



Follow-up report examining the quality of certification and auditing schemes

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1. Introduction

The number of auditing and certification schemes that assess ecological and social responsibility has grown exponentially. In 2016, when Finnwatch last assessed¹ various responsibility schemes there were a total of 170 of these listed in the Standard Map tool maintained by the World Trade Organization and the United Nations' International Trade Centre. Today the number of schemes listed in Standard Maps has risen to more than 300².

Companies that operate in various risk sectors and areas are increasingly required to have their products and raw materials reliably audited and certified for sustainability. Whereas ten years ago companies may have aimed for a positive brand image or price premiums with various responsibility certifications, today certifications and audits have become more commonly the basic level for responsibility. Many companies have transitioned entirely to certified raw materials in certain products³ or they require audits at all risk country-based production plants⁴. In addition to consumer products, responsibility audits and certifications have also increased for raw materials used in trade between companies⁵. Increased regulation have in part also caused changes in the use of monitoring schemes⁶.

Although the use of responsibility monitoring schemes has become more common, trends that steer in the other direction also influence the markets. In many product categories there continues to be more supply than demand for third-party certified produc-

1 Finnwatch, 2016, Perspectives on the quality of social responsibility monitoring schemes, available at: https://finnwatch.org/images/pdf/PerspectivesOnVSS_forweb.pdf

2 ICT, Standards Map, Identify, <https://www.standardsmap.org/en/identify>

3 For example, the cocoa used in all the private label chocolates sold by Lidl Suomi is responsibility certified. Lidl, Vastuullista suklaata, <https://corporate.lidl.fi/vastuullisuus/tuotteet/vastuullista-suklaata> (viewed on 2 June 2022); all of H&M's cotton is recycled, organic or responsibility certified; H&M, Cotton, <https://hmgroup.com/sustainability/circular-and-climate-positive/materials/cotton/> (viewed on 6 June 2022)

4 In Finland, e.g. Kesko's principle is to only cooperate with risk country suppliers, who are in the scope of social responsibility audits, or which initiate the auditing process at the time cooperation begins. Kesko, Amfori BSCI, <https://www.kesko.fi/yritys/vastuullisuus/kestava-hankinta/amfori-bsci/> (viewed on 2 June 2022)

5 Initiatives such as the Responsible Minerals Initiative, the Initiative for Responsible Mining Assurance and the Aluminium Stewardship Initiative were established during the 2000s and have become more common in e.g. the certification and audit of mining activities and mineral value chains. The certification of feeds such as soy has also become more common in the European markets as well as in Finland. Finnwatch, 2021, Soijaa Brasiliasta, available at: <https://finnwatch.org/fi/julkaisut/soijaa-brasiliasta>

6 For example, the Conflict Minerals Regulation, which entered into force in 2021, requires that companies importing conflict minerals to the EU have certain due diligence processes for human rights in place. According to the regulation the European Commission can recognise the due diligence arrangements for supply chains of governments, industrial organisations and groups of organisations interested in the matter, when these promote compliance with the regulation. Also see the text box *OECD also assesses responsibility monitoring schemes*, pp. 64–65

tion, which is considered more reliable. This means that not all certified production can be sold on the market as certified. For example, the area of land used for the cultivation of the agricultural sector's responsibility-certified raw materials⁷ decreased from 8.1% in 2018 to 7.9% in 2019. The sustainability labels⁸ maintained by companies themselves are increasingly competing on the consumer market with traditional third-party certification and auditing schemes. These do not always include criteria drawn up by external parties or any type of independent oversight. Other responsibility claims, related in particular to the environment, have also increased on the market. A report commissioned by the European Union found that more than 40 percent of the environmental claims made by the examined companies were exaggerated, erroneous or they were made without proof.⁹ In the midst of abundant claims, it is difficult for consumers to understand and distinguish various sustainability labels from one another, which can be seen to weaken the competitive position of third-party monitoring schemes.

An increase in binding corporate due diligence legislation may change the use and market of independent monitoring schemes in the future. For example, the Corporate Sustainability Due Diligence Directive proposal published by the European Commission in February 2022 would establish human rights due diligence obligations for companies¹⁰. However, the Commission has also suggested that companies be given the possibility to outsource human rights-related responsibility to third-sector monitoring schemes. This has received strong criticism, as monitoring schemes which have been in use for decades have proven unsuccessful in eliminating human rights risks and problems in value chains.¹¹

Regardless of the form in which the Corporate Sustainability Due Diligence Directive proposed by the Commission is finally approved, the changing regulatory environment will influence how responsibility monitoring will be organised in the future. The UN Guiding

7 ICT, State of Sustainable Markets, available at: <https://digital.intracen.org/state-sustainable-markets-2021/key-trends/>. The comparison includes information on the 12 most common agricultural sector certifications.

8 See e.g. Independent, 2016, Cadbury withdraws from Fairtrade chocolate scheme but keeps logo on packaging, <https://www.independent.co.uk/news/business/news/cadbury-chocolate-fairtrade-logo-scheme-at-risk-mondelez-international-a7443226.html> (viewed on 2 June 2022); Finnwatch, 12 December 2017, Fazer, sertifioi, älä selitä, <https://finnwatch.org/fi/blogi/505-fazer-sertifioi-ala-selita>

9 European Commission, 2021, Screening of websites for 'greenwashing': half of green claims lack evidence, available at: https://ec.europa.eu/commission/presscorner/detail/en/ip_21_269

10 Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937, available at: https://eur-lex.europa.eu/resource.html?uri=cellar:bc-4dcea4-9584-11ec-b4e4-01aa75ed71a1.0023.02/DOC_1&format=PDF

11 ECCJ, 2022, European Commission's proposal for a directive on Corporate Sustainability Due Diligence: A comprehensive analysis, p. 5, available at: <https://corporatejustice.org/wp-content/uploads/2022/04/ECCJ-analysis-CSDDD-proposal-2022.pdf>

Principles on Business and Human Rights¹² require that companies are familiar with their value chains and aware of the human rights risks included in these, that they undertake to avoid and prevent those risks, and that they remedy actual adverse human rights impacts.

Audits and certifications have their own role in this work. Many traditional responsibility monitoring schemes were, however, not originally built to serve the implementation of the aforementioned framework.

This report is an update to Finnwatch's 2016 report *Perspectives on the quality of social responsibility monitoring schemes*. Where applicable, this report's viewpoint has been expanded to cover not only labour rights but also issues related to the circular economy, the climate and conservation of biodiversity. The number of auditing and certification schemes assessed in the report has been expanded and cotton certifications are examined as a separate case study (see Chapter 5). Responsibility certified cotton has been selected as the topic for a case study as its demand has grown rapidly in recent years. The land area used for the cultivation of certified cotton has nearly doubled between 2015 and 2019¹³, and the circular economy certifications of cotton have also become increasingly common on the market. At the same time, the market for responsible cotton has experienced serious problems over recent years due to the human rights and environmental issues prevalent in the Chinese and Indian markets.

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12 UN Guiding Principles on Business and Human Rights, available at: https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf

13 ITC, available at: <https://digital.intracen.org/state-sustainable-markets-2021/key-trends/>

2. Responsibility audits and certifications used in the Finnish market






This report focuses in particular on the certifications and audits described in Table 1 that are used by companies and brands that operate in Finland to verify the social and ecological responsibility of the supply chain of consumer products. The use of a scheme refers to activities in which a company markets products audited or certified by a certification scheme or has approved the schemes' audits or certifications as part of its practical corporate responsibility work.

There are no comprehensive statistics or databases on the use of responsibility certifications and audits in procuring companies. Only some of these schemes are visible on consumer products in the form of certification labels or responsibility claims, as some of the schemes are predominantly only used as part of a company's internal processes. Many companies use several different overlapping systems for their products depending on the country of operations and the human rights risks. Table 1 was compiled by going through the member lists of monitoring schemes, the responsibility reports of buyer companies and by implementing retail shop surveys.

Nearly the same schemes that Finnwatch assessed in its report in 2016 have been selected for the assessment performed in Chapter 3 of this report on the basis of Table 1. The only scheme that was dropped from the assessment is the Global Coffee Platform the use of which Finland's key coffee industry companies have terminated¹⁴. UTZ has also been dropped from the comparison, as it merged with the Rainforest Alliance in 2018. New additions to the assessment include wine certification schemes WIETA and Fair for Life, seafood certifying Marine Stewardship Council MSC and GOTS, which focuses on the responsibility of apparel and textiles produced from organic fibres. In addition, organic and recycled cotton certifications in the Finnish apparel and textile market are examined separately in Chapter 5.

¹⁴ One of the certification schemes covered in Finnwatch's report *Perspectives on the quality of social responsibility monitoring schemes* (available at: https://finnwatch.org/images/pdf/KaalimaanVartijat_web.pdf) published in 2016 was the Global Coffee Platform, which was previously known by the name 4C Association. 4C Association owned coffee production certification scheme Common Code for the Coffee Community 4C. In 2016, the 4C standard and the related certification scheme were separated from the Global Coffee Platform into a new organisation, which was first known by the name Coffee Advisory Services but is now known as 4C Services. Global Coffee Platform no longer certifies coffee production, but it owns the Coffee Sustainability Reference Code. As its name implies, it is not a verification or certification scheme, but a reference for schemes that monitor the responsibility of coffee. 4C Services in turn certifies coffee production. However, Finnwatch is not aware of 4C certification being used by coffee roasteries in Finland, and for this reason it has not been included in this report. See more information at <https://www.globalcoffeeplatform.org> and <https://www.4c-services.org>

Table 1: Examples of auditing and certification schemes used by companies operating in Finland

Auditing / certification scheme	Brief description of the scheme	Examples of companies which use the scheme
Amfori, Business Social Compliance Initiative BSCI 	The Amfori BSCI provides for its members human rights due diligence package including mapping, risk assessment, auditing, remediation, capacity building and stakeholder engagement tools. Monitoring activities' results and the remediation steps are shared on Amfori platforms. Tools can be used for both industrial (factory) environment and for farming in the food sector. BSCI, preceding Amfori BSCI, was established in 2003. Amfori BSCI has more than 54 000 suppliers in its database.	The scheme has approximately 50 Finnish company members, including Kesko, SOK, Tokmanni, Alko, Marimekko and Vallila. ¹⁵
Better Cotton Initiative BCI 	Better Cotton Initiative (BCI) trains and licenses cotton producers, both smallholders and large farms, who produce "Better Cotton". Better Cotton criteria cover social and environmental aspects, and they are currently being revised. The revised criteria are expected to be released in mid-2023. BCI currently offers no product certification. The initiative grew out of a multi-stakeholder roundtable convened by WWF in 2005, and it was formally set up in 2009. BCI has grown rapidly: nowadays cotton that complies with Better Cotton criteria accounts for about a quarter of global cotton production, and there are more than 2 million BCI licensed cotton producers in 25 countries.	Members of the scheme include Kesko, Marimekko, Vallila Collection, Pentik, Tokmanni and SOK. ¹⁶
Fairtrade 	Fairtrade is a multi-stakeholder certification scheme focusing mainly on agricultural products. Fairtrade certifies also textiles and gold. Fairtrade criteria focuses on social, economical (most importantly setting the minimum price for some certified products) and environmental criteria. International Fairtrade system was created in 1990's and certified units cover almost 1,8 farmers and producers.	Involved in the scheme are 45 Finnish companies, including Kesko, SOK, Satotukku, Meira, Suomen Sokeri and Sidoste. ¹⁷
Fair for life 	Fair for Life is a certification system focusing on different agricultural products. Fair For Life certifies production in both Global North and Global South. Fair for Life certification criteria is based on different international standards and covers also economical requirements (for example regarding pricing) as well as different social and environmental issues and traceability. The system was established in 2006 and around 700 companies are Fair for Life certified.	Companies that accept the use of the scheme in their responsibility monitoring include Alko ¹⁸ and Kesko ¹⁹ .
Fair Labor Association FLA 	Fair Labor Association (FLA) monitors its member companies' commitment to implement the FLA Workplace Code of Conduct. The FLA Workplace Code of Conduct can be applied to both manufacturing and agriculture depending on a member company's sector. Member companies' conduct is assessed against FLA Monitoring Principles. ²⁰ Both buyers and producers have their own set of Monitoring Principles. FLA does not offer certification of products, brands, factories or farms. FLA grew out of a multi-stakeholder meeting convened in 1996 by the then President of the USA Bill Clinton with the aim to improve working conditions in the clothing and footwear industries. FLA's work now also includes agriculture supply chains. Currently, about 50 companies participate in the FLA Manufacturing Program and eight companies participate in FLA's Agriculture Program. Of these, 32 have been accredited by the FLA Board.	Members of the scheme include Adidas, Nike, Patagonia and Puma. ²¹

