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BUSINESS & HUMAN RIGHTS

BETTER COMPLIANCE - BETTER COMPETITIVENESS

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1. Indian Textile and Apparel Industry: Current scenario

The Textile and Apparel Industry (T&A) in India is diverse and comprises of various segments manufacturing different products such as fiber, yarn, fabrics, made ups, garments and technical textiles. Supply chain operations such as ginning and pressing, spinning, weaving, knitting, processing, garmenting, made ups, technical textiles manufacturing etc. (as illustrated in Figure 1) are carried out in various T&A hubs scattered across India.

Figure 1 Production steps in Textile and Apparel supply chain
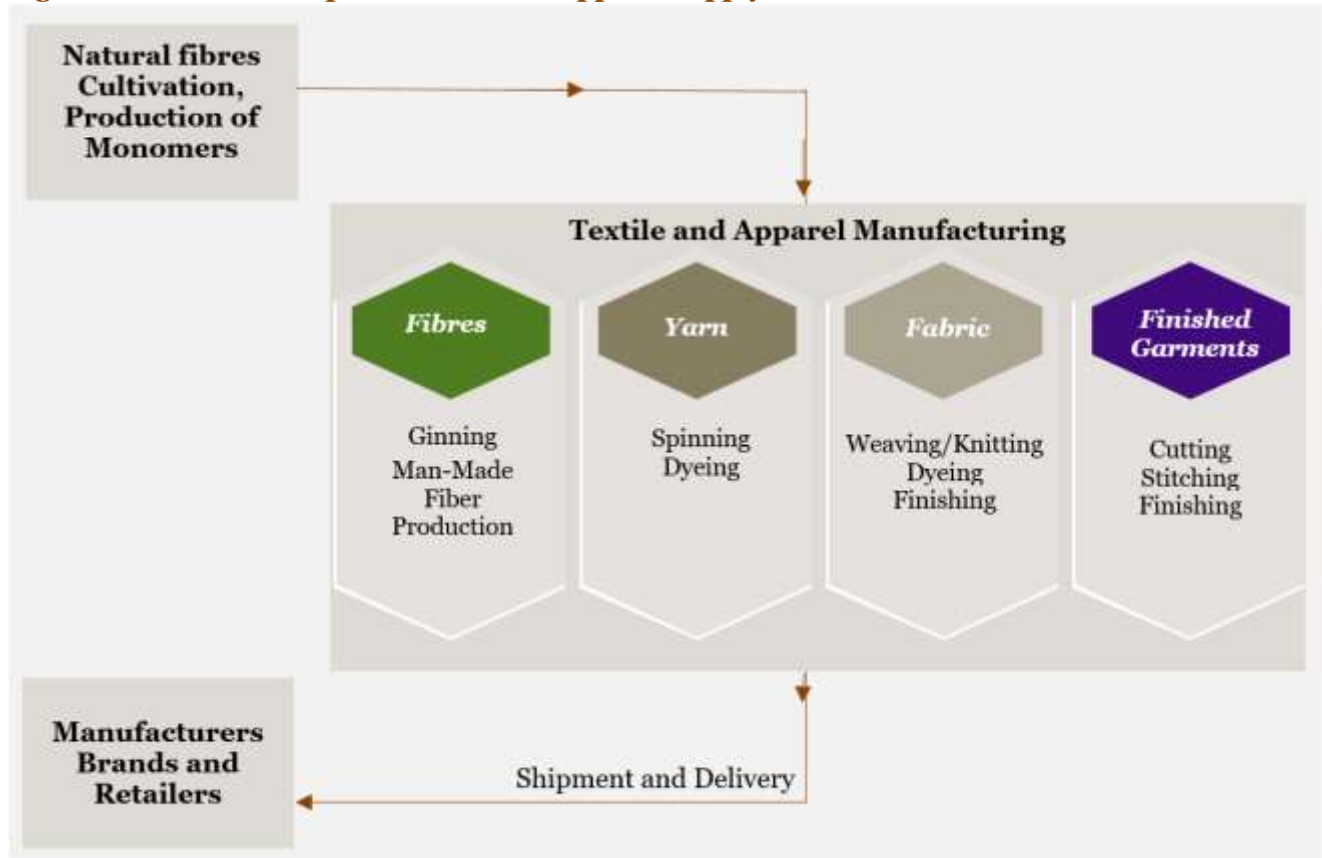
This sector is largely fragmented, especially in fabric manufacturing, fabric processing and garment manufacturing segments. Production zones are geographically spread across the country, as shown below.

North: *Kashmir, Ludhiana and Panipat account for 80 per cent of woolens in India*

East: *Bihar for jute, parts of Uttar Pradesh for woolen and Bengal for cotton and jute industry*

West: *Ahmedabad, Mumbai, Surat, Rajkot, Indore & Vadodara for cotton industry*

South: *Tirupur, Coimbatore and Madurai for hosiery & Bengaluru; Mysore & Chennai for silk*

Source: Ministry of Commerce and Industry, India

The production pattern of the industry is skewed with manufacturing capacities being higher in lower value addition segments like fibre and yarn and lower in higher value addition segments like processing and garment manufacturing.

T&A manufacturing has been shifting to Asia in the last few decades owing to easy availability of raw material, low cost labour, infrastructure development etc. India is the second largest textiles and clothing manufacturer and exporter in the world, after China. China's export growth rate is stumbling, and this is an opportunity for other Asian countries, including India to expand its T&A trade in global markets. The industry holds vital importance in the Indian economy. In 2017-18, the share of textile and apparel in India's total commodity exports stood at 13%.

2nd *In combined T&A exports*	**39.2** *US$ Bn. T&A exports in 2017-2018*	**13%** *Share of T&A in country's total commodity export*
5% *Share in global T&A exports*	**45** *Million people employed by Indian T&A industry*	**43%** *RMG share in India's total T&A export*

Source: Ministry of Textiles, India

Textiles exports from India is estimated to touch US$185 billion by the year 2024- 25.[1] EU-28, USA, UAE, Bangladesh and China are the top export markets for India's textile and apparel products, with export to EU and USA accounting for a staggering 47% of India's total T&A exports.

Indian T&A industry is undergoing upgradations and optimisations, and has the potential to increase its share in global T&A trade. Realizing the employment and export potential of this sector, Government of India has set up schemes and incentives to attract investors and boost growth. As per a study on 'Enhancing Export Competitiveness in Textile Sector' commissioned by the Ministry of Textiles (MoT), all schemes administered by Ministry of Textiles (MoT) under Indian government are WTO compatible.

Table 1 Initiatives by Ministry of Textiles to boost T&A sector

T&A Industry Specific Initiatives	Initiatives for All Industries including T&A
Integrated Skill Development Scheme (ISDS)	Market Access Initiative (MAI)
Power-Tex India	Market Development Assistance (MDA)
Scheme for Integrated Textile Parks (SITP)	Rebate of State Levies (ROSL)
Integrated Processing Development Scheme (IPDS)	Merchandise Export from India Scheme (MEIS)
Rebate on State Levies (RoSL).	Interest Subvention
Pradhan Mantri Paridhan Rozgar Protsahan Yojna (PMPRPY)	Advanced Authorization
North East Textile Promotion Scheme (NERTPS)	Duty Drawback
Amended Technology Upgradation Fund Scheme (ATUFS)	

The inherent strength of the Indian textile industry lies in its strong raw material base, skilled manpower across all levels of hierarchy, product mix (variety), flexibility in production, presence of IT, entrepreneurial expertise, etc. These strengths must be leveraged upon by focusing on, and strengthening the key factors that affect the competitiveness in T&A industry.

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[1] Confederation of Indian Textile Industry (CITI), India

2. Compliance to Improve Competitiveness

Many frameworks have been established to assess the competitiveness in T&A sector. After a comprehensive review of many such frameworks, it was found that some key drivers of competitiveness are: Technology adoption and innovation, Manufacturing factor optimization (e.g. lead time, efficiency, quality utilization, reliability etc.), Linking to global value chain, Agglomeration economies, Social compliance and Sustainability.

