

Social Indicator Cotton

Explanatory Document

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1 Purpose

This document defines the rationale and procedure for social indicators.

2 Background

Section 2.4.2 of the Fairtrade Standard for Fibre Crops is intended to manage the risk regarding working conditions and labour rights in the complex cotton supply chain, from the ginner up to the company manufacturing the finished garment. All supply chain actors that are Fairtrade certified or are applying to become certified for Fairtrade cotton must demonstrate efforts to comply with a set of ILO Conventions as stated in the Fibre Crops Standard. The documentary evidence to demonstrate efforts of social compliance is called Social Indicator.

3 Area of Application

Section 2.4.2 of the Fairtrade Standard for Fibre Crops applies to every company in the supply chain that takes ownership of Fairtrade cotton and uses it in the processing/manufacturing until the point of licensing, including all own production sites as well as subcontractors' sites.

In case you are using a subcontractor to process/manufacture Fairtrade certified cotton, you must present a valid Social Indicator for the subcontractor before the subcontractor can be approved by FLOCERT to start processing and/or manufacturing Fairtrade certified cotton.

This requirement does not apply to the following set-ups:

1. Companies that only take legal ownership of the Fairtrade cotton but do not do any processing (i.e. pure traders).
2. Companies that are operating under the FSI Cotton¹ model from the spinning stage onwards. Under the FSI Cotton model, this requirement applies only to the companies up to and including the ginning stage.

Please, note that all cotton certified customers need to have a valid social indicator in place at all time while being certified. Please, bear in mind to initiate all necessary steps on time to renew your social indicator for your production sites. Of course, this also applies to any subcontracted site involved in the processing of Fairtrade cotton.

4 Definitions

Social Indicator (SI): A Social Indicator is a documentary evidence you provide to FLOCERT in order to demonstrate your efforts to comply with the fundamental set of ILO Conventions as defined in the Fibre Crops Standard. It must refer clearly to the customer and to the specific production sites that is used to manufacture/process Fairtrade certified cotton, including the specific address and activity².

SI Eligibility: Only those social documentary evidences defined in sections 2.4.2 of the Fibre Crops Standard are eligible as Social Indicators.

¹ In supply chains with FSI Cotton, physical traceability is only required up to and including the ginning stage, All other actors further down the supply chain (spinner (if not acting as Fairtrade price and premium payer), weaving, knitting, cut-make-trim (CMT)) can apply mass balance and – if only involved in FSI Cotton – do not have to become Fairtrade certified. Such customers, however, must become verified by FLOCERT.

² In general, the following processing/manufacturing activities occur in a cotton supply chain (resulting product forms in brackets):

Producer (Seed Cotton) - Ginner (Cotton Lint/Cotton Bale) - Spinner (Cotton Yarn) - Dyer (Dyed Yarn) - Knitter (Knitted Cotton Fabric) / Weaver (Woven Cotton Fabric) - Dyer (Dyed Fabric) - CMT (Finished product, e.g. garments, house goods, etc.) - Embellishment (Embroidered Garment/ Printed Garment). The embellishment activity (such as washing, embroidery, printing) must be clearly defined to FLOCERT.

SI Validity: The validity of a SI is not limited to timelines (it must be valid during submission date), but also related to scope (social standard must cover the ETI Base Code) and level of compliance (no open non-conformities with minimum requirements as defined in the Fibre Crops Standard).

5 Social Indicators

The following Social Indicators (as defined in section 2.4.2 of the Fibre Crops Standard) are eligible. They may be accepted by FLOCERT if the conditions described below are met.

5.1 WFTO Membership certificate

If you are member of the WFTO (World Fair Trade Organisation), please provide the WFTO membership certificate. Additionally, your status as a member including the address of the site should at least be reflected on the WFTO Website (<http://wfto.com/find-supplier>).

