical raw materials used to modify the appearance and/or texture of textiles and leather used in the production of footwear and apparel products.</b> <i>(Commentary on EN1: Weight of materials used [core])</i></p> <p><i>Explanation:</i> This indicator addresses the indirect environmental impacts related to the use of auxiliaries (e.g. environmental impact associated with extraction and use of pumice stones).</p> <p><i>Definition:</i> Auxiliaries are non-chemical raw materials that are used to modify the texture and/or appearance of textiles, leather, and other materials used in apparel and footwear products. As such, these raw materials do not remain in the final product. Examples include sand, pumice stones, and knives.</p>
<b>Materials: Water-Based Adhesives</b>	<p><b>AF4. Percentage of products manufactured or marketed using water-based adhesives.</b> <i>(New Performance Indicator)</i></p> <p><i>Explanation:</i> This indicator is intended for the <b>footwear industry</b>. It indicates efforts by reporting organizations to use water-based adhesives to reduce environmental impacts.</p>
<b>Chemical Management System</b>	<p><b>AF5. Description of the content of restricted substances list management system, including business practices to source safer alternatives.</b> <i>(New Disclosure)</i></p> <p><i>Explanation:</i> This disclosure focuses on the use of hazardous chemicals in products and the related management systems put in place by the reporting organization.</p>

Aspect	Proposal
<b>Emissions, Effluents, and Waste: Discharge and Quality of Water</b>	<p><b>CommEN21. Report on biological oxygen demand (BOD), chemical oxygen demand (COD), and total suspended solids (TSS).</b> <i>(Commentary on EN21: Total water discharge and quality [core])</i></p> <p><i>Explanations:</i>  <u>For Footwear:</u> Report on chromium discharges.</p> <p><u>For Apparel:</u> Report on discharges of the following: Antimony, arsenic, cadmium, chromium, cobalt, copper, cyanide, lead, mercury, nickel, and zinc. Follow the appropriate International Organization for Standardization (ISO) analytical method or equivalent.</p> <p>This commentary captures reporting organizations' performance with regard to the discharge of heavy metal in water during the production of apparel and footwear products.</p>
<b>Life Cycle Thinking</b>	<p><b>CommEN26. Address approach to minimizing environmental impacts across the product life cycle and to embedding life cycle approaches/thinking into business practices.</b> <i>(Commentary on EN26: Initiatives to manage the environmental impacts of products and services and extent of impact reduction [core])</i></p> <p><i>Explanation:</i>  This indicator captures reporting organizations' initiatives to incorporate and expand life cycle thinking in the product development process, from the design stage to commercialization, including initiatives related to the supply chain.</p>
<b>Life Cycle Thinking: Product Responsibility</b>	<p><b>CommPR3. State if product information explains environmentally preferable product care instructions (e.g. washing).</b> <i>(Commentary on PR3: Procedures for product and service information and labeling [core])</i></p>
<b>Life Cycle Thinking: Packaging</b>	<p><b>AF6. Average weight of packaging materials per unit for each major product category broken down by:</b></p> <ul style="list-style-type: none"> <li>• <b>Materials with more than 50% recycled content</b></li> <li>• <b>Materials with less than 50% recycled content.</b></li> </ul> <p><i>(New Performance Indicator)</i></p> <p><i>Explanation:</i>  This indicator only applies to packaging for consumer products.</p>

## **SOCIAL SECTION**

<b>Aspect</b>	<b>Proposal</b>
<b>Employment *</b>	<p><b>AF7. Policy and practices regarding the use of contract, temporary or informal workers. Discuss procedures/programs to provide such workers access to benefits and protections commensurate to those required by law for permanent employees. (New Disclosure)</b></p> <p><i>Explanation:</i> This disclosure is intended to address deliberate attempts to avoid formalized, tenured positions (e.g., use of temporary and contract work to avoid organizing efforts or other legal obligations associated with permanent employment).</p>
	<p><b>AF8. Policy regarding the use of homeworking and assessing conditions of homeworkers. (New Disclosure)</b></p>
	<p><b>AF9. Percentage of workers not on permanent contracts broken down per region. (New Performance Indicator)</b></p>
<b>Foreign and Migrant Workers *</b>	<p><b>AF10. Policy and procedures to redress differential treatment of workers from different regions or different countries. (New Disclosure)</b></p>
	<p><b>AF11. Policy on the use and selection of labor brokers. (New Disclosure)</b></p> <p><i>Explanation:</i> This disclosure captures information about policies that prevent issues associated with Labor brokers, such as forced labor, debt bondage, passport retention, contract substitution, poor living conditions, limited freedom of movement, and/or excessive placement costs, broker fees, or deposits.</p>
	<p><b>AF12. State criteria for selection of labor brokers. Note how criteria adhere to international standards (such as ILO Conventions). (New Disclosure)</b></p> <p><i>Explanation:</i> This disclosure applies to manufacturers that use labor brokers and is intended to address issues associated with labor brokers, such as forced labor, debt bondage, passport retention, contract substitution, poor living conditions, limited freedom of movement, and/or excessive placement costs, broker fees, or deposits.</p>
	<p><b>AF13. Percentage of foreign migrant workers as a portion of total workforce. Breakdown by region and differentiate between reporting organization and suppliers. (New Performance Indicator)</b></p>