15 Situation on 2 March 2022. Amfori BSCI's member information is available on the scheme's website https://www.amfori.org/node/292/field_amfori_services/amfori-bsci-205/field_member_country/FI

16 BCI, Members, https://bettercotton.org/membership/find-members/?_sft_member_country=finland (viewed on 2 June 2022)







17 Flocert, Customer search, <https://www.flocert.net/about-flocert/customer-search/> (viewed on 16 May 2022)

18 Alko, Eettinen-symboli kertoo ihmisten hyvinvoinnin huomioimisesta, <https://www.alko.fi/vastuullisesti/tuotteiden-vastuullisuus/eettinen-symboli-kertoo-ihmisten-hyvinvoinnin-huomioimisesta> (viewed on 2 June 2022)

19 Kesko, Approved certification and auditing schemes, <https://www.kesko.fi/yrittys/vastuullisuus/kestava-hankinta/hyvaksytyt-sertifiointi--ja-auditointijarjestelmat/> (viewed on 2 June 2022)

20 In 2019, FLA adopted a requirement that its members publish supplier factory lists in line with the Transparency Pledge. Lists must be made available online in machine-readable format. Non-compliance may lead to suspension of the company's membership status. The Transparency Pledge is an initiative of NGOs and global trade unions that seeks to promote transparency in the apparel and footwear supply chains. The Transparency Pledge requires the following supply chain information to be published: 1) the full name of all authorised production units and processing facilities; 2) the site addresses; 3) the parent company of the business at the site; 4) type of products made; and 5) worker numbers at each site. See <https://transparencypledge.org>

21 FLA, Accredited Companies, https://www.fairlabor.org/members/fla-accredited/?member_type=fla-accredited&page=2 (viewed on 2 June 2022)

Auditing / certification scheme	Brief description of the scheme	Examples of companies which use the scheme
Fair Wear Foundation FWF	 <p>Fair Wear Foundation (FWF) seeks to improve working conditions in the production of clothes. FWF monitors its member companies' compliance with their commitment to FWF's Code of Labour Practices and from 2023 onwards, also their implementation of FWF's human rights due diligence policy in their own operations and supply chains²². FWF does not offer certification of products, brands or factories. FWF started out as a collaborative effort between a Dutch trade union FNV and Clean Clothes Campaign in 1999. Its members (145) are companies which are brands that produce their own sewn goods.</p>	<p>Members include many small and medium-size clothing brands which are present in the Finnish market, such as Filippa K, Acne Studios, Armed Angel, Kuyichi and Marc O'Polo.²³</p>
Forest Stewardship Council FSC	 <p>Forest Stewardship Council (FSC) certifies forests and forest products. FSC criteria cover social, environmental and economic aspects. FSC was set up in 1993 in the wake of the Earth Summit in Rio by representatives from business, environmental movement and community leaders. Approximately 230 million hectares of commercial forest are FSC certified worldwide and there are over 50 000 valid chain of custody certificates. In Finland, about 10 percent of commercial forest is FSC certified.</p>	<p>Members in Finland include Stora Enso, UPM-Kymmene, Fiskars Group and Metsä Group²⁴. There are numerous FSC certified products for sale in the Finnish market.</p>
Global Organic Textile Standard GOTS	 <p>Global Organic Textile Standard (GOTS) is a certification scheme for post-harvest processing of clothing and textiles made with organic fibre. GOTS criteria cover both ecological and social aspects. The GOTS standard is currently being revised; the revised version is expected to be released in March 2023. GOTS was set up by two textile industry associations and two organic organisations in 2006. The scheme is growing rapidly: in 2020, there were more than 10 000 GOTS certified facilities up from less than 8 000 certified facilities in 2019. GOTS certified facilities employ more than 4 million workers in more than 70 countries.</p>	<p>Certified companies in Finland are Basic Fashion, Dermoshop, Finlayson, Mainio Clothing and SOK²⁵.</p>
ICTI Ethical Toy Program IETP	 <p>ICTI Ethical Toy Program Certification focuses on social compliance issues pertinent to toy manufacturing and it certifies factories. It was created in 2004 for the global toy industry but is now deployed in many product categories and covers more than 1,000 manufacturing businesses.</p>	<p>Members of the scheme include McDonald's, Mattel, Walt Disney Company and Hallmark.²⁶</p>
ISCC	 <p>International Sustainability & Carbon Certification ISCC is a certification system that certifies different feedstocks, including agricultural and forestry biomass, circular and bio-based materials and renewables, including non-fossil-derived aviation fuel. ISCC certifies feedstock globally. Requirements include ecological and social practices, greenhouse gas emissions savings and traceability of materials through the supply chain. ISCC started its operation in 2010 and has issued more than 28 000 certificates in 100 countries.</p>	<p>Members of the scheme include Neste, North European Oil Trade, UPM-Kymmene and Uponor²⁷.</p>
Marine Stewardship Council MSC	 <p>Marine Stewardship Council (MSC) certifies fisheries and seafood products. MSC criteria are focussed on ecological aspects. Requirements related to child labour and forced labour were incorporated into the scheme only in 2019. MSC's labour policy is being revised in 2022. Almost 20 percent of marine wild catch is either MSC certified or in the process of being certified, and over 7 000 companies hold MSC chain of custody certificates. MSC was born out of a collaborative effort by WWF and Unilever, and became fully operational in 1999.</p>	<p>Certification is used, for example, by Hanko Sushi, Ikea, Kesko, Lidl, McDonalds, SOK, Valio, Wihuri²⁸, Abba²⁹, Calvo³⁰, Thai Union/John West³¹.</p>

22 The majority of FWF's work focuses on certain countries, such as Bangladesh, Bulgaria, India, Indonesia, Northern Macedonia, Myanmar, Romania, Tunisia, Turkey and Vietnam.

23 FWF, Brands, <https://www.fairwear.org/brands/> (viewed on 2 June 2022)

24 FSC, Finnish FSC members, <https://fi.fsc.org/en/node/28000> (viewed on 2 June 2022)

25 GOTS, Certified Suppliers, <https://global-standard.org/find-suppliers-shops-and-inputs/certified-suppliers/database/search> (viewed on 3 June 2022)

26 IETP, Buyer membership, <https://www.ethicaltoyprogram.org/en/buyers/buyer-membership/> (viewed on 2 June 2022)








27 Situation on 16 March 2022, The ISCC's member information is available on the scheme's website: <https://www.iscc-system.org/stakeholders/iscc-association/membership-list/>

28 MSC, Find Suppliers, <https://cert.msc.org/supplierdirectory/VController.aspx?Path=be2ac378-2a36-484c-8016-383699e2e466> (viewed on 3 June 2022)

29 Abba, <https://www.abba.fi/vastuullisuus/> (viewed on 3 June 2022)

30 Calvo, <https://www.calvo.fi/vastuullisuus/vastuullisuus-sertifikaatit/> (viewed on 3 June 2022)

31 John West, <https://johnwest.fi/kestava-kalastus/vastuullinen-hankinta/> (viewed on 3 June 2022)

Auditing / certification scheme	Brief description of the scheme	Examples of companies which use the scheme	
ProTerra		ProTerra is a certification scheme that certifies crops, food, and feed. It is a multicrop, globally applicable sustainability standard. ProTerra certification focuses on Non-GMO and covers environmental and social criteria.	Certification is used, for example, by Atria/A-rehu, Snellman/Figen Oy, Satarehu, Rehux, Berner, Feedex ³² , Kesko ³³ .
Rainforest Alliance		Rainforest Alliance is a certification scheme for agricultural products, such as coffee, cocoa, tea and bananas. Rainforest Alliance criteria cover social, environmental and economic aspects. In 2018, two certification schemes, Sustainable Agriculture Network/Rainforest Alliance and UTZ, merged to create the current Rainforest Alliance certification scheme. Transition to the new Rainforest Alliance requirements began in 2021. There are more than 2 million Rainforest Alliance certified farmers who grow approximately 7 million hectares of land in 70 countries.	Numerous companies market products which are certified by the scheme in Finland, such as Kesko, S Group, Lidl and Panda. Finnish certificate holders include Meira, Nordqvist and Juustoportti Food. ³⁴
Round Table on Responsible Soy RTRS		Round Table on Responsible Soy – RTRS is a certification scheme applicable to the production of soy and corn for multiple purposes: human consumption, animal feed and biofuels. Its criteria focuses on economic, social and environmental issues. RTRS was established in 2006 and the system covers for more than 9 500 certified farms.	Certification is used, for example, by HKScan, Atria/A-rehu, AgroX, Rehux ³⁵ and Kesko. ³⁶
Roundtable on Sustainable Palm Oil RSPO		Roundtable on Sustainable Palm Oil (RSPO) is a certification system focusing on palm oil. RSPO criteria focuses on economical, environmental and social criteria. RSPO was established in 2004 and today 19,5 % of palm oil production is RSPO certified.	Almost 30 Finnish companies are members of the scheme, including Kemira, Raisio, Neste, Tokmanni, SOK and Kesko. ³⁷
SA8000		SA8000 is a universally applicable certification scheme for places of work. ³⁸ SA8000 standard is currently being revised, the revised standard is expected in 2023. SA8000 certification scheme was created in 1997 by a non-profit organisation, Social Accountability International SAI. In 2021, there were more than 4 700 SA8000 certified facilities that employed over 2 million workers in 55 countries and across 57 industries.	Companies that accept the use of the scheme in their responsibility monitoring include Kesko ³⁹ , SOK. ⁴⁰
SGF Voluntary Control System		SGF Voluntary Control System (VCS) is a fruit juice industry's own certification scheme focusing on food authenticity, safety and quality. The scheme also covers social sustainability and environmental issues.	Food industry association Kasvisteollisuusyhdistys is a member of SGF ⁴¹ . Individual companies involved include Eckes Granini ⁴² .
WIETA		WIETA is a multi-stakeholder auditing system focusing on wine and related agriculture sector in South Africa. WIETA system is based on an Ethical Code of Conduct which covers different social and environmental issues. WIETA was established in 2002.	Companies that accept the use of the scheme in their responsibility monitoring include Alko ⁴³ and Kesko. ⁴⁴

32 The situation of companies that buy soy in 2021, Finnwatch, Soijaa Brasiliasta, available at: <https://finnwatch.org/fi/julkaisut/soijaa-brasiliasta>

33 Kesko, <https://www.kesko.fi/en/company/responsibility/sustainable-sourcing/approved-certification-and-audit-systems/> (viewed on 29 April 2022)

34 Rainforest Alliance, Certificate Holders, Finland, <https://www.rainforest-alliance.org/list-of-certificate-holders/> (viewed on 2 June 2022)

35 The situation of companies that buy soy in 2021, Finnwatch, Soijaa Brasiliasta, available at: <https://finnwatch.org/fi/julkaisut/soijaa-brasiliasta>

36 Kesko, <https://www.kesko.fi/en/company/responsibility/sustainable-sourcing/approved-certification-and-audit-systems/> (viewed on 29 April 2022)

37 RSPO, Search members, <https://rspo.org/members/all> (viewed on 16 May 2022)

38 However, SA8000 certification is not available for the maritime sector, fishing vessels or so-called off-shore jobs. According to SAI, due to the challenges related to them, it is categorically not possible to certify companies operating in these sectors according to the SA8000 standard.

39 Kesko, <https://www.kesko.fi/yrittys/vastuullisuus/kestava-hankinta/hyvaksytyt-sertifiointi-ja-auditointijarjestelmat/> (viewed on 3 June 2022)

40 SOK, The S Group year and responsibility 2021, available at: <https://assets.ctfassets.net/8122zj5k3sy9/6xMAQGba32YbPdTWdRfeme/fc21771d37f71bbad0a7615>

41 Elintarviketeollisuus ry, Annual report 2020, available at: <https://www.etl.fi/media/aineistot/nettisisaltojen-liitteet/etl-vuosikertomus-2020-nettiin.pdf>

42 Eckes Granini, 2019, Eckes-Granini Finland Oy Ab:n raaka-aineiden hankintapolitiikka ja vastuullisuus, https://www.eckes-granini.fi/ajankoh-taista/resources/upload_5d63d1a25aa53.pdf

43 Alko, <https://www.alko.fi/alko-oy/tavarantoimittajille/tiedotteet/2021/eettinen-symbolin-alle-hyvaksytaan-uusia-sertifiointeja> (viewed on 29 April 2022)

44 Kesko, <https://www.kesko.fi/en/company/responsibility/sustainable-sourcing/approved-certification-and-audit-systems/> (viewed on 29 April 2022)

3. Assessment of social responsibility audits and certifications

In this report, the certification and auditing schemes used in the Finnish market are assessed in seven different categories. The categories are 1) impartiality and quality of audits, 2) the transparency of the schemes, 3) comprehensiveness and quality of criteria, 4) the traceability of raw materials and consumer communications, 5) the impact of the schemes, 6) criteria that apply to climate measures and biodiversity, and 7) the compatibility of the schemes with the UN Guiding Principles. The following sub-chapters give more detailed descriptions of the issues examined in each category.