For suppliers in developing countries, compliance is emerging as one of the key areas of focus, rather than merely being a box-ticking exercise. This is a result of the pressure companies are facing to be ethically and socially responsible, as well as to adopt sustainability as a business practice. The social aspects of manufacturing industry are getting more attention from government, consumers, global buyers, welfare organizations, environmental campaigners and social workers.
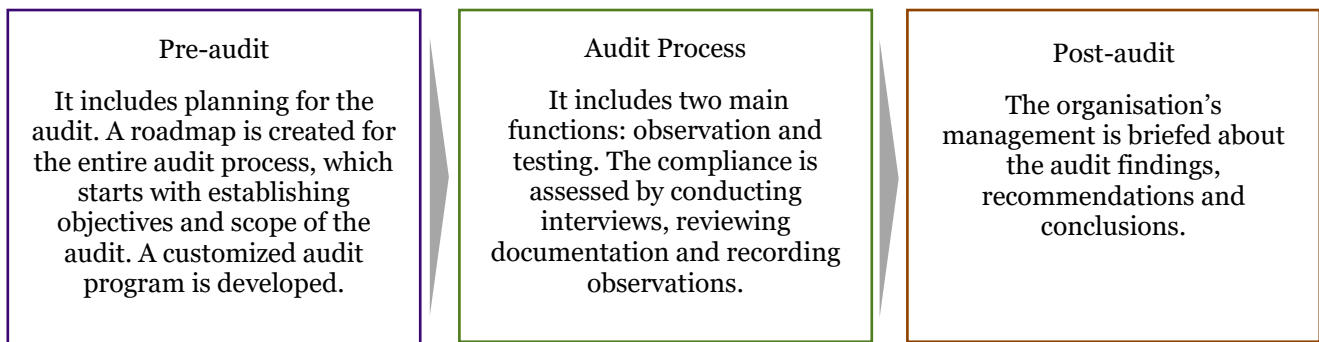
2.1. An Introduction to Compliance

Compliance means conforming to an established set of rules or standards. There are various government regulations as well as industry standards that a company has to adhere to, in order to stay relevant and competitive. The laws that business entities need to follow vary depending on location as well as the industry segment, and come under the ambit of regulatory compliance.

Regulatory compliance refers to a company's adherence to a set of laws, rules and guidelines which are specific to its business processes. Companies are required to be vigilant about regulatory compliance requirements to avoid government imposed non-conformance fines and penalties.

The set of compliance regulations that need to be followed while doing business in India can be classified into three broad categories as described below.

Classification of compliance norms in India	
Economic	The various types of statutory payments and taxes that a company has to pay come under the ambit of economic compliance. Failing to meet the due date of these statutory payments may result in the non-compliance, and companies being charged hefty interest and penalties.
Public Interest	These include Factory as well as employee related compliances. Working conditions, workers' health & safety, wages and benefits come under the umbrella of social compliance. Unhealthy or unsafe factory conditions, excessive overtimes, unfair wages, forced labour, inadequate benefits and hazardous working conditions are some examples of non-conformance of social compliance.
Environment	Environmental compliance means conforming to the environmental laws, regulations and established standards. Not adhering to the various laws related to environmental protection, pollution control use of hazardous chemicals and disposal of hazardous waste leads to non-compliance.

To ensure that a company meets with the compliance regulations as well as industry standards, a compliance audit is carried out. Audits assess the strength of the company's adherence to the regulatory guidelines, and identify the deficiencies in the risk control management procedures. Compliance audit process can be divided into three main phases: Pre-audit, Audit Process and Post-audit.

Pre-audit	Audit Process	Post-audit
It includes planning for the audit. A roadmap is created for the entire audit process, which starts with establishing objectives and scope of the audit. A customized audit program is developed.	It includes two main functions: observation and testing. The compliance is assessed by conducting interviews, reviewing documentation and recording observations.	The organisation's management is briefed about the audit findings, recommendations and conclusions.

With the rise of consumer awareness and increasing global focus on sustainability, compliance has become one of the key areas of concern, especially in Textile and Apparel (T&A) industry, whose products have a direct and indirect impact on human lives and environment across the globe.

2.2. Compliance in Textile and Apparel Industry

T&A industry is spread across the world. Clothes stocked on a shelf in US or Europe may have been manufactured in factories located in India or Bangladesh. If global supply chains are opaque, they fail to convey relevant information about the garments. For instance, "Made in India" does not specify which of the thousands of factories was it manufactured. No information about the working conditions of the factory as well as the manufacturing practices is revealed from the label. This brings the concept of transparency of supply chain into the picture. Transparency in instrumental in building trust in all stakeholders, including customers, workers and investors. Multi-stakeholder initiatives by different stakeholders of the industry such as Sustainable Apparel Coalition, Ethical Trading Initiative, International Labour Organisation and Fair Labour Organisation are playing a significant role in ensuring that brands assert compliance with their suppliers. Number of brands that publish supplier information and participate in multi-stakeholder initiatives is on a rise. Brands now have the responsibility to ensure a compliant supply chain, and this pushes them to adopt industry best practices, such as becoming part of multi-stakeholder initiatives.

German Partnership for Sustainable Textiles is a Multi-stakeholder initiative with about 130 representatives from five different actor groups (German Federal Government, business, non-governmental organizations, unions, standards organizations) with the aim to achieve social, ecological and economic improvements alongside the entire textile supply chain.

A number of brands that are a part of the German Partnership for Sustainable Textiles (the Textil Bündnis) disclose their supplier information. Several members of the partnership including Hugo Boss, ALDI North and ALDI South, C&A, Esprit, H&M and LIDL have started publishing the names of their suppliers as a step towards supply chain transparency.

Source: Partnership for Sustainable Textiles

Supply chain transparency and traceability is a fast growing trend among global buyers. It helps in promoting social and environmental accountability for all stakeholders of the T&A ecosystem. Buyers are under pressure to ensure social compliance and sustainability, and most of them are pushing the comply-or-die model, where they perform consistent audits and investigate their potential suppliers to ensure that their products come from a compliant supply chain. Nowadays, Basic compliance of factories is considered mandatory, although not sufficient for selection of suppliers for export to EU, USA and other global buyers. Many international buyers are demanding compliance with their 'code of conduct' before placing order, where as some are accepting some fixed general standards established by globally recognized institutions.

The need to ensure the prosperity of the planet has been globally recognised, with United Nations Development Programme (UNDP) introducing The Sustainable Development Goals (SDGs), for action on key areas including poverty alleviation, democratic governance and peacebuilding, climate change and disaster risk, and economic

inequality. [2] Several key areas, outlined in the SDGs, have relevance to operations encompassed by the garment supply chain.

On 1st January 2016 United Nation has announced seventeen Sustainability Development Goals (SDGs) 2030 which have been embraced by almost all countries in the world. SDGs having direct linkages with the issues plaguing the textile and apparel industry are given below:

Industry stakeholders are taking steps to align with SGDs, making them guiding principles to lead change. Finite availability of natural resources, environmental impact of all discharges from manufacturing plants, economic and social impacts including business transparency, labour standards, ethics etc. are increasingly becoming an integral part of business strategies. Major global brands and retailers have taken the pledge to reduce the negative impact of the industry on environment and society. New positions like Chief Sustainability Officer, Sustainability Operations Director etc. are getting introduced in more and more companies.

Many times, T&A industry uses its sub-contractors either to reduce the total cost of production or to fast track the production process. These sub-contracted vendors are often non-compliant. This creates a major challenge for the brands to ensure that their supply chain is compliant. The T&A supply chain can be categorised into three tiers as described below:

Tier one includes suppliers that are contracted for Cutting, Making and Trimming (CMT) the garments. Tier two includes the processing facilities of the brands, including weaving, dyeing, printing, finishing, and other processing units that are involved in production. Tier three refers to the suppliers of raw materials at the very initial stages of the supply chain, such as cotton farmers.

Transparency of suppliers across all three tiers is crucial as this would also assist the human rights and environment advocates such as trade unions, NGOs and development agencies to push for improving manufacturing conditions.

Fashion Revolution and Ethical Consumer have partnered up to publish a Fashion Transparency Index which ranks companies according to the level of transparency in their supply chain.

Out of the 150 brands included in the Fashion Transparency Index 2018, 55 brands (37%) are publishing a list of their factories at the first tier, where clothes are typically cut, sewn and trimmed. This is up from 32% of the brands in 2017 and 12.5% in 2016. These supplier lists have become a lot more detailed too, including information such as factory street address, types of products they make and the number of workers.

Just 27 brands (18%) are publishing their processing facilities (tier 2), i.e. where clothes undergo dyeing, printing, finishing, laundering, and other processing, up from only 14% of the brands in the previous year.