5.2 SA8000 Certificate

You have a valid SA8000 certificate. This is acceptable as Social Indicator as long as you are not suspended currently. This can be verified on the list of certified organisations that is regularly updated on the SAAS website (<http://www.saasaccreditation.org/certifacilitieslist>)³

5.3 Participation in ETI, FWF, FLA, WRC

Your company or production unit involved in FT Cotton is engaged with one of the following initiatives: Ethical Trading Initiative (ETI), Fair Wear Foundation (FWF), Fair Labour Association (FLA) or Workers' Rights Consortium (WRC). As these initiatives work differently, the documentary proof is different as well.

For ETI, FLA and WRC your membership should be reflected in the respective websites. Otherwise, please, provide documentary proof of your participation in the respective initiative.

For FWF, kindly submit the latest FWF audit report including the action plan.

5.4 Letter of union

The union active in your company must be a member of the International Trade Union Confederation (ITUC). The membership of the union in the ITUC can also be confirmed through the website http://www.ituc-csi.org/IMG/pdf/list_of_affiliates_15th_gc.pdf.

5.5 The company is owned by the workers

The statutes of your company demonstrate that the company is owned a 100% by the workers (100% of the shareholders must be the workers).

5.6 Social audit report

Your company has received a social audit from an auditing body. The complete social audit report including the Corrective Action Plan Report (CAPR) signed by the auditor needs to be submitted to FLOCERT. If there is any open non-conformity of the Minimum Criteria as defined in the Fibre Crops Standard (see chapter 7) which was still not been lifted by the respective auditing body or if the social audit report is older than 1 year at the moment of submission to FLOCERT, the Social Indicator will be denied.

Furthermore, if the social audit was completed against a different standard than the ETI Base Code, the applied standard must still cover the requirements of the ETI Base Code. FLOCERT conducts a

³ As a SA8000 certification lasts for 3 years, an several evaluation decisions are taken after the surveillance audits throughout the 3-year period.

benchmarking and will inform you whether the specific code or standard is equivalent to the ETI Base Code. If not, the social audit report will not be accepted as Social Indicator for Fairtrade certification.

6 Minimum Criteria as per Fibre Crops Standard

In order to exclude severe forms of labor exploitation minimum criteria are set in the Fairtrade Fibre Crops Standard. If any non-conformity with the following criteria has been detected, the Social Indicator will be denied. Please note, the examples are presented to illustrate the intention of the criteria and not to be a comprehensive list of possible situations.

Minimum Criteria	Examples of conducts that would contravene the criteria ⁴ :
<p>Employment is freely chosen (ILO Convention 29 and 105; ETI Base Code 1)</p>	<p>Not paid labour, traffic of persons, workers not being allowed to leave their employer after reasonable notice, workers being forced to sign a blank letter, workforce required to lodge deposits.</p>
<p>Freedom of association and the right to collective bargaining are respected (ILO Convention 87 & ILO Convention 98; ETI Base Code 2)</p>	<p>Management of the company forbidding this right or putting barrier to the activities of the union.</p>
<p>Elimination of the worst forms of child labour (ILO Convention 182)</p>	<p>Where child labour is detected the management should commit to put in place a remediation scheme, such as giving access to education to the employed children in order to contribute to their development. Refusing to put in place the remediation scheme into the company will be considered as a NC with the minimum criteria.</p>
<p>No harsh or inhumane treatment is allowed (ETI Base Code 9.1)</p>	<p>Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation.</p>
<p>Working conditions are safe and hygienic (ETI Base Code 3.3; 3.4)</p>	<p>Limited access to food or drinking water, no access to acceptable sanitary facilities and no access to acceptable housing when provided.</p>

⁴ Please note, the examples are presented to illustrate the intention of the criteria and not to be a comprehensive list of possible situations.



7 Denial of Social Indicator

If you are a Fairtrade certified customer and the Social Indicator is denied by FLOCERT, a non-conformity will be raised with Compliance Criteria 4.8.0.10 (which relates to requirement 2.4.1 of the Fibre Crops Standard). As with any other non-conformity, you will be given a certain timeframe to provide a new Social Indicator. If you are still in the application phase, you will need to provide a new Social Indicator within the application timelines.