

Glossary

Brand

A company that designs and markets apparel products, but usually does not own production facilities and outsources production to suppliers who own the manufacturing facilities. The term “brand” can either be the name of the company itself or the name of a line of products owned by the company. For instance, products made for Gap Inc. might have the name Gap on the label or the name Old Navy or Banana Republic, which are two brand names also owned by Gap. Products made for Walmart might have a number of different names on their labels, such as Athletic Works, Faded Glory or George, all of which are brand names owned by Walmart.

Retailer

A company that owns stores where apparel and other consumer products are sold. Some retailers, like Walmart and Target, sell brand-name products of other companies as well as their own products, while others, like Gap, Zara and H&M, only sell their own brand-name products in their stores.

Manufacturer

A company that owns, manages and operates one or more factories producing apparel products for export or for sale in the domestic market. International manufacturers may produce their own brand-name products and/or produce for a number of brands owned by other companies. Hanesbrands, Gildan Activewear and Fruit of the Loom are well-known international manufacturers with a major presence in Central America.

Supply Chain

A series of stages involved in the creation of a company’s products in various parts of the world. In the garment sector, this could include production of raw materials like cotton or wool; manufacture of inputs, such as yarn and fabric;

cutting, sewing and trimming; packaging and transportation; and design and marketing.

Supplier

A company that is contracted to manufacture products for a brand or retailer. A supplier might own multiple manufacturing facilities, sometimes in different countries, producing for a number of brands. These might include textile and/or laundering facilities, as well as cut, make and trim factories. Suppliers are also usually responsible for sourcing inputs, such as fabric, to be used in the manufacture of the brand’s product. Some brands, Levi’s and Gap for example, refer to their suppliers as “vendors”.

Subcontract Facility

In order to meet order deadlines and/or reduce labour costs, a supplier may subcontract some steps in the production process, usually sewing and/or trimming, to a smaller factory, sewing workshop, or to homeworkers. Often subcontracting is done without the knowledge of the brand whose products are being sewn in those facilities. These are referred to as “unauthorized subcontractors.”

Licensing/Licensee

Some companies, such as Disney, do not directly contract the production of their brand-name products to suppliers. Instead, they license the right to use their brand name and images on apparel and other products to other companies (licensees) who then outsource their manufacture.

Ethical Licensing Policy

In the US and Canada, most universities have licensing agreements with apparel manufacturers allowing them to manufacture products bearing the university name and/or symbol. Usually these are the names and symbols of popular university sports teams. Some of these

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products are sold by the university that signed the licensing agreement and others are sold in the retail stores of companies. Under pressure from students, more than 200 North American universities have adopted ethical licensing policies that require their licensees or to meet minimum labour standards.

Ethical Purchasing Policy

A smaller number of municipal and state governments in North America have adopted ethical purchasing policies for employee uniforms and other products they purchase in bulk. The municipal government uses these policies to require suppliers to meet minimum labour standards. Some of these public institutions use the Worker Rights Consortium (WRC) as their monitoring organization.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a broad concept that can include how a company addresses social and environmental issues, community relations, philanthropy, etc. Over the past two decades, CSR has also included the responsibilities of international brands and manufacturers concerning the conditions of the workers who make their products throughout their global supply chain.

Code of Conduct

A code of conduct is a set of principles and standards that a company voluntarily agrees to comply with. In the apparel sector, company codes of conduct often apply to the labour and/or environmental practices of their suppliers. Most voluntary codes of conduct in these sectors include requirements that their suppliers abide by local labour laws and regulations and additional minimum standards outlined in the code.

Global Framework Agreement

A global framework agreement is negotiated and signed by a global union and a multinational corporation. When a company signs an agree-

ment of this kind, it commits to respect and ensure that its suppliers comply with all of the provisions of the agreement, which are based on the labour standards of the International Labour Organization (ILO). The agreement is a tool that allows the global union to bring to the company's attention cases of violations of workers' rights, as defined in the agreement, with the expectation that the signatory company will take steps to remediate the violations. In the garment sector, two global framework agreements have been signed by IndustriALL, the first with Spanish retailer Inditex (which owns the Zara brand), the second with Swedish retailer H&M.

Accord on Fire and Building Safety

The Bangladesh Accord on Fire and Building Safety is another example of an agreement signed by global unions and multinational corporations. Different from a framework agreement, this agreement is only applicable in one country and addresses a specific set of issues. The Accord is legally binding and requires more than 200 signatory companies to make sure that their suppliers in Bangladesh cooperate with independent safety inspections and to ensure financing to cover the costs of any renovations that are required in the factory. The Accord also provides for health and safety training for workers and establishes workers' right to elect representatives to health and safety committees, to file anonymous complaints about health and safety hazards, and to refuse to perform unsafe work.