The certification and auditing schemes have been assessed with a simple colour code system on the basis of answers the schemes have provided. The sections marked in red are those that involve clear shortcomings, while those marked in green represent the best existing practices. The sections marked in yellow are those in which a scheme has taken steps in the right direction, but in which it needs to develop further. The detailed assessment criteria behind the colour codes can be found in Appendix 1. Not all the questions have been valuated, and the answers to these questions have been marked in grey. In addition, some individual answers have also not been valuated. This is the case in the situation where a question is not relevant with regard to the scope of the scheme.

3.1 Impartiality and quality of audits

The first question examined in the assessment is the impartiality of certification and auditing schemes, which is examined first through ownership. Ownership has often been observed to have a direct link to how ambitious the criteria and monitoring mechanisms created in the schemes are. To put it more simply, it can be said that schemes financed and established by companies themselves are more likely to apply weaker criteria and monitoring mechanisms than those schemes that are financed and have their decisions made by actors that represent broader interests such as trade unions or NGOs. It has been noted that companies tend to emphasise technical criteria (i.e. occupational safety, working hours, minimum wage) instead of procedural ones (i.e. freedom of association). Promoting procedural rights is a key part of implementing long-term changes in the workers' conditions.⁴⁵ In particular, the inclusion of trade unions in the schemes' decision-making bodies has been emphasised in the assessment.

⁴⁵ Barrientos, S., Smith, S., 2007, Do Workers Benefit From Ethical Trade? Assessing Codes of Labour Practice in Global Production Systems, <https://doi.org/10.1080/01436590701336580>

Table 2: Impartiality of schemes

	Who owns the auditing/certification scheme?	Are trade unions represented in the scheme's decision-making bodies?	How is the scheme financed?	Who monitors the implementation of criteria?	Does a third party make the decision on the conformity of the audited company/producer?
Amfori, Business Social Compliance Initiative BSCI	Business association Amfori. Amfori members (2,388) are companies.	No	Membership fees and auditing fees	Third party service providers	Yes
Better Cotton Initiative BCI	Better Cotton Initiative BCI, a non-profit organisation. BCI members include retailers and brands (285), suppliers and manufacturers (2 100), CSOs (30) and producer organisations (17). BCI is governed by a board, the BCI Council. The BCI General Assembly elects two representatives from each of the aforementioned membership categories to the board. In addition, the board also has independent members appointed by the board itself. BCI also has associates (16). BCI Associates have the right to participate and vote in BCI's General Assembly but they are not represented in the BCI Council.	No	Membership fees, conferences and workshops, Better Cotton Platform Fees. Better Cotton Platform is used by BCI members to register information about their procurement of Better Cotton. In addition, BCI's Retailer and Brand Members pay a volume-based contribution towards BCI's Growth and Innovation Fund.	Licensing assessments for producer units (smallholders and medium-size farms) can be carried out by either BCI teams or third-party verifiers. Assessments are distributed between BCI teams and third-party verifiers on a country basis depending on resource availability and BCI team capacity. Licensing assessments for large farms are always carried out by third-party verifiers. In addition to licensing assessments, all licensed farms regardless of size must conduct an annual self-assessment.	No. Licensing decisions are made by BCI staff.
Fairtrade	Fairtrade International. Fairtrade members are national fairtrade organisation (25) and producer networks (3). Both constituencies have 50 per cent of the decision-making power.	Yes, through membership in national Fairtrade organisations. Members of the permanent Workers Rights Advisory Committee also include representatives from the global trade union movement. The Committee oversees development and implementation of the Fairtrade Hired Labour Strategy. Further, since 2021, Fairtrade Standards Committee, the eight-member body that makes decisions about Fairtrade Standards, includes a Trade Union representative.	Membership fees, licencing fees, certification fees, government grants, company grants, foundations, grants from the European Commission	Third party service provider. Fairtrade International works only with one certification body, FLOCERT, which is owned by Fairtrade International. FLOCERT is ISO 17065 accredited.	Yes
Fair for life	Ecocert Group (private company), more specifically: Ecocert Environnement (100% owned by Ecocert SA)	No	Annual Certification fees based on audit and certification time	Ecocert Environnement, ie. owner of the certification scheme	No. Decision on the conformity is made by Ecocert Environnement.
Fair Labor Association FLA	Fair Labor Association FLA, a non-profit organisation. FLA members include 60 companies, more than 150 colleges and universities, and 10 NGOs. FLA is governed by a board comprised of an independent chair and equal representation from the three aforementioned membership categories.	There are six seats reserved for NGOs in the FLA board. As of February 2022, FLA had two trade union members in its CSO Caucus; one currently serves on the FLA Board of Directors.	Membership fees, auditing fees (when scheme's own audit teams are used), government grants, intergovernmental organisations	FLA members monitor their suppliers; FLA monitors its members.	No. Decisions on members' compliance are made by the FLA Board of Directors.
Fair Wear Foundation FWF	Fair Wear Foundation FWF, a non-profit organisation. FWF is governed by a Board of Directors. The board is a multi-stakeholder body which comprises business (3), trade union (2), and NGO (3) representatives. The board is led by an independent chair. The work of the board is supported by a Committee of Experts who are similarly representatives of business, trade unions and NGOs.	Yes, see previous cell	Membership fees, auditing fees (when the scheme's own audit teams are used), government grants, private foundations	FWF members monitor their suppliers, FWF monitors its members.	No. Decisions on members' compliance are made by FWF staff.

	Who owns the auditing/certification scheme?	Are trade unions represented in the scheme's decision-making bodies?	How is the scheme financed?	Who monitors the implementation of criteria?	Does a third party make the decision on the conformity of the audited company/producer?
Forest Stewardship Council FSC	Forest Stewardship Council FSC, a non-profit organisation. FSC membership is open to companies and associations as well as individuals. Members (621 organisations and 517 individuals) join FSC through one of its three Chambers: environmental, social or economic. Decision-making power in both the FSC General Assembly and in its Board is divided up equally between the Chambers, and within Chambers between global south and global north. FSC also has national offices with national members. The membership structure of national offices follows the three-chamber structure of the international FSC.	One-third of decision making power in FSC lies with social chamber which includes trade unions; in early 2022 there was one trade union representative in the FSC Board Social Chamber.	Membership fees, licensing fees/royalties, certification fees, private foundations, company grants	Third-party service providers. The monitoring of labour conditions in chain of custody certification is based on self-assessments which are verified during audits.	Yes
Global Organic Textile Standard GOTS	Global Standard, a non-profit organisation. GOTS is not a membership organisation. Decisions on structural and political issues related to GOTS are made by an Advisory Council. GOTS founding organisations nominate members to the Advisory Council.	No. However, in early 2022 an individual member of the GOTS Standard Committee had a trade union background. The Standard Committee is responsible for development and interpretations of the GOTS standard.	Annual fees by certified facilities (150 euros per facility)	Third-party service providers	Yes
ICTI Ethical Toy Program IETP	ICTI CARE Foundation Inc., which is a membership based organization. The organization is governed by a non-executive Board with representatives from industry and civil society.	No	Income from membership fees and payment for services plus donations	Third party service providers	No. IETP team reviews each audit report and then makes the decision if a factory will receive full certification, or for example needs to go on remediation.
ISCC	The ISCC Association (ISCC e.V.). The ISCC Association has currently more than 200 members. Members include NGOs, research and governmental organisations (41), companies (155), individuals (6).	No, there are currently no trade unions represented in the ISCC Association	Membership fees, licencing fees for certification bodies, one-time registration fees, annual ISCC certification fees, ISCC training fees, licensing fees for licensed brand owners	Third party service providers	Yes
Marine Stewardship Council MSC	Marine Stewardship Council MSC, a non-profit organisation. MSC is not a membership organisation. It is governed by a board (max. 15 members) whose members represent the scheme's stakeholders and different geographical regions. New board members are identified and appointed by existing board members.	No	Licensing fees/royalties, government and company grants, private foundations, investments	Third-party service providers. For fisheries, labour conditions are not within the scope of audits. Instead, fisheries must complete and submit to the audit firm a Certificate Holder Forced and Child Labour Policies, Practices and Measures template, detailing the measures they have in place to mitigate the presence of forced or child labour in their operations. For chain of custody certificate holders, labour conditions are audited by proxy unless certificate holders can demonstrate that they are at "lower risk" of forced or child labour in which case they are not audited for labour conditions. For chain of custody certificate holders, MSC accepts labour audits in accordance with the following standards: Amfori BSCI, Sedex Smeta, SA8000.	Yes

	Who owns the auditing/certification scheme?	Are trade unions represented in the scheme's decision-making bodies?	How is the scheme financed?	Who monitors the implementation of criteria?	Does a third party make the decision on the conformity of the audited company/producer?
ProTerra	ProTerra Foundation. ProTerra Foundation is governed by a board composed of representatives of stakeholder categories. ProTerra has 75 full members (companies) and 5 associate members (interest groups).	No	Volume fees, membership fees and events and training fees. ProTerra is also open to funding from governments, companies, and foundations.	Third party service providers. Currently, the approved CB is FoodChain ID (FCID) and its subcontractors. FCID is represented in the board of the ProTerra foundation but its certification activities are ISO/EC 17065 -accredited.	Yes
Rainforest Alliance	Rainforest Alliance, a non-profit organisation. Rainforest Alliance is not a membership organisation. It is governed by a Board of Directors (20 members).	No	Government grants, private foundations, % of value of trade in certified produce or products	Third-party service providers. For chain of custody certificate holders, audits cover labour conditions only if risk assessments gives rise to it. Low risk chain of custody operators are not audited for labour conditions.	Yes
Round Table on Responsible Soy RTRS	Round Table on Responsible Soy Association. Its members are stakeholders in the soy value chain: producers (22 members); industry, trade and finance (135); and civil society organisations (13).	No	Membership fees and certification fees	Third party service providers	Yes
Roundtable on Sustainable Palm Oil RSPO	Rountable on Sustainable Palm Oil RSPO. RSPO members include oil palm producers (230), processors or traders (756), consumer goods manufacturers (895), retailers (80), banks/investors (14), and environmental and social NGOs (58).	No	Annual membership fees (ordinary, associate and affiliate) and through the trade of certified palm oil (CSPO) at USD 1 per metric tonne.	Third party service providers	Yes
SA8000	Social Accountability International SAI, a non-profit organisation. SAI is not a membership organisation. The SAI Board of Directors (8 members) is the highest decision making body for SAI operations, while the SAI multi-stakeholder Advisory Board is responsible for the development and interpretation of the SA8000 Standard (12 members representing business (6), NGOs (3), international organisations (1) and academia (2)).	No, but unions are consulted and there is currently one member with trade union background in the SAI Advisory Board.	Royalty fees, self-assessment fees	Third-party service providers	Yes
SGF Voluntary Control System	Juice industry association SGF International e.V. Members of SGF are trade associations, retailers and companies (358 members in April 2022).	No	Membership fees	Third party auditors	No
WIETA	Wieta members are mostly companies but also industry associations, trade unions and civil society organizations.	Yes. They are members of the WIETA Board and its decision making committees.	Membership fees, local and international donations and grants and fees for services rendered	Third party service providers	Yes

The impartiality of audits carried out by the schemes is first examined by determining who is qualified to perform conformity monitoring for a certification or auditing scheme. With regard to the impartiality of conformity monitoring, the weakest option is self-assessments by the actor whose conformity is being monitored. With regard to the impartiality of the conformity monitoring, it is thought that the strongest option is the process pursuant to ISO/IEC 17065, wherein a third party independent of the monitoring scheme carries out the audit and awards a certificate of conformity based on the certification or auditing scheme's criteria. Monitoring schemes may also use proxy audits. This means that the monitoring of conformity is carried out by some completely different scheme, the criteria and monitoring processes of which the monitoring scheme using proxy audits has approved. Of the schemes included in this assessment, MSC⁴⁶ uses proxy audits.

A factor that plays a part in the reliability of audits is whether the auditor is familiar with the actor being audited and whether a long-term business relationship has been established between the audit firm and company being audited. In order to ascertain this, we also assess whether certification or auditing schemes limit how many times in a row the same auditor can perform an audit.

The assessment table also assesses the impartiality and quality of monitoring by auditing or certification schemes by whether the scheme requires accreditation of the auditors. Accreditation refers to the reliable verification of the competence of a body – in this case an auditing firm i.e. certification or verification body – and the credibility of certificates it awards. The monitoring schemes that use accreditation define special accreditation criteria on the basis of which an accreditation body performs the accreditation of certification and verification bodies. Accreditation bodies do not make certification or verification decisions or directly monitor the conformity of farms or production facilities. Instead, their activities and monitoring focus specifically on auditing firms. Typically, accreditation criteria comprise or are in part based on the ISO/IEC 17065 standard, in addition to which they might include e.g. requirements for the training and professional experience of auditors.

