

FASHION + 'Spotlight on Sourcing'

Certification & Standards

Tuesday 19th May 2009

Introduction, Tamsin Lejeune, director of the Ethical Fashion Forum

Fashion+ is about looking at the way that people within the fashion industry can use their roles within the industry to benefit sustainable fashion.

EFF have had many requests for a Certification and Standards event, as it is important for fashion industry professionals to know the certification, labelling and standards available to them.

The following Spotlight on Sourcing event is part of a series focusing on geographical areas and will be looking at South America and Africa. Running alongside the next event will be a Latin America monthly theme- we encourage you to join and promote what you are doing and discuss your interests.

About the Event

This seminar looked in depth at the range of certification and standards options available for fashion businesses. Each speaker gave introductions to their certification, labelling or standards. Speakers also presented case studies, representing different models of products and sizes of business; the most appropriate certification, labelling and standard setting options and how these can be built into business models.

Seminar Facilitated by:

CHAired: David Loyn, BBC Developing Country Correspondent

Loyn has been a reporter for the BBC for over 20 years. He has acted as BBC's Moscow and South Asia correspondent. David currently focuses on international development as the BBC's developing world correspondent and continues to report from conflict zones.

Carol Wills, World Fair Trade Organization

Wills is an Honorary Member of World Fair Trade Organization (WFTO), and has been Executive Director of WFTO and Head of Oxfam's "Bridge" Fair Trade Programme. She has worked extensively across Asia, Africa and Latin America and advises international, regional and national organisations on quality management, standards compliance, strategic planning, impact assessment, monitoring and audit.

Allanna McAspurn, Made-By

McAspurn is the UK General Manager for Made-By, an independent labelling organisation which works with fashion brands to improve the social and environmental sustainability of their supply chains. Allanna has extensive experience in the Ethical Fashion sector in the UK and Europe and specialises in sustainable business and sourcing strategies for fashion.

Lee Holdstock, Soil Association

Holdstock is the senior certification officer and organic textile expert at Soil Association Certification. Soil Association independently provide organic certification services and advisory support on all aspects of organic certification and is one of ten approved organic certification bodies in the UK.

Vanessa Parr, Fairtrade Foundation

Parr is the Foundation's business development officer for non-food products. Products carrying the Fairtrade label are increasing and can be found at many retailers such as; Tesco, Topshop, Sainsburys, Asda and Debenhams.

Company Introductions by;

Paul Chater, Historic Futures

Francesca New, Sedex

Vanessa Parr, Fairtrade Foundation

Introduction

Fairtrade Foundations aim is to empower **cotton** farmers in developing countries.

So far, fairtrade foundation has 746 producer groups, 33 of which are cotton producers. 1 million farmers have benefited so far from fairtrade foundations work and this was only started in 2005.

Fairtrade Foundation works with retailers of various sizes.

Why is fairtrade cotton so important?

Farmers who produce fairtrade cotton earn 30-60% more than conventional cotton.

Fairtrade Foundation has found that consumers are staying true to their ethics in the economic downturn.