\* Specially-marked indicators have extended reporting boundaries. Please see explanation on p. 6 of this Supplement for more information about how to set boundaries for these indicators.

Aspect	Proposal
<b>Wages and Benefits *</b>	<p><b>AF14. Policy and/or practices on deductions required by employer that are not mandated by law. (New Disclosure)</b></p> <p><i>Explanation:</i> This indicator seeks to capture situations in which such reductions that are not mandated by law reduce wages to below the applicable wage standard. Deductions required by employer that are not mandated by law may include:</p> <ul style="list-style-type: none"> <li>• Payments withheld for disciplinary issues that reduce wage payments below minimum wage.</li> <li>• Deductions for living expenses that reduce wages to below minimum wage.</li> </ul>
	<p><b>AF15. Incidents of non-compliance with wage standards broken down by:</b></p> <ul style="list-style-type: none"> <li>• <b>Minimum wage payment</b></li> <li>• <b>Overtime wage payment</b></li> <li>• <b>Regular provision of wages with accurate statements</b></li> <li>• <b>Wages during probationary period</b></li> </ul> <p><i>(New Performance Indicator)</i></p>
<b>Overtime *</b>	<p><b>AF16. Policy on overtime, including the definition of excessive overtime. (New Disclosure)</b></p> <p><b>Question for Public Comment: Q3</b> Suggestions for improved wording for the disclosure or accompanying <i>Explanation</i> are invited. The objective of the second part of this disclosure is to determine the number of hours in a given time period considered to be “excessive overtime” by the reporting organization. Does this disclosure help report users to assess how the issue of excessive overtime is dealt by the reporting organization?</p>
	<p><b>AF17. Incidents of non-compliance with overtime policy. (New Performance Indicator)</b></p> <p><i>Explanation:</i> Issues of non-compliance with overtime wages and pay regulations/standards should <i>not</i> be counted for this indicator. Those are covered by indicator AF15.</p> <p><b>Question for Public Comment: Q4</b> In AF16 and AF17, the intention is to address reporting organizations’ approaches to “forced overtime” and “excessive overtime,” which are common non-compliance issues in the A&amp;F sector. Suggestions are invited on definitions of both forms of non-compliance and any suggestions for language to be included in the <i>Explanation</i> to help focus Supplement users on these two issues.</p>

\* Specially-marked indicators have extended reporting boundaries. Please see explanation on p. 6 of this Supplement for more information about how to set boundaries for these indicators.

Aspect	Proposal
<b>Gender Issues *</b>	<b>AF18. Programs to raise awareness about gender discrimination and to increase opportunities for the advancement of women workers. Explain both positive and negative results of the programs in terms of changes in wages and workforce composition. (New Disclosure)</b>
	<b>AF19. Policy and actions regarding the pregnancy and maternity rights of women workers. (New Disclosure)</b>  Explanation: The use of “pregnancy and maternity rights” here signifies: <ul style="list-style-type: none"> <li>• No pregnancy testing unless voluntary and confidential;</li> <li>• No forced abortions;</li> <li>• Taking proactive measures to improve women’s health;</li> <li>• Child care leave.</li> <li>• Protections for pregnant workers against exposure to hazardous chemicals.</li> <li>• Actions to address the unique needs of pregnant workers in order to enable their continuous employment.</li> <li>• Ensuring that pregnant workers’ work stations are close to emergency exits.</li> </ul>
	<b>AF20. Number and type of incidents of non-compliance with reporting organization’s policy regarding gender discrimination and pregnancy/maternity rights. (New Performance Indicator)</b>
<b>Human Resource Management *</b>	<b>AF21. Management practices relating to the recruitment, hiring, retention, and termination. Describe also disciplinary and grievance policies and procedures. Explain impacts and results of these practices. (New Disclosure)</b>
<b>Occupational Health and Safety: Musculoskeletal Disorders *</b>	<b>CommLA9a. Describe initiatives to reduce and respond to the occurrence of musculoskeletal disorders. Describe also the results of these initiatives. (Commentary on LA9: Elements of occupational health and safety management approach [additional])</b>  <i>Explanations:</i> Although not unique to the sector, repetitive motions injury or repetitive strain injury and other injuries are quite common in these industries due to the nature of the work, and therefore highlighted in this supplement.