Ensuring compliance operations is a challenge, especially for Indian T&A manufacturing units, as a consequence of fragmentation and varied nature of the industry. Unlike China, Taiwan or Korea, segments of Indian T&A industry are mostly in small scale and medium sector. There is a huge scope for improvement in compliance conformance of supply chain operations at Indian suppliers' end.

With global focus moving towards ensuring conformance with human rights norms and environment protection systems, compliance has become an indispensable parameter in assessment of competitiveness of the industry. It is therefore in the best interest of the suppliers to have a proactive approach towards compliance and enact policies that will improve working environment. This would also help in making their workforce happier, healthier, more skilled and efficient, and also make the global investors look at India favorably.

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[2] Sustainable Development Goals, United Nations Development Programme

# 3. Types of Compliance in Textile and Apparel Industry

Textile and apparel industry is the second largest employer in India, with the end products of the supply chain reaching millions of people across the globe. It is also one of the top polluters, with processes involved in textile and apparel production having direct impacts on the environment.

The need for compliance is growing as there is rising awareness and demand for ethically manufactured products. This has led to buyer's compliance becoming a rising issue, with global buyers putting pressure on their suppliers to be socially and environmentally compliant.
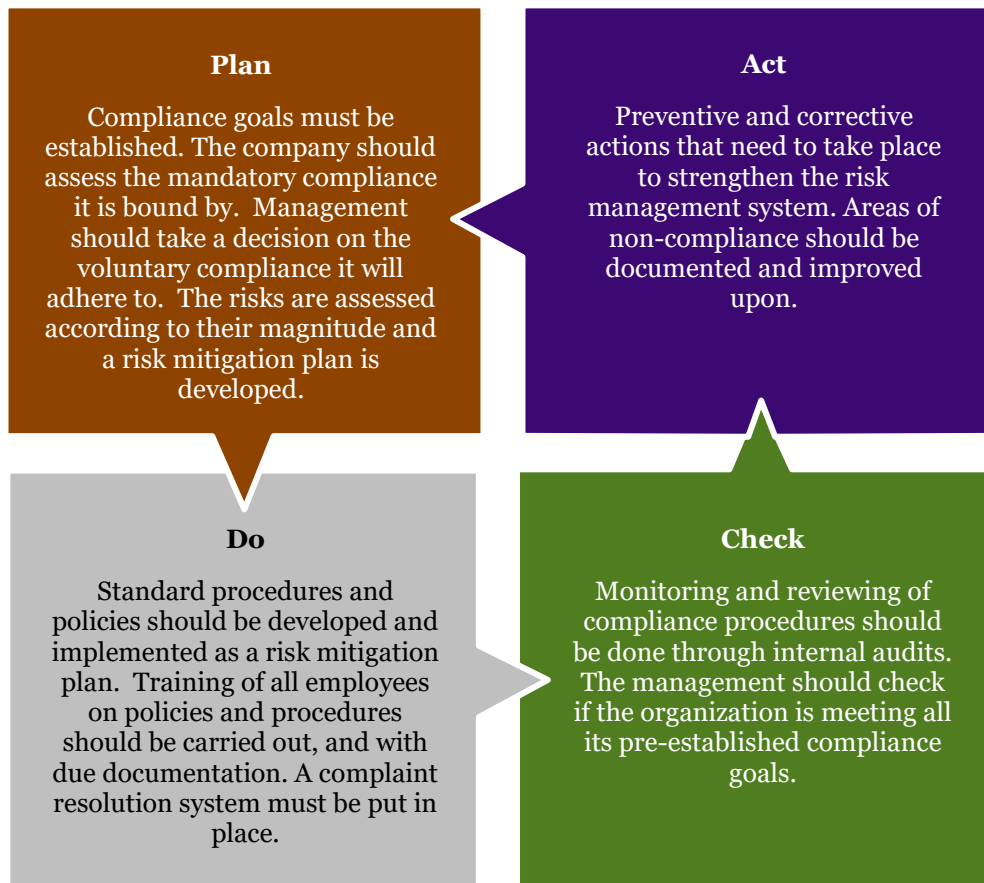
Buyer's compliance means that the suppliers must conform to a set of rules, standards and guidelines imposed by the buyers in all operations right from order handling to shipping the goods. Companies which are outsourcing their orders/parts of their orders must ensure that the third party is also adhering to buyer's compliance standards.

Manufacturers are facing the challenge of producing more from less – lesser water consumption, lesser discharge of hazardous chemicals, lesser emission of greenhouse gases and lesser wastage. Violation of human rights and labour standards are also coming up as a great challenge. Being a resource intensive industry, compliance becomes crucial for all stakeholders of the T&A ecosystem, to maintain quality of their products and ensure proper environment for workers.

Suppliers need to follow compliance not only within their sphere of operations, but are also bound to ensure that all the collaborators involved in their supply chain comply with the regulations and guidelines. Looking closely at the operations in the textile and apparel industry, we find that the major categories of compliance can be broadly classified as: economic compliance, social responsibility, quality management, ethical practices, environmental management, pollution control & sustainability. These compliance points are illustrated in the framework given below.
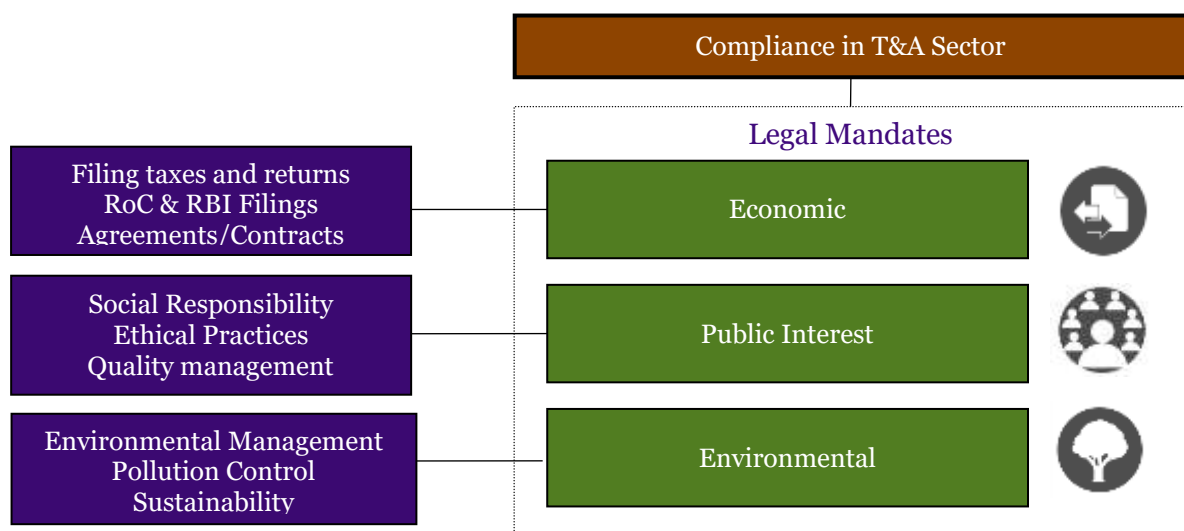
A proper Compliance Management System (CMS) can help a company ensure that compliance objectives are met. Management support and reinforcement is crucial for putting an efficient CMS in place. It can be implemented in four phases as shown below:

Plan

Compliance goals must be established. The company should assess the mandatory compliance it is bound by. Management should take a decision on the voluntary compliance it will adhere to. The risks are assessed according to their magnitude and a risk mitigation plan is developed.

Act

Preventive and corrective actions that need to take place to strengthen the risk management system. Areas of non-compliance should be documented and improved upon.

Do

Standard procedures and policies should be developed and implemented as a risk mitigation plan. Training of all employees on policies and procedures should be carried out, and with due documentation. A complaint resolution system must be put in place.

Check

Monitoring and reviewing of compliance procedures should be done through internal audits. The management should check if the organization is meeting all its pre-established compliance goals.

It is necessary for the companies to comply with regulations that they are legally bound by. However, to further improve their processes and working conditions, many suppliers are choosing to comply with standards and regulations that do not legally govern them.

T&A sector is witness to an array of compliance standards which are being used to strengthen the risk management plan of the suppliers, and ensure ethical manufacturing. They can be characterized into two broad categories: (i) Mandatory Compliance and (ii) Voluntary compliance.

3.1. *Mandatory Compliance*

Mandatory compliance includes rules and regulations which are legally mandated, and must be followed by legal entities doing business. The cost of non- compliance can be penalties, heavy fines as well as legal ramifications. In India, mandatory legislations are spread across three tiers: Central, State and Local regulations. These have been put in place to establish minimum standards that all companies must adhere to in order to perform business legally in India.