Accreditation bodies also have their own ISO standards. The ISO/IEC 17011⁴⁷ standard sets requirements for the impartiality, confidentiality, management systems and document control, internal audits and personnel of accreditation bodies. The standard also

46 The Nordic Swan Ecolabel, which is also familiar to Finns, uses proxy audits for auditing compliance with social requirements in apparel and textile production. Working conditions during the industrial production or processing of apparel or textiles carrying the Swan Ecolabel must be in compliance with the ILO's fundamental conventions. As evidence of compliance with the criteria that apply to working conditions, the Swan Ecolabel requires licensed producers to submit a copy of their own SA8000 certificate or other comparable certificate of conformity (e.g. a certificate of an approved Amfori BSCI audit). In addition, according to new criteria the fibre used in the production of textiles carrying the Swan Ecolabel must be either organic, recycled or based on renewable raw materials. See <https://joutsenmerkki.fi/kriteerit/tekstiilien-vaudan-ja-nahan-valmistus-5/>

47 SFS-EN ISO/IEC 17011:2017:en, Conformity assessment, Requirements for accreditation bodies accrediting conformity assessment bodies (ISO/IEC 17011:2017)

specifies that the accreditation process itself comprises a document and record review as well as an on-site assessment of a certification body applying for accreditation.

Accreditation bodies must also monitor the activities of audit firms between actual accreditations. In addition to their own oversight measures, accreditation bodies must have a grievance mechanism in place. The information that has come to light through the grievance mechanism can act as a motivation for specific verification of an audit firm's competence and reliability, e.g. through so-called compliance audits. The parties that own a monitoring scheme can request that an accreditation body assess the conformity of audit firm activities due, for example, to criticism of the scheme's credibility. Where necessary, accreditation bodies can suspend or entirely terminate an audit firm's accreditation or alter the scope of accreditation. Some responsibility schemes allow the use of audit firms that have not been accredited in line with the requirements for the scheme in question, but can demonstrate that they have accreditation in accordance with a scheme that is similar in requirements. This is called proxy accreditation.

As part of the questions concerning accreditation of auditing firms, certification and auditing schemes have been asked whether they require that an auditing firm itself conducts human rights due diligence. According to the UN Guiding Principles on Business and Human Rights⁴⁸ companies must have a due diligence process in place for identifying human rights risks, for preventing and mitigating these as well as for monitoring the impacts of measures and reporting on these. The due diligence processes of auditing companies could for their part improve the quality and reliability of audits.

If the auditing or certification scheme being assessed does not utilise a separate accreditation service, the scheme has been asked to provide information on how the quality of audits is guaranteed. For example, ISEAL, the cooperation body for certification and auditing schemes, does not require that the schemes that comply with the best practices ISEAL has defined, carry out conformity assessment in a certain manner. What it does require is that the schemes' conformity assessment process complies with the ISO/IEC standards and meets the following characteristics: consistency, rigour, competence, impartiality, transparency and accessibility. The ISEAL Assurance Code⁴⁹ requires a certifying and verifying body oversight mechanism from all schemes. According to ISEAL, the oversight mechanism must cover an audit firm's management systems, competence of personnel and conformity assessment processes. In addition to accreditation, an ISEAL-approved oversight mechanism can also mean for example the monitoring of audit firms by the owner of a responsibility scheme. In such a case, the staff that carry out monitoring must be independent of the conformity assessment process.

48 UN Guiding Principles on Business and Human Rights, available at: https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinessshr_en.pdf

49 ISEAL Assurance Code of Good Practice Version 2.0, available at: <https://www.isealalliance.org/get-involved/resources/iseal-assurance-code-good-practice-version-20>

This report also examined the frequency of audits as well as whether in addition to the actual certification audits, schemes performed follow-up audits on site. We also ask whether audits include unannounced audits. The role of surprise audits has been considered important, as production facilities that are being audited often aim to hide problems for the duration of audits⁵⁰.

We will also find out whether the scheme requires audit firms to carry out interviews with workers or other affected groups. With regard to interviews with workers, it will also be clarified whether the interviews are carried off-site. Ignoring the views of workers has repeatedly proved to be a problem in auditing schemes⁵¹.

50 See e.g. Finnwatch, 2016, Perspectives on the quality of social responsibility monitoring schemes, Chapter 3.5 available at: https://finnwatch.org/images/pdf/KaalimaanVartijat_web.pdf

51 Ibid.; see also e.g. Finnwatch, 2021, Siirtotyöntekijöiden oikeudet öljypalmutuotannossa Malesiassa CASE: IOI Group, Mekassar, available at: <https://finnwatch.org/fi/julkaisut/siirtotyöntekijöiden-oikeudet-oeljypalmutuotannossa-malesiassa>

Table 3: Quality of monitoring

	Does the scheme require that auditors are accredited?	Does the scheme include an accreditation criteria that requires auditors to have in place a process for human rights and environmental due diligence?	If the scheme does not require accreditation of auditors, what other procedures does it implement to ensure the quality of its audits?	Is the number of consecutive audits carried out by the same audit firm limited in any way?	For how long a period is the audit/certification valid?	Are follow-up audits performed on-site?	Do follow-up audits include unannounced audits?	Does the auditing process involve interviews with workers or other affected groups? Are interviews with workers carried out on-site or off-site?
Amfori, Business Social Compliance Initiative BSCI	No	N/A	Amfori BSCI auditors must be enrolled in industry association APSCA – Association of Professional Social Compliance Auditors, and comply with APSCA rules. Further, to become an Amfori BSCI lead auditor the auditor must have relevant qualifications/experience and have shadowed Amfori BSCI audits before taking a 5-day training course with an exam. After passing the exam, the auditor must be a team member for 10 audits/15 working days before being considered 'a qualified lead auditor'. This qualification lasts for 2 years, and at the end of the 2 years the auditor must sit a 'maintenance of proficiency' online course to continue their qualification.	No	Audit Cycle is 24 months. Audit validity: 2 years-24 months validity: Amfori BSCI full audits with an overall rating of 'A' or 'B' (Very Good or Good) are valid for 2 years. 12 months validity: Amfori BSCI full and follow-up audits with an overall rating of 'C', 'D', or 'E' are valid for a maximum of 12 months, provided that the period between two full audits never exceeds 2 years.	Yes, all Amfori BSCI audits are performed on-site. Follow-up audit in 12 months if compliance level in full audit is below rating A (Outstanding) or B (Good).	Audits are semi-announced by default on the Amfori Sustainability Platform, which means the producer is aware an audit will take place during a 4 week time window, but is not notified of the date. It is possible to also make an audit either Fully announced or Unannounced.	Yes, auditors must interview management, particularly managers in charge of Human Resources and Occupational Health and Safety (OHS), workers' representative, internal auditors and workers. Interviews can be conducted on-site or off-site.
Better Cotton Initiative BCI	No	N/A	Complaints mechanism, training programme for second-party and third-party verifiers, approval process (inc. qualification and competency requirements) for third-party verifiers, desk audits, shadow audits, external oversight.	No	3 years	For smallholders and medium-size farms organized in producer units only. Follow-up audits are carried out to a minimum of 5 percent of licensed producer units globally each year based on risk. In addition, both producer units and large farms must complete a self-assessment each year.	No	Yes. Worker interviews are part of both second-party and third-party licensing assessments. Location is not specified but should enable confidentiality and anonymity.

	Does the scheme require that auditors are accredited?	Does the scheme include an accreditation criteria that requires auditors to have in place a process for human rights and environmental due diligence?	If the scheme does not require accreditation of auditors, what other procedures does it implement to ensure the quality of its audits?	Is the number of consecutive audits carried out by the same audit firm limited in any way?	For how long a period is the audit/certification valid?	Are follow-up audits performed on-site?	Do follow-up audits include unannounced audits?	Does the auditing process involve interviews with workers or other affected groups? Are interviews with workers carried out on-site or off-site?
Fairtrade	Yes. DAKKS, German national accreditation body, accredits FLOCERT.	No	N/A	Fairtrade International works only with one certification body, FLOCERT. FLOCERT auditors should not conduct more than three consecutive audits for the same producer.	3 years	Yes	FLOCERT includes focussed audits and risk-based audits in their regular audit cycle. Four per cent of overall audits are unannounced.	Yes, location is not specified but should enable confidentiality, build trust and create a comfortable situation.
Fair for life	No	N/A	Ecocert has an auditor selection and qualification procedure in place, including minimum qualification requirements and obligatory training elements. Auditors are generally approved for several schemes besides FFL, especially Organic. There is an annual quality review for auditors. In order to control the quality of the audits also supervised audits are being conducted.	No, as there is currently only one audit firm performing FFL audits (Ecocert). Rotation is however practiced between auditors (same auditor max. 3 years in a row), unless this is not possible due to geographical and/or logistical reasons.	Annual evaluations are organized based on a 3-year cycle through surveillance and renewal evaluations. This means that an on-site audit is required each year, while the focus of the audit is adapted. NEW (in Year 1) and RENEWAL (in Year 4) audits: full evaluation of all requirements; SURVEILLANCE (in Year 2 and 3) audits: focus on new certification requirements in that respective year (MUST Year 2, MUST Year 3 etc.) and previous year's non-conformities.	Depending on the additional evaluation tasks needed to verify that the non-conformities have been cleared, the CB may be required, if necessary, to proceed with an additional documentary evaluation, and/or an additional on-site audit.	Yes, but not as a rule. Depending on the non-conformity, the CB can decide that an unannounced audit is necessary in order to confirm the proper implementation of corrective actions.	Yes, on-site interviews with workers and producers. Worker interviews are generally carried out on-site, in a separate room without presence of management/supervisory staff. Interviews can also be off-site. This option should be considered especially in case of suspected serious infringements of workers' rights and/or in investigation of substantial allegations. In case workers are organized in a trade union and the representative has not been interviewed in the course of the audit, the trade union will be contacted and invited to send additional feedback within 2 weeks.

	Does the scheme require that auditors are accredited?	Does the scheme include an accreditation criteria that requires auditors to have in place a process for human rights and environmental due diligence?	If the scheme does not require accreditation of auditors, what other procedures does it implement to ensure the quality of its audits?	Is the number of consecutive audits carried out by the same audit firm limited in any way?	For how long a period is the audit/certification valid?	Are follow-up audits performed on-site?	Do follow-up audits include unannounced audits?	Does the auditing process involve interviews with workers or other affected groups? Are interviews with workers carried out on-site or off-site?
Fair Labor Association FLA	No	N/A	Qualification and competency requirements for FLA auditors and parallel audits to FLA members' supply chains by FLA audit teams. FLA auditors conduct a mix of physical and virtual parallel audits to a minimum of 1-5 percent of each of its member companies' applicable facilities each year. For manufacturing, applicable facilities are those involved in the manufacturing process, including cutting, sewing, assembling and packing. For agriculture, applicable facilities include the farms that produce in-scope commodities (such as cocoa, hazelnuts, palm oil) and first-level processing when it overlaps with the farms and farmer cooperatives.	No	If open issues remain after five years, the factory may be subject to a repeat audit conducted by the FLA. Once a member company has been found to comply with FLA requirements, its compliance is assessed every 3 years.	FLA auditors conduct a mix of physical and virtual parallel audits to a minimum of 1-5 percent of each of its member companies' applicable facilities each year. Virtual assessments are conducted only as necessary for health and safety reasons (e.g. the COVID-19 pandemic.) A portion of the audits conducted are verification audits to an initial FLA conducted audit at a factory to verify that initial findings are closed out. The FLA also conducts field observations to observe and evaluate the quality of each company's own factory level monitoring programmes.	Some audits in the agriculture sector are unannounced.	Yes, both parallel audits conducted by FLA auditors and its member companies' own monitoring programmes must include worker interviews. FLA auditors must conduct worker interviews in circumstances that allow confidentiality and emphasize non-retaliation.
Fair Wear Foundation FWF	No	N/A	Complaints mechanism, approval process (inc. qualification and competency requirements) for FWF auditors, verification (parallel) audits by FWF audit teams. FWF members are strongly encouraged to use FWF audit teams for assessing their suppliers' compliance with the FWF Code of Labour Practices.	No	Audits by FWF audit teams are valid for 3 years. Brand Performance Checks on FWF members are conducted annually.	Follow up of audit results is the responsibility of FWF members; their performance in this regard is monitored year-round. FWF Brand Liaison staff is tasked with supporting brands in improving their human rights due diligence performance. FWF performs parallel audits to its members' suppliers in order to verify the outcomes of previous audits and to gain deeper understanding of their supply chain.	No	Yes, FWF audit methodology requires off-site interviews with workers, including in preparation for an audit. The FWF audit methodology is used by FWF audit teams. FWF members are also strongly encouraged but not required to use the FWF audit methodology. FWF human rights due diligence policy requires its members to consult stakeholders at each step of the human rights due diligence process.