Issues for Cotton Farmers

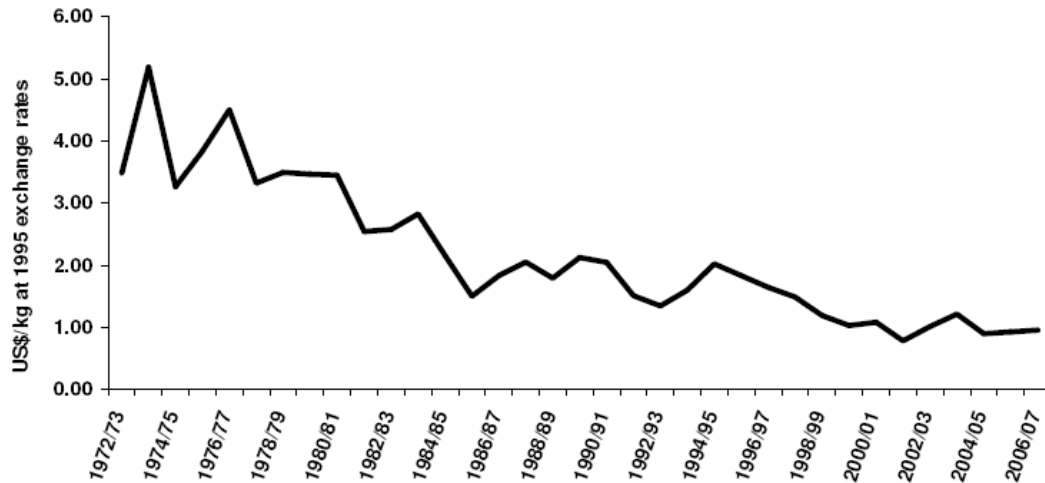
In the current economic climate farmers are currently facing a loss of seven million pounds, as world prices are coming down which means farmers are facing deflation.

Farmers in developing nations are struggling to compete against developed nations who use mechanised methods of production to collect cotton.

As the graph below shows how cotton growers are receiving less and less money for cotton since measurements began in 1973.

Data source: Cotlook A Index

This chart adjusts world cotton prices to reflect the constant value of the dollar at 1995 exchange rates
It shows that in real terms growers received five times more for a kilo of cotton in 1973 than in 2007



The Fairtrade Market

- The fairtrade market is still less than 1% of the overall apparel market.
- 20million Fairtrade Cotton products sold in 2008
- Over 1700 cotton products license
- Growing international markets

How Fairtrade Foundation helps

Fairtrade Foundation has three core aims to help solve problems that farmers face

- 1) **Gender and Social equality**, specifically equality in West Africa
- 2) **Economic**, ensuring farmers are given funding and paid fairly- this means they can then chose how to best spend this money, e.g. schooling, safe drinking water
- 3) **Environmental**

The Standards

Retailers often have no idea where the fabric they use in their products comes from. If retailers are to use the fairtrade label, they must not only know where the certified cotton they are using is coming from but also have sub-contractors registered.

The following stages needs to be certified;

- Seed cotton
- Ginning: lint fibre
- Spinning: yarn
- Weaving/Knitting: fabric
- CMT: garments
- Licensee/ retailer

Up to 50% of the certified cotton can be mixed with other fibres.

Case Studies

Ongoing

Ongoing needed help to find a supplier in India, once they found a suitable supplier they worked with them throughout implementing standards in order for the factory to be certified. Once the factory is certified it means they are in a position to attract more retailers bringing financial stability.

Marks and Spencers

M&S made sure they know their consumer when embarking on fair trade goods. They discovered that it is not the price of goods that is a problem in the fair trade market, but availability and product choices. M&S also showed that fair trade does not always mean expensive products by introducing a fairtrade labelled range of t-shirts priced at £5.

Fairtrade Foundation helping farmers



This picture, taken from Vanessa Parr's presentation, is an example of how fairtrade foundation has helped farmers.

Farmers in this picture have just received a new scale. The scales are used to measure how much cotton farmers have harvested, which determines wages. The scales before were fixed so that it would show a lighter amount than what was actually picked, underpaying farmers.

Carol Wills, World Fair Trade Organization (WFTO)

Introduction

Their aim is to enable small producers, particularly farmers and artisans, to take back control by improving their livelihoods and communities through fair trade.

WFTO believe farmers need 3 things to do this;

- 1) Access to Market
- 2) Build trust
- 3) Ability to speak Out

WFTO 10 **Standards** of Fairtrade;

- 1) Creating opportunities for economically disadvantaged producers
- 2) Transparency and accountability
- 3) Capacity building
- 4) Promoting Fair Trade
- 5) Payment of a fair price
- 6) Gender Equity
- 7) Working conditions
- 8) Child Labour
- 9) The environment
- 10) Trade Relations

[For more detail on these standards please visit]:

http://www.wfto.com/index.php?option=com_content&task=view&id=2&Itemid=14

WFTO have offices in 70 countries in the world. These offices operate both regionally and nationally.