There are various laws governing the processes carried out in the textile and apparel industry. These laws are in place to give a stipulated framework to all stakeholders of the supply chain so that they can work in ways that align with the interest of society and environment. The government has built multiple legislations which range from labor compliance, social compliance, environmental compliance, compliance for waste disposal & other manufacturing compliances.

Tragedies in Bangladesh such as Rana Plaza building collapse (April 24, 2013) and Tazreen Fashions factory fire (November 24, 2012) have been a turning point in the shift of focus to compliance in production environment. Prompted by such cases of negative publicity, Government, NGOs, development agencies have increased pressure on the industry to adhere to the mandatory norms to help factories maintain suitable working environment for their employees.

Social compliance has become one of the major issues concerning the T&A industry. In India, the Ministry of Labour and Employment (MOLE) and the labour department are engaged with actors of T&A industry to detect and respond to violations of labour law. Indian legislations relating to social compliance which are significant for stakeholders of the garment supply chain are listed in the table below.

Table 2: Indian laws related to Social Compliance

S. No.	Legislation
1.	Apprentices Act, 1961
2.	Bonded Labor System (Abolition) Act, 1976
3.	Child Labor (Prohibition & Regulation) Act, 1986
4.	The Children (Pledging of Labor) Act, 1933
5.	The Contract Labor (Regulation & Abolition) Act, 1970
6.	The Employees Provident Funds and Misc. Provisions Act, 1952
7.	Employees State Insurance Act, 1948
8.	Employers Liability Act, 1938
9.	Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
10.	Equal Remuneration Act, 1976
11.	The Industrial Disputes Act
12.	The Factories Act, 1948
13.	The Industrial Employment (Standing Orders) Act, 1946
14.	The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act,1979
15.	Maternity Benefit Act, 1961
16.	The Minimum Wages Act, 1948
17.	The Payment of Bonus Act, 1965
18.	The Payment of Gratuity Act, 1972
19.	The Payment of Wages Act, 1936
20.	The Shops and Establishments Act, 1953 (Applicable to factory outlets in the premises)
21.	The Trade Union Act, 1926
22.	Workmen's Compensation Act, 1923
23.	Weekly Holidays Act, 1942
24.	The sexual harassment of women at workplace (Prevention, Prohibition, and Redressed) Act, 2013
25.	Tamil Nadu hostels and home for women and children act (2014) Regulation

The need for sustainable business practices has been universally recognized, and there is a rise in demand for ethically and sustainably manufactured products. In India, there are ~200 laws regarding environmental

protection and companies are mandated to comply with environmental laws to an extent applicable to their business operations. Indian legislations relating to environment and pollution control which are significant for stakeholders of the T&A supply chain are listed in the table below.

Table 3: Indian laws related to Environmental Compliance

S.No.	Legislation
1.	Air (Prevention and Control of Pollution) Act, 1981
2.	The manufacture, storage and import of Hazardous chemical rules, 1989
3.	Water (Prevention and Control of Pollution), 1974
4.	Environment (Protection) Act, 1986
5.	Noise Pollution (Regulation and Control) Act, 2000
6.	Hazardous waste handling and management rules, 1989
7.	Public Liability Insurance Act, 1991
8.	Ozone Depletion Substances (Regulation) Rules, 2000

Even though there are clear statuary legislations for compliance with social and environmental standards, many suppliers are still not equipped to fulfill them. In order to become more competitive in the global market, Indian suppliers should acquire knowledge and qualified staff familiar with the social and environmental laws. This would be a significant step in their journey towards better compliant factories.

3.2. Voluntary Compliance

Voluntary compliance encompasses standards and codes of conduct which have been made by independent organisations. Voluntary compliance standards help buyers (both consumers and businesses) distinguish the ethically and sustainably manufactured products. These standards have emerged as an innovative approach to promote sustainable production. Although no penalty is attached to companies who are non-compliant, it is in the best interest of industry actors to conform to voluntary standards in order to promote accountability.

Companies choose to certify with a particular standard in order to assure their consumers as well as other stakeholders that their product is ethically manufactured. They aim to comply with a standard by complying with the norms under that standard. However, compliance to a standard does not imply that the company has been certified to the standard. Certification only occurs when an external accredited auditor inspects and verifies that the company is conforming to the particular standard. A compliance certificate is then issued to the company, and periodic inspections are carried out to ensure continuity of compliance.

Narrowing our focus to the T&A industry, we find that established voluntary standards may cover any aspect of the supply chain, right from the source of the fiber, production, quality, packaging, shipping, environmental impacts and social conditions. Buyers are powerful actors in the T&A ecosystem. Thus, most suppliers are required to conform to a buyer's code of conduct. Widely recognised as global voluntary standards that are relevant to the garment industry are mentioned in the table below.

Table 4: A snap shot of Global Voluntary standards applicable for textile industry

QMS standards	Environment Standards	Buyers code of conduct	Social Standards
OHSAS 180001 Ability To Manage Risk	OEKO Tex 100	Code Of Conduct (Gap Incorporation)	Good Weave Standard
ISO 9001/2000 Gaining Competitive Advantage Through Quality	ECO Label For Textiles Their Suppliers Of Fabrics	Global Sourcing Principles Marks & Spencer	SA8000 Enhancing Your Company Reputation Through Social Responsibility

QMS standards	Environment Standards	Buyers code of conduct	Social Standards
ISO 14001 Proving Your Responsibility To The Environment	STEP By OEKO Tex	Levi Strauss & Co. Global Sourcing And Operating Guidelines	WRAP Dedicated To The Certification Of Lawful, Human And Ethical Manufacturing
17799/BS Information Security Risk Management System	Made In Green By OEKO Tex	Code Of Conduct Wal-Mart Stores, Inc.	DISHA Common Code Of Conduct by AEPC
	Oeko Tex Standard 100	C & A Codes Of Conduct And Ethical Responsibility	Fairwear Foundation
	Global Organic Textile Standard GOTS	H & M Code Of Conduct	Fairtrade International Textile Standard
	Verified Carbon Standard VCS	Sara Lee Corporation, Supplier Selection Guidelines	SEDEX Members Ethical Trade Audit
	Global Social Compliance Programme Environment Level 2 And Level 3	JC Penney Code Of Conduct	Ethical Trading Initiative
	Blue Sign		Business And Social Compliance Initiative

Communication to the consumer about voluntary certifications plays a key role in gaining trust and expanding business. Nowadays, eco-labels are being used to give assurance to the buyers, retailers as well as end-users that the products conform to social and environmental standards. Eco labels certify that the products are kinder to the humans and/or environment when compared to other products in the same category.

Table 5 Eco-Labels relevant to Indian T&A Suppliers

Name	Description	Logo
Fairtrade	The FAIRTRADE Certification Mark certifies that products meet the social, economic and environmental standards set by Fairtrade. The mark certifies products not companies.	
Rugmark / GoodWeave™	RugMark International e.V. (RMI) is an international non- governmental organisation working to end child labour in the handmade rug industry and offer educational opportunities to children in India and Nepal.	
Ecomark	The Ecomark label is awarded to consumer goods that meet the specified environmental criteria and the quality requirements of Indian Standards.	
GOTS	The Global Organic Textile Standard (GOTS) was developed with the aim to unify the various existing standards in the field of eco textile processing. GOTS requires the use of certified organic fibres. GOTS criteria are applicable to all processing stages.	
Oeko-Tex Standard	The Oeko-Tex Standard 100 is a globally uniform testing and certification system for textile raw materials, intermediate and end products at all stages of production. Oeko-Tex Standard 1000 is a testing, auditing and certification system for environmentally-friendly production sites throughout the textile processing chain.	

Source: Ecolabel Index

Initially, eco-labels targeted niche markets, but with the increase in the public awareness, new opportunities have opened up for eco-labelled products to focus on a much wider consumer base. Indian suppliers must understand the importance of these voluntary sustainability standards to remain competitiveness in business.

4. Advantages of a Compliant Factory

The T&A industry relies heavily on human and environmental resources, and having a compliant factory leads to direct business benefits for all the stakeholders involved in the value chain. Brands are looking to engage with vendors that are compliant, and conducting compliance audits of a potential as well as current vendor is a growing practice for major brands.