	Does the scheme require that auditors are accredited?	Does the scheme include an accreditation criteria that requires auditors to have in place a process for human rights and environmental due diligence?	If the scheme does not require accreditation of auditors, what other procedures does it implement to ensure the quality of its audits?	Is the number of consecutive audits carried out by the same audit firm limited in any way?	For how long a period is the audit/certification valid?	Are follow-up audits performed on-site?	Do follow-up audits include unannounced audits?	Does the auditing process involve interviews with workers or other affected groups? Are interviews with workers carried out on-site or off-site?
Forest Stewardship Council FSC	Yes, Accreditation Services International (ASI) accredits certification bodies to FSC.	No	N/A	Number of consecutive audits by an audit firm is not limited; however, the same auditor should not conduct more than three consecutive audits for the same client.	5 years	Yes	Unannounced audits are not required, but certification bodies can conduct unannounced and short notice follow-up audits.	Stakeholders must be interviewed as part of both forest management audits and chain of custody audits. Interviewees may include workers and representatives of directly affected communities but worker interviews are not mandatory. Certification bodies can decide what kind of interviews are necessary to verify compliance.
Global Organic Textile Standard GOTS	Yes. Any national or international accreditation body can provide GOTS accreditation for certification bodies. However, the International Organic Accreditation Services (IOAS) is GOTS's leading accreditation partner. Certification bodies must be ISO 17065 accredited.	No	N/A	No	1 year	Risk-based unannounced on-site follow-up audits are possible.	Unannounced audits are not required but they are possible.	Yes. Workers are interviewed on-site but interviews must be confidential.
ICTI Ethical Toy Program IETP	No independent accreditation. IETP itself is the accreditation body. Details of the qualification and review process is not public.	N/A	IETP trains and examines each auditor to ensure they meet the required quality standard. All firms & their auditors must be members of Association of Professional Social Compliance Auditors (APSCA).	No	1 year	Yes	Yes, all follow-up audits are unannounced.	Yes, workers are interviewed on-site

	Does the scheme require that auditors are accredited?	Does the scheme include an accreditation criteria that requires auditors to have in place a process for human rights and environmental due diligence?	If the scheme does not require accreditation of auditors, what other procedures does it implement to ensure the quality of its audits?	Is the number of consecutive audits carried out by the same audit firm limited in any way?	For how long a period is the audit/certification valid?	Are follow-up audits performed on-site?	Do follow-up audits include unannounced audits?	Does the auditing process involve interviews with workers or other affected groups? Are interviews with workers carried out on-site or off-site?
ISCC	Yes. Recognition by a competent national authority (option provided by the EC in the framework of the RED) or ISO/IEC 17065 or ISO/IEC 17021 accreditation is a prerequisite for Certification Bodies to cooperate with ISCC.	No	N/A	Yes (in Red II). The CB shall have procedures in place to ensure that the same auditor does not conduct audits (certification and, if applicable, surveillance audits) of the same System User for four consecutive years.	1 year	Yes, for some surveillance audits. For collecting points and traders that are dealing with both waste and residues (e.g. used cooking oil or animal fat) and with virgin vegetable oils (e.g. palm oil, rapeseed oil), a surveillance audit shall be conducted three months after the first (initial) certification. If the risk assessment has shown a risk higher than regular, the surveillance audit shall be conducted on-site.	Unannounced audits are not required, but certification bodies can conduct them as an instrument of risk management. If necessary, ISCC is entitled to request Certification Bodies to conduct surveillance audits at any time during the certificate's period of validity.	Yes, Interviews are carried out, but the location is unspecified (i.e. can be done on-site or off-site).
Marine Stewardship Council MSC	Yes. Assurance Services International (ASI) accredits certification bodies to MSC.	No	N/A	For fisheries certification, no. For chain of custody certification, there are no set limits to how many times the same certification body can audit a company. However, the same auditor should not conduct more than six consecutive audits on the same company.	For fisheries, 5 years. For chain of custody, 3 years.	Yes	For fisheries certification, no. For chain of custody certification, the certification body shall carry out unannounced on-site audits at a minimum of 1 percent of their total MSC chain of custody certificate holders.	For fisheries, labour conditions are not within the scope of audits. Labour conditions are audited only as part of the chain of custody certification and by proxy unless certificate holders can demonstrate that they are at "lower risk" of forced or child labour in which case they are not audited for labour conditions. For chain of custody certificate holders, MSC accepts labour audits in accordance with the following standards: Amfori BSCI, Sedex Smeta, SA8000. Audits in accordance with these standards do involve worker interviews.
ProTerra	No	N/A	ProTerra training, verification of auditors' experience, learning next to experienced auditors, Certification Protocol	No	1 year	Yes	No	Yes, on-site and/or remote

	Does the scheme require that auditors are accredited?	Does the scheme include an accreditation criteria that requires auditors to have in place a process for human rights and environmental due diligence?	If the scheme does not require accreditation of auditors, what other procedures does it implement to ensure the quality of its audits?	Is the number of consecutive audits carried out by the same audit firm limited in any way?	For how long a period is the audit/certification valid?	Are follow-up audits performed on-site?	Do follow-up audits include unannounced audits?	Does the auditing process involve interviews with workers or other affected groups? Are interviews with workers carried out on-site or off-site?
Rainforest Alliance	Rainforest Alliance uses so-called proxy accreditation. Rainforest Alliance itself approves certification bodies, but certification bodies must, inter alia, be ISO 17065 accredited to a scheme accepted by the Rainforest Alliance, such as Forest Stewardship Council FSC, organic or GlobalGAP.	No	N/A	There are no set limits to how many times the same certification body can audit a producer. However, rotation of audit teams is mandatory at least every two years. Usually in certification schemes, companies that are being audited can themselves choose the certification body that audits them. In the cocoa sector, Rainforest Alliance is piloting a different auditing approach in Ghana and Ivory Coast in which Rainforest Alliance allocates certification bodies to certificate holders.	3 years	Yes	Each certificate holder will not receive an unannounced follow-up audit per certification cycle. However, certification bodies must carry out surprise audits on at least 10 percent of Rainforest Alliance certificate holders in their portfolio. Unannounced audits are also conducted in order to investigate specific grievances that the scheme has received; in addition Rainforest Alliance may require any audit to be unannounced if deemed necessary.	Yes, location is not specified but should enable confidentiality and anonymity. In certain situations when high or very high risks of nonconformity on social topics have been identified, a full off-site investigation is performed. For such off-site investigations, (off-site) worker interviews are mandatory.
Round Table on Responsible Soy RTRS	Yes. OAA (Argentinian national accreditation body), INMETRO (Brazilian National Institute of Metrology, Quality and Technology), and OUA (Uruguayan national accreditation body) accredit certification bodies to RTRS.	No	N/A	There are no set limits to how many times the same certification body can audit a producer. However, the same auditor should not conduct more than three consecutive audits for a producer.	Certification is valid for 5 years with mandatory annual surveillance audits.	Yes	It is a possibility but not mandatory.	Yes. In order to verify compliance with the different indicators, auditors need to perform interviews not only with the workers but also with stakeholders and interested parties. These interviews are carried out on-site.

	Does the scheme require that auditors are accredited?	Does the scheme include an accreditation criteria that requires auditors to have in place a process for human rights and environmental due diligence?	If the scheme does not require accreditation of auditors, what other procedures does it implement to ensure the quality of its audits?	Is the number of consecutive audits carried out by the same audit firm limited in any way?	For how long a period is the audit/certification valid?	Are follow-up audits performed on-site?	Do follow-up audits include unannounced audits?	Does the auditing process involve interviews with workers or other affected groups? Are interviews with workers carried out on-site or off-site?
Roundtable on Sustainable Palm Oil RSPO	Yes, Accreditation Services International (ASI) accredits certification bodies to RSPO.	No	N/A	At the moment there is no limitation for certification body to conduct number of audits in consecutive way for one company. However, the individual lead auditor cannot act in that role for more than three consecutive audits. Also the same lead auditor should not be used as audit team leader, for more than two consecutive audits, and should not participate in any associated audit activities for at least two years. This applies for the individual lead auditor even though he/she move to other certification bodies	Certificate is valid for 5 years, with annual surveillance audit to be done annually.	Yes, the surveillance audit has to be done on-site at least once a year. Remote audits have been introduced and implemented during the pandemic.	Yes, for high risk certification unit.	Yes, the auditing process involve interviews with workers and/or other affected groups of which mostly are conducted on-site. The audit process also includes contacting relevant stakeholders.
SA8000	Yes. Social Accountability Accreditation Services (SAAS) accredits certification bodies to SA8000. SAAS is an independently managed division of SAI and it complies with the ISO 17011 standard.	No	N/A	There are no set limits to how many times the same certification body can audit a producer. However, the same auditor should not conduct more than five audits per client per certification cycle.	3 years	Yes. Within certification cycle there are two semi-announced follow-up audits (surveillance audits). In addition certified companies must complete a self-assessment once per certification cycle.	Follow-up audits are semi-announced. This means that they are conducted within a pre-announced audit window but the exact date of the audit is not announced beforehand.	Yes. As a general rule, location is not specified but interviews must be confidential and conducted without managers or supervisors' presence. If other evidence does not corroborate information obtained during worker interviews, off-site interviews and/or special audit must be conducted to rule out possibility of non-conformity. In addition, in highest risk countries worker interviews must always be conducted off-site.

	Does the scheme require that auditors are accredited?	Does the scheme include an accreditation criteria that requires auditors to have in place a process for human rights and environmental due diligence?	If the scheme does not require accreditation of auditors, what other procedures does it implement to ensure the quality of its audits?	Is the number of consecutive audits carried out by the same audit firm limited in any way?	For how long a period is the audit/certification valid?	Are follow-up audits performed on-site?	Do follow-up audits include unannounced audits?	Does the auditing process involve interviews with workers or other affected groups? Are interviews carried out on-site or off-site?
SGF Voluntary Control System	No	N/A	Auditors are required to demonstrate audit experience and they are trained by SGF in regular workshops. In addition, witness audits are carried out at regular intervals together with SGF staff. As part of the integrity programme, member companies can contact SGF in the event of complaints.	No. However, guidelines are being developed which will require rotation of certification bodies/auditors every three audits.	The certificate is valid for 1,5 years but an audit has to be carried out once a year	On-site follow-up audits are carried out when serious corrective actions arise as a result of an audit. This concerns all topics of our audit checklists where a document check is not sufficient.	Unannounced audits are conducted randomly every year. When serious food integrity infringements are suspected follow-up audits can also be unannounced.	No
WIETA	No	N/A	All auditors must be enrolled in industry association APSCA – Association of Professional Social Compliance Auditors. In addition, WIETA is conducting calibration reviews, witnessing audits, reviews of audit reports, annual training as well as monthly and quarterly review meetings.	No	Audit cycle is 1–3 years based on risk category of findings.	Follow-up audits on-site are performed for both zero tolerance and major non-compliances or when corrective actions can be evaluated only through interviews, visual inspections not captured photographically and extensive documentation reviews.	Audits are usually announced. However, from time to time WIETA may call for unannounced or semi-announced audits as per certification requirement. Unannounced or semi-announced audits might also be a requirement of the buyer.	Yes, on-site. However, it is also possible to carry out additional worker interviews off-site if necessary.

Workers: “Certification schemes have nothing to do with us”

In 2018–2019, Finnwatch investigated the working and housing conditions at a total of six tea plantations in India and Sri Lanka⁵². The investigated plantations were all Rainforest Alliance-, UTZ-⁵³, and/or Fairtrade certified, and they supplied tea to Finnish and international tea brands. In addition to questions concerning working and housing conditions, Finnwatch aimed to also gauge the workers’ understanding and experiences of certification schemes and their impacts during interviews.

Workers at only three of the six investigated responsibility certified plantations were aware that the plantation was certified. Although the logos of the certification schemes were usually very visible in different parts of the plantations, the workers did not necessarily recognise them or could not tell schemes apart from one another.

Even when workers knew that the plantation was certified, they said that they were in no way in contact with the monitoring scheme or the auditors they used. All of the trade union representatives interviewed for the report also said they had never had any interactions with the certification schemes.

The interviewed workers were not generally aware of what criteria the schemes set for working and housing conditions at the plantation, and they could not list any benefits that the certification schemes afforded them as workers. At just one of the plantations, around half of the workers highlighted an education programme, funded with Fairtrade premium, which allows the children of the poorest families to receive financial support for vocational education. One worker at another Fairtrade-certified plantation said that the plantation has a separate bank account “to which the plantation’s foreign sales income” is channelled in cooperation with foreign organisations. Finnwatch believes that this too was a case of the Fairtrade premium. According to the worker, the funds were used to improve the plantation’s facilities. In emergencies, this money could also be used to support the plantation’s permanent workers financially. However, the worker claimed that there was apparent favouritism and nepotism in the allocation of the funds.