Certification/ standards and labels

There are many new standards available which define themselves as fair trade, however it is not known how credible these are.

To change the way in which producers and workers are treated a credible fair trade standards and label is needed.

To make standards credible, continual improvement is needed through; report making which is reviewed by management, corrective action is then made followed by implementation of changes.

A credible label is increasingly important as trends, by fair trade facts and figures, show that non-labelled fair trade is rapidly losing market share. This can be seen by comparing labelled, which is growing 30% per year, with non-labelled which is growing at less than 5% per year.

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The Sustainable Fair Trade Management System

As mentioned a credible label is needed, and that is what WFTO is doing with their new system, SFTMS.

SFTMS will be a worldwide standard for the independent certification of organisations that demonstrate fair trade business practices. The new worldwide standard framework complements existing fair trade product labelling approaches.

The new Sustainable Fair Trade Management System is open to all. To ensure the success of it 10 pilots took place and the feedback has been that is very useful for;

- 1) Planning, Vision & Action
- 2) To assess progress; ranking and interviews

It is very important that retailers do keep going back to producers when standards are first implemented. It is particularly important that you carry out workers interviews to get feedback on how fair trade has affected their lives.



This picture, taken from Carol's slide, represents a drawing by illiterate women in Kenya to describe how they felt about the new standards.

Allanna McAspurn, Made-By

Introduction

Made- By is an independent consumer **label** for fashion brands that strive to improve their social, economic and ecological conditions throughout the whole supply chain.

Mission: to make sustainable fashion common practice.

Made-By label and standards

Blue Button - LABEL

The use of this label shows consumers that the product is from a brand that has a strategy to improve social and environmental conditions.

Track and Trace

This is used for consumers. It allows them to chase the origin of individual products. The aim is to personalise products consumers buy and wear by allowing them to trace their origin. It also reinforces a companies social and environmental claims.

Scorecards- back-up the label

Made- By publishes scorecards for consumers to view individual retailers at the end of each year. It will show the status of social circumstances and green materials used. Social and Environmental condition scores are measured against independent certifications. As the image below, from Allanna's powerpoint, shows.

	Social Conditions	Environmental Conditions
Farmer	Fair Trade, SA8000	Organic: IFOAM accredited
Spinning	SA8000, WRAP	Organic
Fabric making/ Processing	SA8000, WRAP	EU-Eko, SKAL, GOTS
Manufacturing	SA8000, FWF, BSCI, WRAP, FLA, ETI	GOTS
Finishing	SA8000, WRAP	EU-Eko, SKAL, GOTS

Made-By Benchmarking

Made-By does not have its own code. Made-By benchmark companies existing certifications and monitoring systems against criteria developed by Made-By. The benchmark is translated into categories which enables Made-By to score suppliers on their level of social compliance.

Example of how benchmark is translated in categories:

Class A	Class B	Class C	Class D	Class E
<ul style="list-style-type: none"> SA8000 ETI Fair Wear Foundation Produce from ethical countries 	<ul style="list-style-type: none"> FLA BSCI 	<ul style="list-style-type: none"> SA8000 	<ul style="list-style-type: none"> Organic: IFOAM EU-Eko GOTS 	<ul style="list-style-type: none"> Non-monitored Not certified

Different certifiers will be benchmarked according to the social compliance. For example, Global Organic Textile Standards (GOTS) do not specialise in working conditions, therefore a company with a social certification from GOTS would score lower than one from SA8000 (Social Accountability International Standard) – although would score high for environmental conditions.

Case Study: Komodo

Komodo was set up in 1988, with the aim of designing clothes and creating employment in developing countries. Komodo's products are produced using one key factory based in Nepal, they have a relationship established over 19 years. A large percentage of Komodo's cotton is organic.