Apart from attracting investment, being compliant also helps in optimizing manufacturing costs, by improving efficiency, productivity and quality of work. Thus, being a compliant factory has the potential to open wide variety of business prospects for global market linkage. Compliance of suppliers and vendors with external client specifications has the following advantages:

1. Attracting investment
2. Increasing revenue and profit margins
3. Enhancing Competitiveness

4.1. Attracting investment

Companies are focusing on social accountability, sustainability and traceability as a differentiating factor, which can give them a competitive edge in the market. Consumers have more power at the micro level to make decisions to buy the products based on terms of ethical and sustainable production. Nowadays, the number of customers willing to pay more for products that come from responsible companies is increasing and the demand for such products is growing rapidly. This has shifted the focus to the traceability of products, driving brands to focus on vendor compliance throughout their supply chain.

> *Traceability helps us visualize each step of the T&A supply chain, right from fiber production to development of the final garment. Traceability entails recording details of all processes and transformations that happen in the value chain.*

With growing consumer awareness, the onus lies with the brands to follow due diligence and pay attention to social issues, thereby, being responsible. The export units are now required to meet the minimum standards, and comply with the buyer's Code of Conduct to prevent the business from shifting elsewhere. Transparency regarding compliance followed in vendor operations has become a sine qua non for major global buyers.

Many brands are sending positive messages by communicating the good work done towards social and environmental causes on their website as well as annual reports. This helps in building trust and improving customer loyalty. Companies such as Nike, Adidas, Levi Strauss, Puma, Patagonia and H&M have become trailblazers by being transparent with names of their suppliers in order to be more accountable and transparent.

> *United Students Against Sweatshops (USAS) is a student organization founded in 1998 with chapters at over 150 colleges and universities in the United States and Canada. In late 1990s, a campaign led by USAS for the supply chain disclosure of top apparel companies that manufactured their college logo apparel. This was included as a part of their licensing agreement. As a result of thus, in early 2000s, Nike and Adidas began disclosing names and addresses of their suppliers that produced college logo apparel. In 2005, these brands started publishing details about factories for all their products.*

There is no centrally available database that tracks the companies disclosing information about their supplier bases. However, there are lists complied by advocacy groups, and stakeholder initiatives, such as 'Fashion revolution'. Several indices have been developed by globally renowned organizations to assess where companies stand when it comes to being ethical and responsible. Being recoganised in any such forms acts as a major differentiating factor for the brands.

Global Platforms Recognising Industry Best Practices	
Most reputable companies of 2018 by "The Reputation Institute"	To determine the RT100, RI surveyed more than 230,000 individuals in 15 countries from January to February 2018. Companies considered typically have revenue in excess of $50 billion, a presence in all surveyed countries and brand familiarity with at least 40% of the general population. Ethical behavior, fairness, product value and transparency are among the most important factors in determining a company's reputation. **Adidas and Levi-Strauss& Co. are the two apparel companies listed in the top 15 companies list**.
The World DowJones standards Index (DJSI) Rating	DJSI World represents the gold standard for corporate sustainability and is the first global index to track the leading sustainability-driven companies from across 60 industries. The Dow Jones Sustainability Indices (DJSI) are a family of best-in-class benchmarks for investors who track the stock performance of the world's leading companies in terms of economic, environmental and social criteria. The indices serve as benchmarks for investors who integrate sustainability considerations into their portfolios, and provide an effective engagement platform for investors who wish to encourage companies to improve their corporate sustainability practices. **Carrefour SA, Kesko OYJ, Adidas AG, Burberry group PLC, Electrolux, Kering SA are companies from Europe apparel and retail sectors that have been included in the Sep 2018 DJSI index.**
The World Ethical Companies List 2017	Based on the Ethisphere's "The world ethical companies list 2017 has 124 companies from the fortune 500 companies which has only two brands **H& M and VF** from the apparel sector. This list is prepared based on five aspects parameters the company's ethical and compliance programme, accounting, corporate citizenship and responsibility, corporate governance, innovation, leadership and reputation.

Transparency in global supply chain is becoming an important criterion in evaluating the business practices of a company. Industry stakeholders want evidence that the company is taking active measures to identify and mitigate risks related to human rights and environment compliance throughout their supply chain.

Buyers have a big influence on the working conditions in factories of their suppliers. Well renowned buyers are now committed to making their global supply chain compliant. It is in the interest of the Indian suppliers to conform or to adopt a compliance based approach so that they can build long term and collaborative relationships with the buyers. To cater to international buyer's demand, suppliers and vendors should position themselves as key players, who can add value to the T&A supply chain.

Non-compliance can result in a loss of reputation and thus, business. Major retailers can refuse to stock the brand's products if cases of compliance violations are revealed, and this would lead to distribution problems for the brand. The supplier found non-compliant may immediately be blacklisted, and loses the business.

Countries such as US take causes of labour law violations very seriously, and they have given customs department the power to seize the goods suspected to have been produced using forced labour. Negative press reports regarding non-compliance may lead to severe damage to reputation, and may also shrink the customer base of the brand. Unfair treatment of the workforce may also lead to strikes, which may halt/delay the day-to-day functioning of the factory.

Indian suppliers should take a leaf out of buyer's book and use compliance to a marketing and promotional advantage. If factories become compliant, they should communicate it to the market players, which would buyers more interested in lending an ear to what you have to offer.

4.2. Increasing revenue and profit margins

Even though many manufacturers argue that compliance is a costly affair, once compliant, they experience direct economic benefits for their factories, their workforce and their business. When the workforce becomes more skilled and productive, it acts as one of the biggest assets of the industry. Compliance can lead to direct business benefits, such as:

Optimising manufacturing costs

Compliant factory has a direct impact on optimising manufacturing costs, thereby increasing profitability of the company. For example, if a factory conforms to compliance related to Occupational Health and Safety (OHS), lesser money would be needed for retaliatory and compensatory measures, such as employee injury/illness related costs etc. There will be less number of absenteeism, which will improve the total production.

Good practices also fuel operational improvement. Once the workplace is compliant, workers would be motivated to do their job efficiently, and hence, less investment would be needed to contain/improve defected goods. It will also improve the productivity level of the workers and thus reducing the cost of manufacturing.

Reducing labour turnover

Focusing on social compliance improves the health, well-being and moral of the workers, and reduces labour turnover.

A dialogue with the workforce needs to be initiated and promoted, so that their issues can be addressed. If measures are taken for the benefit of workers, they become more loyal and commitment driven.

Reducing auxiliary costs

Costs arising as a result of non-compliance, such as compensatory costs after accidents, cost incurred as a result of defected goods, etc. would be reduced in a compliant factory.

Adherence to compliance norms will reduce labour turnover, which will in turn reduce the direct and indirect costs of replacing workforce, including cost of selection, training and loss of productivity.

Improving quality

ISO 9000 series of quality management standards is fast becoming one of the most trusted certifications in quality assurance. Focus on compliance results in motivated employees, who are more aligned to work in order to achieve the company goals. This has a positive impact on the quality of their work. A compliant factory floor is also helpful in reducing accidents/mistakes that may potentially lead to production of defected goods.

For example, better lighting at workplace reduces the risk of errors by workers, since they are more aware of their surroundings. It also results in decreased fatigue and work-related illnesses like eye strain and headaches. This improves the quality of work done. Providing social benefits such as crèche, ensures that the operator will be able to concentrate better, be more productive and improve the quality of her work.

Reducing pollution and waste

Compliance to mandatory environmental legislations helps in regulating resource (water, energy etc.) consumption during textile manufacturing, processing and garmenting.

Traditionally, seven major wastes have been categorized in manufacturing. These are: Over production, Waiting, Transportation, Over Processing, Unnecessary Inventory, Excess Motion and Defects. Instituting and following standard operating procedures reduces these wastes, and increases profitability of operations.

4.3. Enhancing Competitiveness

Being known as a company that focuses on compliance has a strong positive effect on brand value. Global attention towards issues of non-compliance and exploitation causes severe damage to the reputation of a company. With media becoming pro-active, these incidences are highlighted explosively, and lead to a loss in brand value.

In a report published in 2018 by Global Labour Justice on Gender Based Violence in the GAP and H&M Garment Supply Chains, it was reported that women garment workers face abuse and threats on a regular basis, especially in Asian countries namely Bangladesh, Cambodia, India, Indonesia, and Sri Lanka.