\* Specially-marked indicators have extended reporting boundaries. Please see explanation on p. 6 of this Supplement for more information about how to set boundaries for these indicators.

Aspect	Proposal
<b>Occupational Health and Safety: Accidents or Injuries *</b>	<p><b>CommLA9b. Include risk assessments and preventative measures for accidents and injuries.</b> <i>(Commentary on LA9: Elements of occupational health and safety management approach [additional])</i></p> <p><i>Explanation:</i> This commentary seeks additional information about reporting organization's efforts to prevent accidents and injuries.</p>
<b>Human Rights *</b>	<p><b>CommHR4. A&amp;F Sector Supplement extends reporting boundary for this indicator.</b> * <i>(Commentary on HR4: Incidents of discrimination [core])</i></p> <p><b>CommHR5. A&amp;F Sector Supplement extends reporting boundary for this indicator.</b> * <i>(Commentary on HR5: Incidents of violations of freedom of association and collective bargaining [core])</i></p> <p><b>CommHR6. A&amp;F Sector Supplement extends reporting boundary for this indicator.</b> * <i>(Commentary on HR6: Incidents of child labor [core])</i></p> <p><b>CommHR7. A&amp;F Sector Supplement extends reporting boundary for this indicator.</b> * <i>(Commentary on HR7: Incidents of forced or compulsory labor [core])</i></p> <p><b>CommHR10. A&amp;F Sector Supplement extends reporting boundary for this indicator.</b> * <i>(Commentary on HR10: Incidents involving rights of indigenous people [additional])</i></p>
<b>Child Labor *</b>	<p><b>AF22. Policies and programs for addressing child labor.</b> <i>(New Disclosure)</i></p> <p><i>Explanation:</i> Child: This term applies to all persons under the age of 15 years, or under the age of completion of compulsory schooling, whichever is higher; except in certain countries whose economies and educational facilities are insufficiently developed, where a minimum age of 14 years might apply. These countries of exception are specified by the ILO in response to special application by the country concerned and consultation with representative organizations of employers and workers.</p>

\* Specially-marked indicators have extended reporting boundaries. Please see explanation on p. 6 of this Supplement for more information about how to set boundaries for these indicators.

Aspect	Proposal
<b>Young Workers*</b>	<p><b>AF23. Incidents of violation of standards protecting young workers.</b> (New Performance Indicator)</p> <p><i>Explanation:</i> A range of restrictions exist in international agreements, national laws and regulations, company policies, and collective bargaining agreements concerning the nature and volume of work performed by persons over the minimum working age and under a certain age. 'Young worker' is defined as a worker under 18 years of age based on ILO Conventions.</p>
<b>Freedom of Association *</b>	<p><b>AF24. Policy and programs to enable workers to exercise freedom of association and the right to collective bargaining in all operations and sourcing locations.</b> (New Disclosure)</p> <p><b>AF25. Percentage of workplaces in supply chain where there is one or more independent trade union(s), broken down by country.</b> (New Performance Indicator)</p> <p><b>AF26. Percentage of workplaces in supply chain where there is an independent trade union with a collective bargaining agreement, broken down by country.</b> (New Performance Indicator)</p> <p><b>AF27. Percentage of workplaces where there are worker-management committees which address employee-employer issues, broken down by country.</b> (New Performance Indicator)</p> <p><b>AF28. Percentage of factories in countries that have not ratified ILO Conventions on freedom of association and collective bargaining.</b> (New Performance Indicator)</p> <p><i>Explanation:</i></p> <p>The two Conventions referred to here are:</p> <ul style="list-style-type: none"> <li>- Freedom of Association and Protection of the Right to Organize Convention, 1948 (No 87)</li> <li>- Right to Organize and Collective Bargaining Convention, 1949 (No 98)</li> </ul> <p>For a list of countries ratifying these two treaties, access the ILO's website: <a href="http://www.ilo.org/ilolex/english/convdisp1.htm">http://www.ilo.org/ilolex/english/convdisp1.htm</a></p>

\* Specially-marked indicators have extended reporting boundaries. Please see explanation on p. 6 of this Supplement for more information about how to set boundaries for these indicators.