According to an audit report Finnwatch has seen, the Fairtrade scheme had also observed problems in the use of the Fairtrade premium at the plantation in question. The Fairtrade premium had been used for such things as granting loans to plantation management without an appropriate contract or risk assessment. The plantation’s Fairtrade certificate was suspended before the Finnwatch report was published.

52 Finnwatch, 2019, Teetä ilman sympatiaa, English summary available at: https://finnwatch.org/images/pdf/Tea_summary.pdf

53 At the time the report was being completed the merger between Rainforest Alliance and UTZ was still underway.

Other studies have also found that the awareness plantation workers had of certification scheme activities and their participation in the activities was generally low. It has been found for example in India that this can increase the historical, colonialism-based power imbalance between employers and workers e.g. when workers feel that the benefits brought about by certification schemes are charity by the employer towards workers.⁵⁴



The Indian tea plantation that Finnwatch investigated had Rainforest Alliance, UTZ, and Fairtrade certification. However, workers were unable to tell much of anything about the benefits created by the schemes.

54 See e.g. Makita, R., 2012, Fair Trade Certification: The Case of Tea Plantation Workers in India. Development Policy Review 30(1). See also Siegmann, K.A., Fair Trade as Civic Innovation? The case of tea certification in India, https://www.academia.edu/30123156/Fair_Trade_as_Civic_Innovation_The_Case_of_Tea_Certification_in_India (viewed on 7 June 2022)

3.2 Transparency of schemes

The second point examined in the assessment was the openness of the schemes. Key questions were linked to whether external actors had the possibility of inspecting what criteria auditing and certification schemes were based on and how audit manuals interpreted the criteria that were often at a very high level.

We also look into whether the scheme published information on which companies have been awarded certification and passed the audit. We also assess whether schemes report the results of audits to the workers of the audited production facility or farm, or to other key stakeholders in their sphere of influence (also see Chapter 3.7). The publishing of audit reports or at least their results is a key way for stakeholders to acquire information on the effectiveness of schemes, to intervene in possible problems in the monitoring of conformity and bring to light any violations or inconsistencies in a company's consumer communications. Shortcomings in the openness of certification and auditing schemes have been viewed as a key reason why public debate and e.g. the participation of workers have been unsuccessful in the effort to resolve problems in the schemes.⁵⁵

We are also looking into whether schemes or approved auditors report blatant illegal activities that have been observed during audits to authorities. This is an important issue when assessing the relationship between certification and auditing schemes, and governments and regulation. Self-regulation by companies, which excludes local authorities and courts has been viewed as ignoring the role of the State.⁵⁶ Ignoring of authorities and judicial remedies can be extremely harmful especially in developing countries, where it can further hamper the activities of labour inspectors and decrease the government's interest in improving the status and implementation of labour laws or tackling corruption.

55 Clean Clothes Campaign, 2005, Looking for a quick fix – How weak social auditing is keeping workers in sweatshops, available at: <https://archive.cleanclothes.org/resources/publications/05-quick-fix.pdf/view>; Finnwatch, 2019, Teetä ilman sympatiaa, English summary available at: https://finnwatch.org/images/pdf/Tea_summary.pdf

56 SPERI, 2016, Ethical Audits and the Supply Chains of Global Corporations, available at: <https://speri.dept.shef.ac.uk/wp-content/uploads/2018/11/Global-Brief-1-Ethical-Audits-and-the-Supply-Chains-of-Global-Corporations.pdf>

Table 4: Transparency of schemes

	Are the criteria for the scheme available to the public?	Is the audit implementation manual for technical requirements available to the public?	Is the audit implementation manual that includes the interpretation of criteria available to the public?	Are audit findings shared with workers and other affected groups?	Are audit reports or audit results available to the public?	Is the information on companies/producers that have successfully passed audits available to the public?	Does the scheme publish information on how many audited companies/producers have passed or failed audits each year?	Have auditors been given clear instructions on how they must act, if, during an audit, they observe potentially illegal or criminal activities? Are authorities always notified in this type of situations?
Amfori, Business Social Compliance Initiative BSCI	Yes	Yes	Yes	No	No	No	No	If serious human rights violations are found during an audit BSCI Zero Tolerance Protocol will be followed. According to the protocol BSCI participants decide whether they will send a support request to the local labour authority if relevant or/ and deemed possible.
Better Cotton Initiative BCI	Yes	Yes	Yes	No	No	Yes. List of BCI license holders is available to the public.	Some information is available, e.g. in the 2019–20 cotton season, out of the 2.7 million farmers who received BCI training, 2.4 million received a license to sell Better Cotton.	No
Fairtrade	Yes	Yes	Yes	Yes. Fairtrade requires Producer Organisations to share audit results with workers/ members in a format and language accessible to them.	No	Yes	FLOCERT, a certification body used by Fairtrade, publishes information about certificate/ license holders and those whose certificate/ license has been withdrawn.	Findings during the audit process are always reported to the certification body who will take action. Depending on the nature of the findings, measures will be carried out in cooperation with other organisations or reported to the authorities. Authorities are not automatically notified.
Fair for life	Yes	Yes	Yes	Certified operations are obliged to inform workers and producers on the outcome of the audit.	Audit reports are not available to the public. Instead, a performance summary is available on the FFL Website.	Yes	No	Yes, depending on the type and severity of the observation.

	Are the criteria for the scheme available to the public?	Is the audit implementation manual for technical requirements available to the public?	Is the audit implementation manual that includes the interpretation of criteria available to the public?	Are audit findings shared with workers and other affected groups?	Are audit reports or audit results available to the public?	Is the information on companies/producers that have successfully passed audits available to the public?	Does the scheme publish information on how many audited companies/producers have passed or failed audits each year?	Have auditors been given clear instructions on how they must act, if, during an audit, they observe potentially illegal or criminal activities? Are authorities always notified in this type of situations?
Fair Labor Association FLA	Yes	Summary of FLA audit methodology is public. FLA auditors use the FLA audit methodology. FLA members are strongly encouraged but not required to use the FLA audit methodology for assessing their suppliers' compliance. The description of the process to assess FLA members' compliance by the FLA is also public.	For Workplace Code of Conduct, yes. For assessing member companies' compliance with applicable Monitoring Principles, yes.	Stakeholders involvement is not a requirement. The results of audits conducted by FLA auditors are public.	The results of audits conducted by FLA auditors are public. The results of FLA member companies' compliance assessments are also public.	The results of FLA member companies' compliance assessments are public.	The results of FLA member companies' compliance assessments are public.	Yes. When an egregious finding is identified, FLA auditors must act under FLA's Immediate Action Procedure and also inform the FLA about them, including findings constituting a crime, within 24 hours of the completion of the on-site assessment. Auditors are required to notify authorities "as appropriate".
Fair Wear Foundation FWF	Yes	FWF audit methodology and Brand Performance Check Guide are public. FWF audit teams use the FWF audit methodology. FWF members are strongly encouraged but not required to use the FWF audit methodology for assessing their suppliers' compliance with the FWF Code of Labour Practices.	For Code of Labour Practices, no. FWF has however, published issue specific guidance e.g. on living wage and social dialogue. For Brand Performance Checks, yes.	Yes, if possible, i.e. when there is worker representation or union.	Factory audit results are not public. The results of Brand Performance Checks of all FWF members are, however, public. Starting in 2023, FWF member brands will also be assessed for supply chain transparency, including reporting on most significant risks, risk prioritisation, and results of prevention and mitigation efforts.	The results of Brand Performance Checks of all FWF members are public.	The results of Brand Performance Checks of all FWF members are public.	FWF audit teams are given instructions but such issues are in the first instance addressed between member brand and supplier directly with guidance and verification by FWF.
Forest Stewardship Council FSC	Yes	Yes	Issue specific guidance and interpretations are available only on certain topics and criteria, such as living wage and right to free, prior and informed consent.	Everyone who has been interviewed during an audit receives a copy of the audit report. In addition, FSC audit reports are publicly available on the scheme's website.	Yes	Yes	Yes	No
Global Organic Textile Standard GOTS	Yes	No. Audit firms use their own audit manuals which are, however, based on GOTS standard and GOTS implementation manual which are public.	Yes	No	No	Yes, information on certificate holders is available on the GOTS website.	No	Auditors must report severe findings to the audit firm headquarters or GOTS which will then decide on follow-up action. Illegal or criminal activities can be but are not automatically reported to the authorities.

	Are the criteria for the scheme available to the public?	Is the audit implementation manual for technical requirements available to the public?	Is the audit implementation manual that includes the interpretation of criteria available to the public?	Are audit findings shared with workers and other affected groups?	Are audit reports or audit results available to the public?	Is the information on companies/producers that have successfully passed audits available to the public?	Does the scheme publish information on how many audited companies/producers have passed or failed audits each year?	Have auditors been given clear instructions on how they must act, if, during an audit, they observe potentially illegal or criminal activities? Are authorities always notified in this type of situations?
ICTI Ethical Toy Program IETP	Yes	Yes	Yes	No	No, but the status of the factory (i.e. Certified, Expired etc.) is available on the IETP's public website to anyone	Yes	Yes. Information on number of audits, certified factories, factories terminated and factories on probation are published in annual reports.	Yes, auditors are instructed to notify IETP as soon as possible if there are life-threatening, extreme hazards, potentially illegal or criminal activities when they are safe to do so.
ISCC	Yes	Yes	Partly. The ISCC audit procedures are available in the public domain of the ISCC website. ISCC provides additional checklists for system users to prepare for their individual audits in the protected ISCC client section.	For each issued certificate the CB also provides a summary audit report that is publicly available for download on the ISCC website alongside the certificate, but there is no active process for making sure that workers and other affected groups are aware of the report.	Summary Audit Reports are published on the ISCC website alongside the respective certificates.	Yes	Information on failed audits are not made public, but information about all valid, expired and withdrawn certificates is available online.	If auditors detect illegal or criminal activities information should be passed on to appropriate authorities and ISCC.
Marine Stewardship Council MSC	Yes	Yes	Yes	No	For fisheries certification, yes. For chain of custody certification, no.	Yes	The MSC webpage maintains up to date information about certificate holder certificate status e.g. valid, invalid, in-assessment, certified.	Auditors have been given instructions but authorities are not informed automatically.
ProTerra	Yes	Yes	Yes	No, only consolidated audit information is available	No, only consolidated audit information is available	Yes	Yes, consolidated results of the audits are published	Auditors are required to report possible crimes to certification bodies and the Foundation who will then decide what action to take according to the Claims and Grievance procedure.

	Are the criteria for the scheme available to the public?	Is the audit implementation manual for technical requirements available to the public?	Is the audit implementation manual that includes the interpretation of criteria available to the public?	Are audit findings shared with workers and other affected groups?	Are audit reports or audit results available to the public?	Is the information on companies/producers that have successfully passed audits available to the public?	Does the scheme publish information on how many audited companies/producers have passed or failed audits each year?	Have auditors been given clear instructions on how they must act, if, during an audit, they observe potentially illegal or criminal activities? Are authorities always notified in this type of situations?
Rainforest Alliance	Yes	Yes	Yes	No. Summaries of audit reports are however public.	Yes, the summaries of audit results are public.	Yes	Yes, information on current certificate holders/licensees and those whose certificates/licenses have been suspended is available.	Prior to an audit, auditors must draw up a list of authorities and other agencies that can provide support for vulnerable victims if necessary. If necessary, possible victims will be referred to these authorities with their consent. Serious cases that may also be in violation of criminal law can also be reported to the police, but reporting is not automatic. Reporting a possible criminal case to the police is the responsibility of the victim and the management of the farm being audited.
Round Table on Responsible Soy RTRS	Yes	Yes	RTRS does not have an audit implementation manual. Each indicator from the RTRS Standard for Responsible Soy Production contains guidance for its application.	There is no requirement for the producers to share the findings to its stakeholders and workers.	Yes	Yes	No	Yes, auditors have been given clear instructions on what to do in case of illegal or criminal activities. Information on whether the information is reported to the authorities was not obtained from RTRS for this study.