H&M and GAP have listed 235 and 121 Indian garment factories as their suppliers, respectively. The report has cited specific cases of non-compliance and exploitation in several factories located across India. It directly links this to the pressure of quick turnarounds and low overheads. An excerpt of the report highlights that machine operators in a Gap supplier factory in Tiruppur reported ulcers and piles from long hours sitting hunched over machines. Women working as checkers reported getting varicose veins as a result of long hours standing and checking garments. Women workers employed in a Gap supplier factory in Bangalore reported physical abuse associated with pressure to meet production targets.

The allegations made in the report have dented the reputation of the brands in question. They have responded by saying that they will conduct due diligence, investigate and take corrective actions to end the climate of exploitation at workplace.

With the rise of information technology, any case of non-compliance or exploitation is highlighted by media agencies for the world to see. High frequency and magnitude of such cases may lead to the market considering a particular region as an unfavorable investment zone. Non-compliance leads to brands taking their business elsewhere, which can pose challenges in the growth of market share of T&A exports.

Despite a massive internal market in India, the textile and apparel sector is largely export-oriented. Working with compliant factories aligns with the vision of many big brands, and thus, compliance opens up market linkage opportunities for suppliers. If the factory adheres to global certification standards, it increases the buyer's assurance to the fact that the processes followed in the development and shipping of their products is compliant to globally accepted standards.

Studies show that organisations who take action on the social and environmental impact of their operations enhance their reputations, reduce the costs of doing business and improve their competitiveness. Compliance to global standards such as ISO, ILO etc. ensures good quality and service, thereby helping them penetrate global markets. Being compliant with social and environmental norms builds goodwill and a positive image for the factory, and allows it to position itself as responsible industry player. Senior management should therefore be committed to focusing on labour rights and fair labour practices, as well as meeting worldwide standards for social and environmental compliance to realize the aforementioned benefits of a compliant factory.

5. Focus areas for better compliance

Textile and apparel suppliers based in India are legally required to operate under the mandatory social and environmental legislations laid out by the government (listed in Table 2 and Table 3, Section 3.1). Audits are conducted by government regulatory bodies, brands and third parties to assess a factory's conformance to compliance standards. Regulatory compliance is contingent upon national laws.

Detailed audits prove beneficial for the factory management to assess and improve factory's operations. Some common compliance violations discovered in Indian textile and apparel factories are:

o Labour law violations such as unfair wages, withheld pays, overtime violations etc.
o Failure to provide adequate social security and other benefits for workers
o Occupational health and safety violations such as non-usage of personal protective equipment (PPEs), inadequate/poor sanitation facilities etc.
o Harassment of women at workplace

Many multi-stakeholder initiatives have been instituted with the aim to improve the social and environmental impact of the T&A industry. One such initiative is Sustainable Apparel Coalition (SAC), whose member companies (including brands, retailers and manufacturers) are estimated to be responsible for more than one third of the apparel and footwear produced globally. It aims to lead the T&A industry towards sustainability by building and promoting a common approach for evaluating sustainability performance. Higg index, an operations assessment tool devised by SAC, is gaining traction among Indian suppliers. Many Indian factories have assessed their sustainability and social performance using this tool, and are taking active steps to improve their Higg score.

Higg Index
SAC has developed a common tool to assess the environmental and social impact of garments and footwear throughout the product life cycle. Using self-assessment and verification tools, the Higg Index measures the environmental, social and/or labor impacts that are associated with a brand, a facility (i.e. a factory) or a product and generates a holistic score. This score adds comparability and enables areas for improvement to be readily identified and addressed. The Higg Index is an industry first and the only assessment tool that provides transparency information about supply chain operations. [3]

Higg Index assessment Criteria		
1st	**Water use and quality**	Its main feature is to minimize the effluent load and quantity of water discharges associated with apparel manufacturing and eliminate the impact on the neighboring environment and local communities.
2nd	**Energy and emissions**	It Aims to minimize the use of direct and embedded energy and carbon in apparel products, with the intention of reducing the use of resources and greenhouse gases. It also aims to promote design and technology in the creation of apparel products that lessens carbon impacts.
3rd	**Waste**	Minimizing waste in all operations, the supply chain and the end stage of apparel products, as well as the effective use of textile waste as raw materials or recycling of waste for further use, is the third outcome.
4th	**Chemicals and Toxicity**	The fourth outcome is the reduction and effective management of chemicals and toxicity to safeguard the environment.
5th	**Social and Labour**	The final outcome deals with the human concern for fair, safe and nondiscriminatory workplaces, as well as to network with industry and supply chain partners to attain lifecycle transparency about the social and ethical performance of all companies and products.

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[3] Sustainable Apparel Coalition

The major compliance clusters that needs to be addressed by all stakeholders in the T&A ecosystem are:

Table 6 Focus areas for Compliance - T&A Industry

Social Compliance	Environmental Compliance
Labour Standards	Environment Protection
Workplace management	Hazardous Substances and Chemical management
	Pollution (water, air, noise)
	Energy conservation
	Waste management

5.1. Social Compliance

Social compliance is a broad term that deals with how a business entity treats its employees. It addresses concerns related to the labour laws, worker rights and benefits, and working conditions. Indian suppliers are legally required to operate under the ambit of Indian Labour Laws, even if they differ from legislations in their buyers' countries. Factories are also required to conform to the local laws and standards defined by industry stakeholders of that region.

The Southern India Mills' Association (SIMA) released a set of employment guidelines for textile units in December 2018. The units can adopt these and go in for audit and certification by British Standards Institute (BSI). These guidelines cover significant social compliance issues such as employment of women, migrant, and contract workers and compliance under the Tamil Nadu Hostel and Homes for Women and Children (Regulation) Act, and Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act.

Around two lakh women are employed in the T&A industry in Tamil Nadu and they constitute 75 % of the workforce in the industry in the state. Tamil Nadu State Commission for Women, is giving a push to T&A manufacturing units to adopt these, after which, inspections would be carried out to ensure compliance to SIMA guidelines.

Source: Southern India Mills' Association (SIMA)

It is challenging for the brands to track country-specific compliance regulations for all their suppliers spread across the globe. Another consideration that should be taken into account is that the stringency of legislations differs from country to country. Thus, to maintain a minimum set of standards for their suppliers, global brands having a widely distributed supply chain network ask their vendors to comply with their Code of Conduct.

Code of Conduct (COC) refers to a set of guidelines, values, rules and principles that have been laid down as a vision for one's business.

International organizations such as Worldwide Responsible Apparel production (WRAP), Fair Labor Association (FLA), and The Ethical Trading Initiative (ETI) have developed their COCs on social accountability. These COCs have been developed around the Human Rights norms laid out by International Labour Organization Conventions, UN Guiding Principles on Business and Human Rights (UN Guiding Principles) and Universal Declaration of Human Rights. Most global brands have used the guidelines from these organisations, and formulated their own COCs.

Buyers also rely on globally recognised standards by international organisations working for the cause of workers and environment. Comprehensive guidance for companies pertaining to social accountability is available in the form of several globally recognised guidelines, frameworks, principles and tools, some of which are discussed below.

ILO's tripartite declaration of principles on multinational enterprises and social policy

This is another voluntary declaration whose adoption by governments, employers and multinational organisations is encouraged, with the intention of further ensuring labour and social standards. This is particularly for organisations that operate across multiple countries. Focus is on core labour standards such as:

(i) Freedom of association and the right to collective bargaining (prohibition of discrimination, bonded and forced labour) (ii) industrial relations (no trade union restrictions, regular discussions between management and labour, and the provision of a forum to lodge complaints in case of labour standard violation) (iii) employment opportunities (creation of job security, improved living and working conditions and ensuring that wages are on par with those of other enterprises in the same country).