Aspect	Proposal
Community Investment	<p><b>AF29. Overall strategy for community investments and how investments address the issues faced by workers, their families, and their communities. (New Disclosure)</b></p>
	<p><b>AF30. Investment initiatives in communities where facilities are located, broken down by program, amount of investment, and location. (New Disclosure)</b></p>
Public Policy	<p><b>CommSO4. For reporting organizations involved in trade agreements, identify those agreements and state position on them. (Commentary on SO4: Participation in public policy development and lobbying [core]).</b></p>
	<p><b>AF31. Trade agreements' influence on reporting organizations' operations. Discuss how supply chain decisions are affected by trade agreements and how the reporting organization has been working to address these impacts. (New Disclosure)</b></p>

## **APPAREL AND FOOTWEAR SECTION - BUSINESS INTEGRATION**

<b>Aspect/Issue</b>	<b>Proposals</b>
<p><b>Process from Design to Delivery</b></p>	<p><b>AF32. Describe changes in the process of design to shipment in terms of variations and their trends such as:</b></p> <ul style="list-style-type: none"> <li>- late changes or changes to specification</li> <li>- forecast changes</li> <li>- stock keeping unit (SKU) size/batch size</li> <li>- overbooking</li> <li>- obsolete material</li> <li>- unavailable material</li> <li>- cycle time</li> </ul> <p><i>(New Disclosure)</i></p> <p><i>Explanation:</i>            "Unavailable material" refers to material that is not available for purchase in the market.            "Obsolete material" is material held in inventory that remains unused for a set length of time and becomes waste.</p>
<p><b>Supply Base Management</b></p>	<p><b>AF33. Policies for supplier/vendor selection, management, and/or termination.</b>  <i>(New Disclosure)</i></p> <p><i>Explanation:</i>            Include:</p> <ul style="list-style-type: none"> <li>▪ New source approval process</li> <li>▪ Linking of supplier CSR performance with sourcing decisions</li> <li>▪ Strategy for managing impact of exiting</li> </ul>

Aspect/Issue	Proposals
<b>Training and Capacity Building *</b>	<b>AF34. Overarching training strategy to meet economic, social, and environmental sustainability goals. (New Disclosure)</b>
	<p><b>AF35. Programs to educate and train employees internal to the organization as well as organizations within the supply chain. (New Disclosure)</b></p> <p><i>Explanation:</i> For each training program, summarize the goals, content, implementation, and participants. Assess each program's effects.</p> <p>Programs may include but are not limited to:</p> <ul style="list-style-type: none"> <li>- Labor rights training for workers, supervisors and management</li> <li>- Human resources capacity building</li> <li>- Managerial skills training</li> <li>- Production planning in order to increase efficiency, productivity, and product quality</li> <li>- Life skills training for workers, supervisors, etc.</li> </ul> <p>Definition of 'life skills training': Training and opportunities that seek to enhance the quality of life in and out of the workplace for the worker, including but not limited to: literacy training; financial literacy training; health/reproductive health issues awareness and prevention; nutrition; social skills and conflict resolution; access to microfinance.</p> <p>Note: These do not include provision of services that are required by law; or provision of services that are related to the skills required to perform the current job.</p>