	Are the criteria for the scheme available to the public?	Is the audit implementation manual for technical requirements available to the public?	Is the audit implementation manual that includes the interpretation of criteria available to the public?	Are audit findings shared with workers and other affected groups?	Are audit reports or audit results available to the public?	Is the information on companies/producers that have successfully passed audits available to the public?	Does the scheme publish information on how many audited companies/producers have passed or failed audits each year?	Have auditors been given clear instructions on how they must act, if, during an audit, they observe potentially illegal or criminal activities? Are authorities always notified in this type of situations?
Roundtable on Sustainable Palm Oil RSPO	Yes	Yes	Yes	No. However, the audit report is accessible to any stakeholders.	Yes	Yes	Companies'/producers' info are available in the RSPO website for public access. The status of certificate is also available.	The RSPO Certification System documents have no specific instruction to auditors to provide any direct action on the illegal or criminals activities. However, all auditors have been trained and have the responsibility to be sensitive, alert and observant with regards to potential illegal or criminal activities. In case of any illegal or criminal activities identified within the unit of certification, the auditor will report this to the management of the Certification Unit for their further action, and ensuring their safety at all times.
SA8000	Yes	Yes	Yes	Yes, findings are shared with workers in a certified company.	No	Yes	Statistics on new certifications, re-certifications, cancellations and expirations are available on the scheme's website.	Only in case of a severe violation of the penal code auditors will need to report their findings to the authorities. Examples of such situations include cases of imminent danger or risk to workers, forced labour, or physical abuse.
SGF Voluntary Control System	Yes	Yes	Yes	No	No	No. Only members have access to the database of certified companies.	No	In case of serious non-compliances SGF's Catalogue of Possible Corrective Actions includes possibility to give information to authorities as well as filing formal EU-infringement proceeding or court cases against producers.

	Are the criteria for the scheme available to the public?	Is the audit implementation manual for technical requirements available to the public?	Is the audit implementation manual that includes the interpretation of criteria available to the public?	Are audit findings shared with workers and other affected groups?	Are audit reports or audit results available to the public?	Is the information on companies/producers that have successfully passed audits available to the public?	Does the scheme publish information on how many audited companies/producers have passed or failed audits each year?	Have auditors been given clear instructions on how they must act, if, during an audit, they observe potentially illegal or criminal activities? Are authorities always notified in this type of situations?
WIETA	Yes	Yes	Yes	Yes. The audit findings are reported to worker representatives at the end of the audit. Workers are also required to be involved in the corrective actions and sign off of any corrective actions.	No	No	No	Yes. Auditors have been instructed to contact WIETA. There are no instructions on reporting to the authorities.

3.3 Comprehensiveness and quality of criteria

As was previously stated, there are a multitude of differences between the criteria used by certification and auditing schemes, and different types of comparisons have been established on how rigid and ambitious their criteria are. Finnwatch's assessment of criteria focuses on two issues that are fundamental when it comes to labour rights: the active promotion of freedom of association and the demand for a living wage⁵⁷. The latter is often a result of the first, i.e. a result of collective bargaining between employers and employees. Some auditing and certification schemes have made an effort to promote a living wage as a separate human rights issue.

Freedom of association is rarely⁵⁸ a reality in the high-risk countries in which audits take place, and it is often included in criteria only with a light-touch clause that prohibits the active prevention of freedom of association. Employers are rarely required to take active steps to promote freedom of association. The problems linked to freedom of association and the right to collective bargaining are well known, but factories where workers have no chance to organise or negotiate their terms of employment in practice are regularly awarded stamps of approval by the monitoring schemes.

Our assessment table also examines how the schemes adjust their audits on the basis of risks, by taking into account factors such as the country-specific differences between high-risk countries. Some so-called high-risk countries have human rights risks related to their local context and ignoring these can significantly lower the quality of audits. These issues can include the status of people who fall outside the caste system in India, Nepal and Bangladesh or the recruitment fees and recruitment-related fees demanded from migrant workers in Thailand and Malaysia.

57 A living wage refers to a wage that allows a worker and the worker's family a basic but decent standard of living in a particular location. The wage must be sufficient to satisfy the family's basic needs (i.e. sufficient nutrition, housing, health care, clothing, transport and education for children) and must allow the worker and the worker's family to put aside modest savings and to participate in social and cultural life. More information on a living wage as a human right: Finnwatch, 2015, A living wage, a human right, available at: <http://www.finnwatch.org/images/pdf/LivingWage.pdf>

58 See e.g. ITUC, 2020, Global rights index 2020 – The World's Worst Countries for Workers, available at: https://www.ituc-csi.org/IMG/pdf/ituc_globalrightsindex_2020_en.pdf

Table 5: Comprehensiveness and quality of criteria

	Are the companies that are being audited required to undertake human rights due diligence in their supply chain? The question does not apply to primary production.	Does the scheme recommend or require responsible purchasing practices from the companies using auditing/certifications (e.g. longer sourcing agreements, different guaranteed price mechanisms or an increase in the use of certified/audited raw materials)?	Is freedom of association actively promoted?	Is the payment of a living wage a requirement? If so, how is the criterion implemented?	Are criteria/audits adjusted according to the specific issues in each high-risk country?
Amfori, Business Social Compliance Initiative BSCI	Amfori BSCI Participants must commit to act diligently in (a) assessing actual and potential adverse impacts of their business against the values and principles of the Amfori BSCI Code of Conduct; (b) identifying in the supply chain where the most significant risks for these adverse impacts may occur and (c) acting upon them with the aim of preventing and/or addressing them in line with the Amfori BSCI Code of Conduct. For business partners audited the Amfori BSCI CoC requires to implement a social management system and cascade effect require e.g. signatories to have a human rights policy statement, to implement a process and risk-based due diligence management system.	Yes. According to Amfori BSCI Code of Conduct Amfori BSCI Participants (e.g. through their buying practice such as price and/or delivering time) should not put their business partners in a position that prevents them from adhering to the Amfori BSCI Code of Conduct.	No. However BSCI promotes workers involvement in and implementation of operational grievance mechanism.	No. However, BSCI provides a quick scan tool for factories to calculate the living wage of their own workforce. Auditors are required to do a calculation of living wage and provide the data in the audit report + hold the calculation against the wages paid at the factories.	No
Better Cotton Initiative BCI	N/A	Yes. BCI's Retailer and Brand Members must commit to procure Better Cotton in alignment with a plan for securing 100 percent "more sustainable" cotton. "More sustainable" cotton means Better Cotton, recycled cotton, organic cotton or Fairtrade cotton.	Yes. In countries where the law prohibits the operations of workers' associations, producers should provide for alternative means for workers' representation. Producers and workers' associations should ensure all workers feel represented. In most cases, a priority area to address is gender representation. Producers should also provide workers' representatives with access to reasonable facilities. Criteria on freedom of association do not apply to smallholders.	No. However, BCI has identified improving smallholder livelihoods as one of its strategic aims for 2021–2030.	No
Fairtrade	N/A	Yes, for most of the certified products buyers are required to pay at least the minimum price and a fixed premium to the producers; communicate sourcing plans to suppliers; and, commit to not using unfair trading practices. In addition, first buyers are required to pre-finance payments to producers.	According to the Fairtrade Standard For Hired Labour a Right to Unionise Guarantee should be posted at workplaces in a language understood by workers. There must be some form of democratically elected and independent workers' organisation established to represent workers in the company and negotiate with management. Where there is no collective bargaining agreement for the sector, the company must proactively engage in a process to enter into a collective agreement with elected worker representatives.	If remuneration is below the living wage benchmark the company must ensure that real wages are increased annually to close the gap. The incremental steps and timeline toward the applicable living wage are negotiated with trade union/ elected worker representatives. Living wage benchmarks are being developed by the Global Living Wage Coalition (GLWC) of which Fairtrade is a member. In 2021 The Fairtrade Base Wage for banana workers was set at 70 percent of the take-home pay needed for a living wage, as established by GLWC. Fairtrade premium is used to bridge the gap.	Yes

	Are the companies that are being audited required to undertake human rights due diligence in their supply chain? The question does not apply to primary production.	Does the scheme recommend or require responsible purchasing practices from the companies using auditing/certifications (e.g. longer sourcing agreements, different guaranteed price mechanisms or an increase in the use of certified/audited raw materials)?	Is freedom of association actively promoted?	Is the payment of a living wage a requirement? If so, how is the criterion implemented?	Are criteria/audits adjusted according to the specific issues in each high-risk country?
Fair for life	N/A	Yes, there is a criteria for increasing purchases of fair trade certified ingredients.	Yes. Workers' right to organize is effectively communicated to the workers (certification year 2). If the law limits the right to freedom of association and to collective negotiation, the employer shall allow the workers to freely elect their own representatives.	Yes, criteria on living wage must be met from certification year 3. Living wages can be calculated by: - recognized parties of the civil society (existing benchmark) - the employer itself, through surveys and workers' interviews.	Auditors are trained to apply the requirements to the local context and to identify the focus of the audit based on the pertinent risks. However, there are no country specific criterias in the scheme.
Fair Labor Association FLA	FLA requires its member companies to undertake human rights due diligence in applicable facilities, but not throughout the full value chain. For manufacturing, applicable facilities are those involved in the manufacturing process, including cutting, sewing, assembling and packing. For agriculture, applicable facilities include the farms and farmer cooperatives, including first-level processing when it overlaps with the farms and farmer cooperatives.	Yes. FLA's member companies must work with their suppliers to reduce negative impacts on working conditions, hold staff accountable for the implementation of planning and purchasing with a view to avoiding negative impacts on workers, and provide incentives for responsible suppliers, among other elements.	Yes. Workers must be informed through appropriate means about the FLA Workplace Code of Conduct, which includes provisions for freedom of association and collective bargaining. These must be posted in local languages throughout common areas on the workplace. If freedom of association is restricted by law, alternative legal means of worker association must be respected. Minority unions must have means for defending interests of their members and be able to represent them in cases of individual grievances. The FLA Monitoring Principles for Buyers require member companies to consult with unions or worker representative structures in their monitoring programmes. The FLA Monitoring Principles for Producers require member companies to train relevant staff on collective bargaining, union engagement, and effective worker-management communication channels.	According to FLA, workers must be paid a wage that is sufficient to meet the worker's basic needs and provide some discretionary income. The minimum requirement, however, is the minimum wage. When this does not meet the workers' needs, the employer must work towards progressive realisation of a wage that does take the workers' needs into account. In 2015, FLA launched a Fair Compensation Workplan to guide its members towards desired wage levels, and members were expected to reach compliance by 2018. The approach was revised in 2020. The 2020 Fair Compensation Strategy requires FLA company members to assess the gap between prevailing wages and a living wage, and to develop a blueprint to close the living wage gap. To facilitate this work, FLA has develop a Fair Compensation Dashboard that uses Global Living Wage Coalition estimates to benchmark wages through wage data collected at factories.	FLA assigns risk weights to countries depending on the local labour rights environment. Factories in high risk countries (e.g. Bangladesh, China) are oversampled in the selection for parallel audits by FLA auditors. FLA conducts risk assessments to identify high-risk counties in the agriculture sector and undertakes assessments in those countries. Where necessary, FLA may also publish country or issue specific guidance.
Fair Wear Foundation FWF	Yes, FWF requires its member brands to undertake human rights due diligence. However, both the FWF Code of Labour Practices and its human rights due diligence policy only cover supply chains "after fabric", not companies' full value chain.	FWF requires member companies to adopt responsible purchasing practices, such as a commitment to conduct human rights due diligence at all new production locations before placing orders, production planning that supports reasonable working hours and pricing that allows at least the payment of legal minimum wages.	Yes, member brands are required to take certain steps to promote and ensure an enabling environment for workers to freely exercise their rights to freedom of association and collective bargaining and to protect trade union organisers. These steps include a sourcing strategy that privileges countries and suppliers where workers are free to form unions and collectively bargain, direct agreements with trade unions that ensure worker participation, and using the brands' voice to influence governments to promote and protect trade union rights.	Brand Performance Check includes four indicators on living wage, and it is considered insufficient if a brands' suppliers only pay the minimum wage and the brand does not engage in follow-up or discussion beyond minimum wage. FWF has produced several tools to help brands close the gap between prevailing wages and a living wage in their supply chains, e.g. the FWF Wage Ladder Benchmarking tool to see how current wages at a producing unit compare to living wage estimates and the Fair Wage app for calculating the impact that raising wages has on price of garments.	FWF produces country studies which help to identify pertinent issues in those countries. FWF also produces issue specific guidance, and ad hoc guidance on emerging issues or crises (e.g. the war in Ukraine, COVID-19 pandemic), and tools which can be used together with the country specific guidance.