For more details refer the website of ILO

Social Accountability International (SAI): SA 8000 Standard India

This is one of the world's first auditable social certification standard. It is based on ILO, UN and national law conventions, and adopts a management system approach in order to ensure that companies that adopt this approach also comply with it. This standard ensures the protection of basic human rights. The nine basic elements of this standard include:
(i) Child labour (ii) forced and compulsory labour (iii) health and safety (iv) freedom of association and the right to collective bargaining (v) discrimination (vi) disciplinary practices (vii) working hours (viii) remuneration (ix) management systems. According to SAAS, there are 695 facilities in India that have been accredited with this standard. Out of these, Aditya Birla Chemicals (India) Limited, Bhilai Steel Plant Steel Authority of India Limited, Birla tyres, Dr Reddy's Laboratories Limited and Reliance Infrastructure Limited figure prominently in the list of certified facilities within India.
For more details refer the website of SAI

ISO 26000: Social Responsibility

This is a guidance tool provided by the ISO which enables organisations to understand the meaning and significance of social responsibility. It is important to note that this is not a certification but only a guiding tool. Hence, organisations which comply with these standards are self-certified. It covers six core areas of social responsibility, including:
(i) Human rights (ii) labour practices (iii) environment (iv) fair operating practices (v) consumer issues (vi) community involvement and development. This ensures a holistic approach to the concept of social responsibility and sustainable development.
For more details refer the website of ISO

Institute of Social & Ethical Accountability: AccountAbilities' AA1000 Series of Standard

This is a series of standards which enable organisations to become accountable, responsible and sustainable. It consists of the following:

(i) AA1000 accountability principles (AP) standard (ii) AA1000 assurance standard (AS) (iii) AA1000 stakeholder engagement (SE) standard. Since these standards have been formulated through a multi-stakeholder consultation process, they ensure that those impacted (that is, enterprises, governments and civil societies) stand to gain. The Vodafone Group Plc has adopted the AA1000AP standard by focusing on three broad areas: (i) inclusivity (stakeholder engagement to develop and implement a strategic approach to sustainability) (ii) materiality (assess the management effort required for each material issue and determine the content of sustainability reports) (iii) responsiveness (respond with solutions to material issues and challenges).

For more details refer the website of Account-Ability

Better Work, a partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC), is a comprehensive programme bringing together all levels of the garment industry to improve working conditions and respect of labour rights for workers, and boost the competitiveness of apparel businesses. Social compliance points laid out under Better Work Program are significant vis-à-vis Indian T&A industry, and they have been listed in the table below.

Table 7 List of Social Compliance Points under Better Work Program

Compliance Category	Compliance Clusters	Compliance Points
Labour Standards	Child Labor	Child Labourers Documentation and Protection of Young Workers Hazardous Work and Other Worst Forms
	Discrimination	Race and Origin Religion and Political Opinion Gender Other Grounds
	Forced Labour	Coercion Bonded Labour Forced Labour and Overtime Prison Labour
	Freedom of association and collective bargaining	Freedom to Associate Union Operations Interference and Discrimination Collective Bargaining Strikes
Working Conditions	Compensation	Minimum wages/Piece rate wages Overtime wages Premium Pay Method of Payment Wage Information, Use and Deduction Paid Leave Social Security and Other Benefits
	Contracts and Human Resources	Employment Contracts Contracting Procedures Termination Dialogue, Discipline and Disputes
	Occupational Safety and Health	OSH Management Systems Chemicals and Hazardous Substances Worker Protection Working Environment Health Services and First Aid Welfare Facilities Worker Accommodation Emergency Preparedness
	Working Time	Regular Hours Overtime Leave

Several projects and programs are being carried out by industry stakeholders to improve the laborer conditions and promote health and safety in the industry. Two such initiatives are described below:

1. Case I: SCORE Phase II - Sustaining Competitive and Responsible Enterprises Programme of ILO
2. Case II: Inditex's Sowbhagyam project in Tamilnadu to address the Sumangali scheme

Case I: SCORE Phase II - Sustaining Competitive and Responsible Enterprises Programme

SCORE - Sustaining Competitive and Responsible enterprises is a global programme of ILO that improves productivity and working conditions in enterprises. It helps enterprises to improve business performance by eliminating delays, defects and waste, building workforce engagement and work place environment that promotes quality and productivity.

The information below provides an overview of SCORE Phase II programme implemented among Micro small and medium enterprises across different parts of India covering Coimbatore and Tiruppur textile industry.

SCORE Phase II - Sustaining Competitive and Responsible Enterprises Programme

Rationale	The ILO in support with its constituents and various partners, seeks to develop a better understanding among the businesses that productivity and competitiveness are intrinsically linked to working conditions. Studies show that enterprises who take action on the social and environmental impact of their operations enhance their reputations, reduce the costs of doing business and improve competitiveness.
Time period	Oct 2013- Dec 2017
Objective	The overall objective of the programme is to assist Small & Medium Enterprises to become more sustainable through being cleaner, more productive and competitive, and contribute in creation of more and better quality jobs in the economy.
Philosophy	The programme philosophy and approach focuses on the belief that good management and improved labor practices lead to higher productivity and better competitiveness.
Target	SMEs with 30-300 employees in the sectors - light engineering, readymade garments, textiles and food processing
Geography	Faridabad, Hyderabad, Pane pat, Sonepat, Ahmednagar, Pune, Chennai , Coimbatore, Tiruppur, Bangalore
Modules	SCORE training package comprises of 5 modules – Module 1: Workplace Cooperation which is the mandatory module 4 optional modules which are – Module 2: Quality Module 3: Productivity through Cleaner Production Module 4: Workforce Management for Cooperation and Business Success Module 5: Safety and Health at Work: A Platform for Productivity

Partners

National Implementing partner	Federation of Indian Chamber of commerce and industry (FICCI)

Project advisory committee members

Government	o MOLE- Ministry of Labor and employment o MSME Ministry of micro small and medium enterprises
Workers organizations	o All India Trade Union Congress (AITUC) o Indian National Trade Union Congress (INTUC) o Hind Mazdoor Sabha (HMS)
Employers organizations	o All India Organization of Employers (AIOE) o Standing Conference on Public Enterprises (SCOPE)

Source: International Labour Organisation

Several brands undertake projects for the development of their suppliers as a part of their Corporate Social Responsibility (CSR). Many such projects are carried out to improve the workers' human rights and social compliance. These projects are a source of mutual benefit for the buyer and the supplier. Examples of two such initiatives are given in the cases elaborated below.

Case II: Inditex's Sowbhagyam project in Tamil Nadu to address the Sumangali scheme

Objective	In order to address the prevalence of Sumangali scheme in its supply chain, Inditex formulated a women empowerment project called Sowbhagyam.
About Sumangali	*Sumangali Scheme is a form of illegal labour practice that still persists in parts of Tamil Nadu, southern India. Young girls are sent by their families to work in factories, including cotton spinning mills, under the promise of the payment of a wages after three of five years that is used for their marriage purpose. But they often endure poor working conditions, violence, harassment, low pay, and never see their wages at the end of it.*
Actions	In order to fight the practice of Sumangali in India, Inditex is undertaking exhaustive actions such as*:* o Cataloguing and monitoring all the spinning mills used by their suppliers and encouraging regular, verifiable salary payments into workers' bank accounts o Promotion of payment to all workers with the suppliers through bank accounts to bring transparency in wage system o Teaming with a range of local, national and international organisations to champion initiatives, from grassroots outreach projects among villages to lobbying key decision-makers in government o Collaboration with NGO SAVE to train workers, adolescents and families in villages and schools about workers' rights and education Training recruitment agencies to create awareness about the issue
Impact	671 villages involved in Inditex's outreach programme by 2016. Almost 6,000 school boys and girls have received training about their rights. 19,000 direct beneficiaries and 50,000 indirect beneficiaries had been impacted till the year 2016.

Source: Inditex

Case III: The Partnership for Sustainable Textiles Initiative on Labour Conditions in Tamil Nadu, India

Introduction	Initiated by the German Federal Ministry for Economic Cooperation and Development (BMZ) in 2014, the Partnership for Sustainable Textiles (PST) is a multi-stakeholder initiative that comprises textile and clothing companies including associations and retailers, standard organisations, trade unions and non-governmental organisations.
Objective	Under the umbrella of the Multi-Stakeholder Initiative Tamil Nadu (MSI-TN), the aim of The Partnership for Sustainable Textiles is to improve the working conditions in textile and apparel supplier factories, in Tamil Nadu in southern India and, in particular, to change the situation of women and girls in spinning mills to the better.
Partners	FEMNET, HUGO BOSS, KiK, Otto Group, Tchibo and the Federal Ministry of Cooperation and Development are involved in the Partnership's initiative. Moreover, Transfair (Fairtrade Germany) and Brands Fashion share their knowledge and best practices with the project. The local implementing partner of the Partnership Initiative in Tamil Nadu is the non-governmental organisation SAVE.
Actions	Different brands, NGOs, Govt. Officials come together in such a multi-stakeholder setting and support the suppliers to work beyond compliance. Together, the partners introduce change at three levels:

Module A: Dialogue

Regular exchanges with the government, industry (factories and associations), NGOs and trade unions both at the state level and at the level of the four main production districts Coimbatore, Dindigul, Erode and Tirupur are carried out to help establish a broad understanding of sustainability among all stakeholders and jointly initiate measures for social improvements in the textile sector. A dialogue between the main stakeholder groups in the local textile industry helps to raise awareness about workers' rights.