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## APPAREL AND FOOTWEAR SECTION – CODES OF CONDUCT

Aspect	Proposals
<b>Code Description</b>	<b>AF36. Description of Code of Conduct, operational standards for meeting provisions of the Code, and to whom Code applies. Include reporting organization’s approach to communication, training, and education about Code. (New Disclosure)</b>
	<p><b>AF37. Code of Conduct’s correspondence with ILO Conventions. (New Disclosure)</b></p> <p><i>Explanation:</i> This refers to but is not limited to ILO Conventions such as:</p> <ul style="list-style-type: none"> <li>- Freedom of Association and Protection of the Right to Organize Convention, 1948 (No 87)</li> <li>- Right to Organize and Collective Bargaining Convention, 1949 (No 98)</li> <li>- Forced Labor Convention, 1930 (No 29)</li> <li>- Abolition of Forced Labor Convention, 1957 (No 105)</li> <li>- Discrimination (Employment and Occupation) Convention, 1958 (No 111)</li> <li>- Equal Remuneration Convention, 1951 (No 100)</li> <li>- Minimum Age Convention, 1973 (No 138)</li> <li>- Worst Forms of Child Labor Convention, 1999 (No 182)</li> <li>- Hours of Work (Industry) Convention, 1919 (No 1)</li> <li>- Weekly Rest (Industry) Convention, 1921 (No 14)</li> <li>- Termination of Employment Convention, 1982 (No 158)</li> <li>- Occupational Safety and Health Convention, 1981 (No 155)</li> </ul> <p><b>Question for Public Comment: Q5</b> This disclosure attempts to capture how reporting organizations’ Codes of Conduct correspond with ILO Conventions. It may also be relevant to refer to normative sources/laws such as Universal Declaration of Human Rights, The United Nations Convention on the Rights of the Child, OECD Guidelines, etc. Your comments are welcomed during the public comment period regarding the appropriate international standards to refer to in this section.</p>
	<b>AF38. Participation in efforts designed to harmonize Codes of Conduct and/or implementation programs across the apparel and/or footwear industries. Refer to specific initiatives and partners. (New Disclosure)</b>
<b>Compliance and Code Enforcement *</b>	<p><b>AF39. System for compliance with and enforcement of Code of Conduct. Include the approach for determining, tracking, evaluating, and enhancing performance with Code. (New Disclosure)</b></p> <p><i>Explanation:</i> This refers to the system which falls within the boundary as defined by the guidance provided in the Supplement.</p>

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Aspect	Proposals
<b>Compliance and Code Enforcement (Cont) *</b>	<b>AF40. Parties and/or personnel performing Code of Conduct compliance audits.</b> <ul style="list-style-type: none"> <li>• Provide an organizational chart showing where this function fits within the organizational structure.</li> <li>• Include the entire structure from policy making through to implementation.</li> </ul> <i>(New Disclosure)</i>
	<b>AF41. Describe process for selection, hiring, training and evaluation of parties and/or personnel performing compliance audits.</b> <i>(New Disclosure)</i>  <i>Explanation:</i> This disclosure refers to internal compliance staff <i>and</i> external/third party auditors.
<b>Findings *</b>	<b>AF42. Summarize and analyze findings of compliance audits.</b> <i>(New Disclosure)</i>
	<b>AF43. Process for determining which entities to audit and/or monitor.</b> <i>(New Disclosure)</i>
	<b>AF44. Typical compliance audit process, including sources of information before, during, and after audits.</b> <i>(New Disclosure)</i>
	<b>AF45. Incidents of non-compliance with the relevant Code of Conduct broken down by Code element. If a rating system is in place, describe the criteria used.</b> <i>(New Disclosure)</i>
<b>Remediation Practices *</b>	<b>AF46. Remediation practices to achieve compliance with Code of Conduct, including how outcomes are verified.</b> <i>(New Disclosure)</i>  <i>Explanation:</i> Describe policies, programs and practices to achieve continuous sustainable improvement within the boundaries defined by the guidance provided in the Supplement. Sustainable refers to behaviors that are strategic and designed for continuous improvement of work practices in the supply chain.
	<b>AF47. Efforts to incorporate capacity building into the remediation process, including systems improvements. Quantify efforts where possible.</b> <i>(New Disclosure)</i>
<b>Integrating Business Practices *</b>	<b>AF48. Methods for integrating Code of Conduct implementation into business practices, including but not limited to, sourcing policy and supplier relationships.</b> <i>(New Disclosure)</i>
	<b>AF49. Collaborative efforts with stakeholders to improve supply chain performance, including efforts to achieve greater supplier ownership.</b> <i>(New Disclosure)</i>

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Aspect	Proposals
<b>Assessment and Evaluation *</b>	<b>AF50. Description of how learning from the systems in place are assessed and evaluated for continuous improvement. Include the performance goals of the reporting organization. <i>(New Disclosure)</i></b>

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## **Annex 1. GRI Apparel and Footwear Sector Supplement Working Group Members**

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