Code Benchmarks or Guidelines

Some codes of conduct, particularly those of the multi-stakeholder initiatives (MSIs), are accompanied by more specific "benchmarks" or "guidelines" detailing what actions would be considered violations of the various code standards.

Social Compliance Department/Staff

In response to growing consumer concern about the conditions under which their products are made, as well as media exposés and campaigns by labour rights groups, many brand-sensitive companies have created social compliance departments. Social compliance staff of these

companies are responsible for ensuring that their suppliers understand and comply with their codes of conduct and local laws. Some staff are also responsible for receiving complaints of code/legal violations and engaging with international and local labour rights organizations that bring forward complaints.

Social Auditing Organization (Factory Auditor)

In an effort to ensure compliance with their codes of conduct, companies often contract social auditing organizations, which are usually private sector firms, to carry out periodic audits of their supplier factories. Examples of these private auditing companies include Accordia Global Compliance Group, Interetek, Elevated Limited (formerly Level Work), TEMIS and VeLaR-Intl. A small number of Southern NGOs, including COVERCO, GMIES and EMIH, have also carried out factory audits and investigations, and the work of those organizations is generally seen as being more credible and effective than that of the private sector auditors, particularly in carrying out worker interviews.

Multi-Stakeholder Initiative (MSI)

A Multi-Stakeholder Initiative (MSI) is an organization that brings together a number of companies and civil society organizations, including NGOs and/or unions, in order to negotiate and seek agreement on ways to achieve and maintain compliance with social and environmental standards. A number of MSIs have adopted codes of conduct, which are generally based on ILO Conventions, as well as factory monitoring systems. Some MSIs, such as the Ethical Trading Initiative (ETI) in the UK, include trade union organizations in their governance structures, while others such as the Fair Labor Association (FLA) and Social Accountability International (SAI) in the U.S., do not include any union participation. Many MSIs have third party complaint processes. The level of transparency of the different MSIs varies.

Worker Rights Consortium (WRC)

The Worker Rights Consortium (WRC) is a labour rights monitoring organization that includes North American universities, labour rights experts, and university students in its governance structures. While not technically a MSI, the WRC also carries out investigations in response to third-party complaints. The WRC excludes companies from its membership and governance structures, but does include as members 175 U.S. and Canadian universities that license the manufacturer of apparel and other products bearing their names and insignias. (The FLA includes approximately 200 universities as members, many of which are also WRC members.)

Remediation (Corrective Action)

Remediation (or corrective action) is the set of actions taken by a supplier to bring a workplace into compliance with a company's code of conduct and local laws. Often a corrective action plan is developed, in consultation with the supplier (but seldom with the workers), after a factory audit or third-party investigation identifies violations of a code of conduct. The degree of transparency regarding corrective action plans and reporting on the status of remediation varies among companies and MSIs.

Factory Certification/Brand Accreditation

Some MSIs, like Social Accountability International (SAI), and industry initiatives, like Worldwide Responsible Accredited Production (WRAP), certify factories as being in compliance with a set of minimum labour standards. Factory certifications are usually carried out by private sector social auditing firms. Other MSIs, such as the FLA and ETI, accredit or rate their member companies' social compliance programs. Accreditation of those social compliance programs is done by the MSI itself.

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Third Party Complaint

Some MSIs, including the FLA, ETI, and SAI, as well as the WRC, have third party complaint processes in which workers and other interested parties can file formal complaints if they have evidence that provisions of the MSI code and/or local law have been violated. If the MSI or WRC determines that the complaint is credible, it usually launches an investigation that results in a report and recommendations for corrective action, if the alleged violations are verified.

Industry initiatives, such as WRAP, generally do not have mechanisms for third party complaints. WRC investigations and investigative reports are generally seen by labour rights groups as being more credible and transparent than those of the MSIs. (For more information, see “Corporate Accountability Mechanisms” in your kit.)

Factory Disclosure

A long-time demand of the international labour rights movement has been that apparel and sportswear companies publicly disclose and regularly update a list of the names and addresses of the factories that make their products. In response to that pressure, a small, but growing number of brands now disclose factory lists on their websites, including Nike, adidas, Levi’s, Timberland, and the Swedish retailer H&M.