Module B: In-Factory Trainings

Comprehensive training programmes are carried out in 300 factories (mainly spinning mills), where management and workers are informed about complaint mechanisms, labour rights and standards. In addition to that, statutory complaints committees (Internal Complaints Committee (ICC), Grievance Redressal Committee (GRC)) are being established and staffed. Additional capacity building for the members who are elected by secret ballot is planned to be done as a part of the initiative in order to ensure the continuous functionality and effectivity of the newly formed committees.

Module C: Inspector Trainings

In cooperation with the Government of Tamil Nadu, a total of 40 state labour inspectors are being trained to improve the quality of inspections in factories and workers' accommodation.

Impact	The Partnership Initiative has focused on systemic improvements of labour conditions in the Tamil Nadu textile and garment industry. The initiative is building upon existing local structures by supporting and enhancing the civil-society driven Multi-Stakeholder Initiative Tamil Nadu (MSI-TN) in the fields of Multi-Stakeholder Dialogue Promotion (Module A) and In-Factory Trainings (Module B). It is promoting dialogue among relevant stakeholders in the local textile industry to improve the enforcement of existing law and to make clear what the rights of workers are.

Source: Partnership for Sustainable Textiles

5.2. Environmental Compliance

The T&A industry is the second largest polluter in the world and operations such as wet processing, spinning, weaving etc. have an adverse impact on the environment. Initial stages of the supply chain, till textile processing, have the greatest environmental impact owing to the extensive use of water, chemical and energy, as well as generation of effluents, waste and pollution.

> *A series by World Wildlife Fund and National Geographic titled "Make Each Choice Count" revealed that it takes about 2,700 liters of water to make just one t-shirt. Right from growing the cotton to manufacturing the garment and then transporting the finished goods, each phase of the supply chain has dire environmental impacts.*

Using environmental resources efficiently has direct cost benefits for the factory. For instance, energy cost is around 15%-20% over the production cost in a textile mill[4], and reducing energy consumption would be a cost-saving step for the manufacturing unit. Thinking about switching to sustainable practices is directly linked to innovation and technology upgradation. The push to produce more from less has the potential to lead to adoption of business models and technologies.

The agenda of environment protection and improvement has a place in Indian legislations. Various environmental laws that Indian suppliers need to conform to, are listed in Section 3.1 (Table 3). Ministry of Environment and Forests (MoEF) and Central Pollution Control Board (CPCB) are the regulatory authorities at central level. MoEF was established in 1985, and it is the central agency responsible for formulation of national policies, regulations and guidelines. Enforcement of environmental laws is done at the state level, and State

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[4]Khude P (2017)A Review on Energy Management in Textile Industry, Innovative Energy & Research, Volume 6

Pollution Control Board (SPCB) is responsible for the same. ISO 14000, a series of Environment Management Standards laid out by International Organization for Standardization (ISO) is most popular among brands to systemize and improve their environment management efforts. Compliance points relevant to factories manufacturing textile and apparel are given in the table below.

Table 8 List of Environmental Compliance Points

Compliance Categories	Compliance Clusters	Compliance Points
Environment Protection	Environment Protection Framework	ISO 14000 : Environment Management System Eco-Labelling Industrial siting National emission standards
Hazardous Substances and Chemical management	Hazardous Substances	Manufacturing Restricted Substances List (MRSL) Restricted Substances List (RSL) lists
	Chemical management	The Globally Harmonized System of Classification and Labelling of Chemicals (GHS) Safety Data Sheets (SDS) and Material Safety Data Sheets (MSDS)
Pollution (water, air, noise)	Water Conservation	Effluent Treatment Plant Reducing spillages Technology upgradation
	Air Pollution	Replacing wood with briquettes as fuel ZDHC Wastewater Guidelines Technology upgradation
	Noise Pollution	Technology upgradation
	Land Pollution	Technology upgradation
Energy conservation	Electricity	Equipment efficiency (lighting, motors)
	Fuel	Fuel selection Fuel handling, storage and combustion Alternate sources of fuel
	Steam	Steam generation and utilisation
	Others	Technology upgradation Process modification Non-conventional energy sources Predictive and Scheduled maintenance
Waste management	Waste Management	Waste Segregation Safe disposal of waste Recycling

The road towards sustainable production required a commitment driven, systematic approach, involving all level of the organizational hierarchy. With the industry taking leaps towards being sustainable, all stakeholders, from brands to suppliers are taking actions to make their operations environment friendly. Business cases of two initiatives towards sustainability have been given below:

o Case I: Zero discharge of Hazardous chemicals (ZDHC)
o Case II: GAP Inc.

Use of hazardous chemicals in textile supply chain, especially in wet processing, is a cause for environmental concern. These chemicals cause damage to water quality and ecosystem, and pose a risk to the health and safety of workers. Stakeholder initiatives to promote systematic chemical management systems are on a rise, and one such initiative is mentioned below.

Case I: Zero discharge of Hazardous chemicals (ZDHC)

Zero discharge of Hazardous chemicals (ZDHC)

ZDHC is a not-for-profit organization with the vision to phase out hazardous chemicals and drive the widespread implementation of sustainable chemistry, related innovations and best practices in the textile, apparel and footwear industry. It was started in 2011 by six apparel brands joining together to establish a Joint Roadmap with a mission of catalyzing positive change in the discharge of hazardous chemicals across the textile and leather product life cycle. The organization works towards this goal through common programs and tools, notably a list of restricted substances in manufacturing ("manufacturing restricted substances list", MRSL).

Benefits of removing hazardous chemicals from production processes

Compliance with MSRL

ZDHC asked PwC to explore perspectives from a company point of view. Based on interviews and a survey of 32 major companies from across the textile and leather supply chain (manufacturers, chemical formulators, brands and retailers), PwC explored what incentives these organizations have to remove hazardous chemicals from the production process and what challenges they face.

The majority of respondents agreed that the benefits of implementing an MRSL outweighed the costs. This message was particularly strong from companies stating that they had adopted an MRSL in collaboration with ZDHC. They also indicated that to include the restriction of hazardous chemicals, they did not need to set up new systems or programmes from scratch - instead, they typically stated that they had adapted their existing programmes.

Water resources are used extensively by the industry, especially in textile processing and finishing processes. Global brands such as GAP Inc. are taking actions to improve the wastewater management of their suppliers, as well as reduce water consumption in manufacturing processes, as elaborated below.

Case II: GAP Inc.

Initiatives towards Supply Chain Sustainability

Since 2015, Gap inc. has been working closely with their suppliers to share important benchmarking data to show how their environmental performance compares to competitors and peers. With a dashboard, they provide details, by country and factory, on water consumption and energy use—so that they can help their suppliers identify opportunities for improvements.

GAP also actively monitor and help in improving wastewater quality at denim laundries through their Water Quality Program (WQP). In accordance with WQP, all Tier 1 supplier denim laundries must meet or exceed legal effluent discharge requirements.

In 2017 Gap ink exceeded the goal to reduce water in manufacturing by 1 billion liters and saved 2.4 billion liters. Now they have set an ambitious new goal to conserve 10 billion liters of water by the end of 2020 through sustainable manufacturing practices. These potential water savings are the equivalent volume of the daily drinking water needs for 5 billion people.

Their primary strategy to achieve their goal is to enhance their engagement with the mills and laundries in their supply chain and use water-saving methods in the production of our clothing. They work with a variety of industry partnership to achieve their goals.

6. Conclusion

The textile and apparel sector is highly competitive. With rising competition between T&A exporting countries, it has become absolutely essential for Indian T&A exporters to focus on compliance in order to attract and retain global buyers.

A lack of awareness & training and the high cost of compliance make the implementation of compliances norms complicated, especially for small-scale units. Suppliers argue that even though brands are pushing for compliance, they are not willing to invest in the same. However, in today's scenario, compliance is no longer a choice. It is imperative that suppliers realise the better business prospects as well as other benefits of a compliant factory, and focus on meeting the mandatory regulations as well as complying with internationally recognized standards. The focus of the industry must be on improving employment conditions, working conditions, occupational health & safety management, and sustainable processes to be more competitive in the international trade of T&A business.