Made-By and Komodo

Together they developed an action plan with a realistic improvement approach:

- They decided to certify one suppliers- and the most suitable was the Nepalese factory

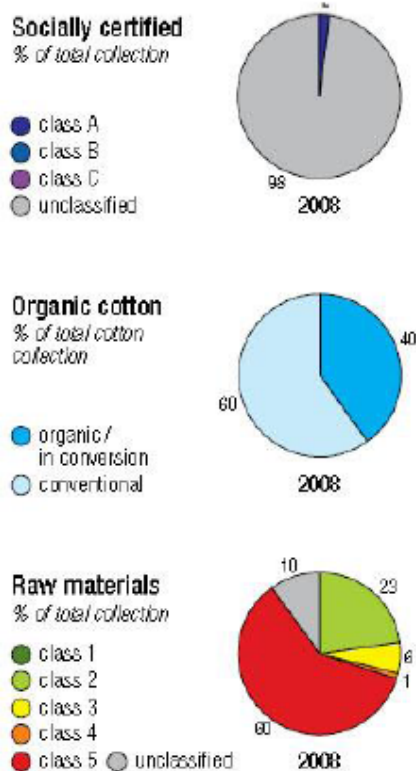
- They needed an appropriate certifier – They used the SA8000 standards, which is seen as Class A.

Made-By did not have close enough access to Nepal and therefore introduced Komodo to a trained Social Accountability International (SAI- SA8000) consultant- who was based in India and was able to work closely with the factory to improve working conditions via correspondence and visits.

Made-By helped guide Komodo, making sure they:

- Committed themselves through encouraging the factory and sometimes providing money to improve the conditions
- Facilitating the progress with all parties through supply chain management to make sure everything is on target.
- Continual meetings to assess progress and deal with any risk areas

Komodo's scorecard in 2008:



Komodo's next score card:

SOCIALLY CERTIFIED

Around two thirds of Komodo's clothing is produced in the factory and is hoping that the factory will reach a Class A accreditation: SA8000. The audit was carried out in June 2009 and the outcome will be published in Komodo's next scorecard.

Komodo is now working with other key suppliers to reach Class A compliance as well.

Lee Holdstock, Soil Association

Introduction

Founded by Lady Eve Balfour in 1946 who felt the increasing amount of chemicals used in agriculture was wrong.

Soil Association is a charity and NGO who sets standards, educate, lobby and campaign against social and environmental problems and concerns in relation to farming.

In 2000 the Soil Association developed standards for textile products. And by 2002 they had merged with IVN and OTA standards to form GOTS.

The Issues with Cotton

- Around 25% of the worlds supply of insecticides, which are most hazardous to human health and wildlife, is used in conventional cotton farming.
- Farmers can damage, scar and flood landscapes as soil fertility and structure are not compulsory.
- Many farmers are reliant on nitrate fertilisers, increasing carbon admissions and potentially ruining crops as plants become less drought resistant.
- Malnutrition is common in non-organic cotton producing areas mainly caused by a lack of protein in the diet.

Standards Soil Association Require

Manufacturers use organically grown fibres and that organic and non-organic is contamination is prevented.

Manufactures most not use chemicals that might:

- Make a product which is harmful to human health
- Be harmful to health of workers when handled
- Be harmful to the environment if not disposed of correctly

Manufacturers must also consider social justices and workers rights

Products must be made using as much organic fibre as possible, a limited percentage of non-organic material (both natural & synthetic) is allowed.

Products can use a limited range of components, but must be free from harmful chemical residues. Products can use a limited amount of accessories, e.g. unnecessary lace used, or a thick zip using an unnecessary amount of metal.

Products must be of a high quality to increase its sustainability

Labelling must be clear and informative. It must be transparent and honest.

Examples of Supply Chain Challenges

1. One small brand bought a significant order from Turkey, the labelling was wrong and to correct the error could have led to the brands bankruptcy. Fortunately Soil Association did help come up with a solution.

2. Fragmented supply chains with unlicensed subcontractors discovered at inspection can significantly slow down. Knowing your supply chain and working with it is important
3. Using different standard can cause 'equivalence' problems. A retailer needs to use different certification for environmental and social issues, this means they must get their head around the various standards, use different standards which is expensive and risk confusing their consumers. GOTS certification has largely solved this problem.
4. Additional organic requirements can increase costs but doesn't seem to be slowing market growth.
5. Lack of regulation – can find yourself competing with non-certified brands/retailer making similar claims

Examples of Technical and Style Challenges



1. Companies who want to use more environmentally friendly dyes often find that they cannot get exact colours or strong colours. They then have to either; use such colours in their collection, or use environmentally friendly dyes for one half of the collection and more exuberant colours for another-mixing your message to consumers though!
2. One brand, Monkey Genes, found that Soil Associations standards prevented them from using Pu back patches on their denims.

Monkey Gene came up with an innovative solution to solve this problem. The decided to sell the patches separately, meaning customers were made to feel that they could customize their jeans if they wanted to. Image left, Monkey Genes selling the patches..

Example of Marketing Challenges

It is difficult to explain how something is organic to the average customer, as the majority of customers are not aware of the fibres, how they are produced and how they are made into fabrics. Therefore it is difficult to have 'organic' as your primary message to consumers when it comes to clothing – organic food is at least associated with being better for you but there is no proof that this is the case with clothing.

Fair trade messages to consumers are not as important as how fashionable a product is, therefore anything fair trade can only be part of your message.

Audience Questions

Do you feel that how labelling often excludes local UK factories is a problem?

Allanna:

The fair trade industry is trying to support the existing industry in the UK, although yes emphasis is on developing countries. Labels are trying to support those the biggest areas of need and so are trying to support suppliers in developing countries – the aim is to address poverty issues which is not so fierce in the UK.

Do you need different strategies for both Food and Fibre?

Carol:

It goes back to the supply chain- the key difference between food and fibre is how they differ in the way in which they are made and grown. The aim is often given to the making element in fibre and grown in food.

Price is the other key difference, the price premium and minimum price required is significantly different for both. The price will also differ from country to country.

Vanessa:

The nature of manufacturing is very different between fibre and food.

Lee:

The benefits of organic qualities for

How have consumers responded to the different products Adili sells which focus on different ethical issues?

Sury:

Being an online retailer the internet can easily show which products are selling better, although this is still not an easy question to answer. Those products that are selling best are, environmentally friendly products, those that donate a percentage to charity and those products that encourage/ support artisans.

Clare:

It is a challenge to identify which ethical issue appeals to consumers when it comes to purchasing products. However 'no sweat shop conditions' is seen as the most important thing to consumers.

Is there a danger to companies who want to do both environmentally and socially respectable goods? Are the two too separate?

Abigail:

Culturally, social concerns are one view and environmental is seen as more scientific as it relates a lot to chemicals, it is about educating those who are working with the chemicals on health and safety.

Environmental issues are more in the hands of the consumer, as a large proportions of environmental damage per product is due to washing, consumers must also recycle if they are concerned about the environment.

Sury:

You can put the two together, e.g. Artisans will use environmentally friendly products if you ask them to.

Julia:

Big companies are competing so much right now on the basis of Corporate Social Responsibility (CSR), that labour standards is only one small section for them to cover. For example, in M&S's Plan A, labour issues are just one section they want cover.

Retailers will have different issues they want to promote, therefore will represent their company to consumers in different ways, E.g. donate to charity or the community, reducing carbon footprint.

Clare:

Before, small retailers would only specialise in one ethical area. As time goes on and as collections go by it is easier to merge more policies into your products (framework above).

Retailers are now more reluctant to shout about their good labour standards, as it is an issue that they cannot guarantee is under control. **(Agreed by all speakers).**