	Are the companies that are being audited required to undertake human rights due diligence in their supply chain? The question does not apply to primary production.	Does the scheme recommend or require responsible purchasing practices from the companies using auditing/certifications (e.g. longer sourcing agreements, different guaranteed price mechanisms or an increase in the use of certified/audited raw materials)?	Is freedom of association actively promoted?	Is the payment of a living wage a requirement? If so, how is the criterion implemented?	Are criteria/audits adjusted according to the specific issues in each high-risk country?
Forest Stewardship Council FSC	N/A	No	Labour conditions must demonstrate conformity with the International Labour Organization ILO Core Conventions, including conventions on freedom of association and collective bargaining. Training of workers on ILO core conventions is mandatory.	For forest management certification wages must meet or exceed minimum industry standards or other recognized industry wage agreements or living wages, where these are higher than the legal minimum wages. Where none of these exist, the certified producer must engage with workers to develop mechanisms for determining living wages. The chain of custody certification criteria do not include criteria on wages. FSC is no longer a member a Global Living Wage Coalition.	Yes. National standards are developed in line with FSC standard-setting criteria, and approved by FSC International. In early 2022, there were 83 national or interim national standards. In some countries there are various national standards for different types of forests. National forest management criteria for Finland are being revised in 2022.
Global Organic Textile Standard GOTS	According to GOTS, adequate implementation of its criteria on social issues requires adherence to UNGPs but the GOTS standard does not include detailed requirements on due diligence. However, the draft version of the revised standard includes an explicit requirement for certified companies to conduct human rights due diligence.	No	Freedom of association must be respected. The employer must adopt an open and supportive attitude towards activities of trade unions. Workers must be informed (e.g. through a notice board or employment contracts) about their right to organise. Where law restricts trade union rights, the employer should allow workers to freely elect their representatives with whom the company can enter into dialogue with.	No. Payment of a living wage may become a certification criterion in the future. To prepare for this, certified companies are already required to calculate living wages and the gap between living wages and the wages they are paying their workers, and encouraged to work towards closing the gap.	Certification bodies are required to conduct their own risk assessment and must adjust their audits according to the identified risks. Examples of high-risk situations include parallel processing of GOTS certified and non-certified products.
ICTI Ethical Toy Program IETP	No	Not usually, but during COVID-19 pandemic IETP published a Responsible purchasing practice guidance to support buyers during COVID-19.	Factories are required to have a policy which include the right of workers to exercise their rights of freedom of association and collective bargaining and post it on local legal language.	No	IETP requirements are global, but specific country's auditors are given special guidance to assess specific checkpoints. For example in South East Asia, auditors will have more questions during worker interviews and document review to assess the possibility of withholding passports and recruitment fees
ISCC	N/A	No	There should be a confirmation, obtained through interviews with workers, that the employer supports the establishment or at least does not block the effective functioning of worker committees. Trade union members are guaranteed the opportunity to fulfil their tasks at least outside of regular working hours.	Yes. However, ISCC does not provide a calculation model on the living wage. The auditors must assess and analyse the individual situation for each country and/or industry.	Yes, depending on the result of the risk assessment the intensity and focus of the audit is determined. This means that the higher the determined risk factor is, the more thoroughly the audit needs to be conducted to verify and ensure compliance with ISCC requirements.
Marine Stewardship Council MSC	N/A	No	No. The criteria for fisheries do not cover labour conditions. Chain of custody criteria cover only forced labour and child labour.	No. The criteria for fisheries do not cover labour conditions. Chain of custody criteria cover only forced labour and child labour.	Labour conditions are audited only as part of the chain of custody certification and by proxy unless certificate holders can demonstrate that they are at "lower risk" of forced or child labour in which case they are not audited for labour conditions. MSC accepts labour audits in accordance with certain standards some of which adjust the criteria/ audits according to risks.

	Are the companies that are being audited required to undertake human rights due diligence in their supply chain? The question does not apply to primary production.	Does the scheme recommend or require responsible purchasing practices from the companies using auditing/certifications (e.g. longer sourcing agreements, different guaranteed price mechanisms or an increase in the use of certified/audited raw materials)?	Is freedom of association actively promoted?	Is the payment of a living wage a requirement? If so, how is the criterion implemented?	Are criteria/audits adjusted according to the specific issues in each high-risk country?
ProTerra	N/A	Local and long-term relationships are preferable	Certificate holders must provide evidence that the producers respect the right to form and join trade unions and training to all employees regarding labour rights, including freedom of association.	No	Yes. There are different interpretation of criteria for European and smallholder producers.
Rainforest Alliance	N/A	All buyers must pay Sustainability Differential and Sustainability Investment for the certified products on top of the market price. Sustainability Differential must meet at least a prescribed minimum. The value of Sustainability Investment must be agreed when making contractual agreements for the purchase of certified products. For banana and fresh fruits, the amount of Sustainability Investment is fixed by Rainforest Alliance. As a self-selected, voluntary measure buyers can also contribute towards payment of a living wage in their supply chains.	Management must inform workers of their right to freedom of association through a written policy in a language that workers understand. Workers organisations must also have access to a notice board where they can post information about their own activities for all workers to see. Management must provide workers' representatives reasonable paid time off from work to carry out their representation functions and attend meetings. Where needed, management must also provide the worker representatives with reasonable facilities including meeting space, means of communication and childcare. Where trade union rights are restricted under law, management must allow the development of parallel means for independent and free association, bargaining and dialogue with management. Criteria on freedom of association apply to both farms and chain of custody operators; however at farm level they are only applied to farms that employ at least 5 workers.	Workers must be paid either a minimum wage or a wage agreed in a collective agreement, whichever is higher. However, workers' total remuneration must be assessed yearly against an approved, living wage benchmark and if it falls below the benchmark, management must, in consultation with workers' representatives, implement a wage improvement plan to progress towards the benchmark, including targets, actions, timeline and responsible persons. In addition, as a self-selected, voluntary measure buyers can also choose to contribute towards payment of a living wage in their supply chains. Rainforest Alliance is a member of the Global Living Wage Coalition.	Risk analyses are carried out at the farm and supply chain level and at Rainforest Alliance itself. When a company registers in the Rainforest Alliance certification platform, the applicability of requirements to that company is determined based on its operating context. At the farm level, data is used to identify mitigation measures which are then included in the farm management plan. At the supply chain level, a risk assessment is used to evaluate the potential risks of a company's operations and to determine the type and frequency of verification required. On the basis of risk analysis it is possible that social criteria are included in an audit. Data collected from the certification processes is used by the Rainforest Alliance to create "risk maps". These maps indicate how high or low the risk of key sustainability issues such as child labour and forced labour are in a particular country. Geolocation data from certified producers is used to map e.g. the risk of deforestation. Farms and companies can use these risk maps when addressing these issues, and certification bodies can use them to focus the auditing process on high-risk areas.
Round Table on Responsible Soy RTRS	N/A	RTRS members need to report on steps taken and intended for the coming year and for the long term in the form of a time-bound plan of working towards producing or buying RTRS certified responsible soy.	Information about the measures was not received from the system.	No	Information about the measures was not received from the system.

	Are the companies that are being audited required to undertake human rights due diligence in their supply chain? The question does not apply to primary production.	Does the scheme recommend or require responsible purchasing practices from the companies using auditing/certifications (e.g. longer sourcing agreements, different guaranteed price mechanisms or an increase in the use of certified/audited raw materials)?	Is freedom of association actively promoted?	Is the payment of a living wage a requirement? If so, how is the criterion implemented?	Are criteria/audits adjusted according to the specific issues in each high-risk country?
Roundtable on Sustainable Palm Oil RSPO	N/A	When RSPO related responsibility claims regarding a final product are made and there is any percentage of non-certified oil palm within the product (maximum of 5% non-certified oil palm), the reason for this must be justified and an action plan for moving to fully certified oil palm must be in place.	Yes. A published statement recognising freedom of association and right to collective bargaining in national languages is available and is explained to all workers in languages that they understand, and must be demonstrably implemented.	Yes. RSPO's P&C 2018 requires the UoC to pay DLW to all workers, including those on piece rate/quotas, for whom the calculation is based on achievable quotas during regular work hours. Until the RSPO provides DLW benchmarks an interim measure has been endorsed which requires that in the country or region of operation where a GLWC living wage standard (benchmark) has been established, the same should be used as DLW benchmarks by members. For countries or regions without GLWC benchmarks, the interim measure states that the national minimum wages shall be paid to all workers. Where a minimum wage, based on equivalent of baskets of goods, is stipulated in Collective Bargaining Agreements (CBAs), this should be used as the foundation for the gradual implementation of the living wage payment. In addition, the Unit of Certification (UoC) is to conduct an assessment of the prevailing wages and in-kind benefits provided to workers. RSPO is in the process of developing DLW benchmarks for PO producing regions using the Anker Methodology.	Yes
SA8000	Yes, human rights due diligence on a company's suppliers, subcontractors, and private employment agencies is required. Results of due diligence process must be considered when selecting and evaluating business partners and when making purchasing decisions. Performance related to this requirement is assessed during the audit.	SAI does not have a formal relationship with customers of the SA8000 certified companies. SAI, however, promotes a Buyer-Supplier Mutual Code of Conduct to foster shared responsibility in supply chains and its Social Fingerprint tool helps buyers to manage a socially responsible supply chain.	Freedom of association must be included in workers' induction or other ongoing training and company policies about freedom of association and collective bargaining must be visibly posted throughout the workplace in language(s) that workers understand. In countries where it is not possible to establish free and independent trade unions because such action is restricted under law, an organisation needs to allow workers to freely elect representatives. SA8000 guidance document instructs auditors to verify compliance with freedom of association criteria through worker interviews. Off-site interviews in this regard are strongly recommended.	Yes. Audited companies must pay a living wage within 18–24 months into the certification cycle. SA8000 living wage calculation methodology is presented in a guidance document for SA8000. Each audited company is required to maintain a living wage estimate for the location of its facility/ies. These estimates are verified during audits. In addition, SAI is a member of the Global Living Wage Coalition.	Yes. SAAS has developed a country risk audit process to categorise the oversight and assurance process activities according to risk level. Audits in highest risk countries must include off-site interviews with workers. Certification bodies active in high or highest risk countries receive more oversight through accreditation process.

	Are the companies that are being audited required to undertake human rights due diligence in their supply chain? The question does not apply to primary production.	Does the scheme recommend or require responsible purchasing practices from the companies using auditing/certifications (e.g. longer sourcing agreements, different guaranteed price mechanisms or an increase in the use of certified/audited raw materials)?	Is freedom of association actively promoted?	Is the payment of a living wage a requirement? If so, how is the criterion implemented?	Are criteria/audits adjusted according to the specific issues in each high-risk country?
SGF Voluntary Control System	No. However, SGF requires that SGF certified company sites transmit social standards (commitment to AIJN Code of Business Conduct) to their fresh fruit suppliers and packaging houses.	No	No	No	No
WIETA	Yes	WIETA code includes a commitment to sourcing ethically.	Yes. Workers and their representatives must be provided all relevant information to enable them to engage meaningfully in negotiations. Business must adopt an open attitude towards the activities of trade unions and other mechanisms of worker organizations and their organisational activities as well as allow and facilitate trade union access to the workplace to organise workers.	No. However, the standard requires that auditees understand the elements of a living wage and engage in discussions around how to reach living wage benchmarks.	N/A (the system only operates in one country)

Monitoring of a living wage failed in SA8000 certified factories in India

The SA8000 is one of the few certifications that requires workers to be paid a living wage. In practice, however, SA8000 certified production facilities do not have to pay workers a living wage until two years after the first certification. For the first two years of certification, it is sufficient that the production facility pays workers at least the statutory minimum wage and that it has calculated the living wage level and prepared a plan to raise wages that they are paying to the living wage level. In audits following the first certification audit, the implementation of that plan will be monitored. In order to ensure that the criteria are met, the certification bodies responsible for the audits must also make a calculation of the living wage level against which the calculation made by the production facility that is being audited is then assessed.⁵⁹

In its field research, Finnwatch has repeatedly encountered problems in implementing the SA8000 living wage criteria⁶⁰. For example in 2018, Finnwatch conducted research into the working conditions at R.K. Exports, a supplier to the Finnish interior design and textile company Vallila, in Tamil Nadu, India.⁶¹ It turned out that the local home textile industry association had managed to acquire a court decision that provided its members, including R.K. Exports, an exemption from paying the textile industry minimum wages until such time in the future that a separate minimum wage for the home textile sector had been defined. Therefore in 2018, R.K. Exports continued to pay its workers the 2004 minimum wage, to which no other increases had been made but inflation adjustments. Already in 2014, the state of Tamil Nadu had raised the textile industry minimum wages, which were completely inadequate for living, in part almost doubling the sector's wages. In other words, although R.K. Exports did not even pay wages in accordance with the applicable minimum wage regulations, it had long been SA8000 certified.

After Finnwatch intervened, SAI, which owns the SA8000 certification, revised the guidelines for SA8000 audits in the summer of 2019.⁶² According to the revised guidelines, workers must be paid at least the minimum wage declared by the authorities, even when the wages have been challenged in court. According to SAI, there were about 100 SA8000 certified home textile factories in Tamil Nadu in 2019. As it is common practice in the textile industry in Tamil Nadu to challenge minimum wages in court, the revised SAI policy

59 Social Accountability International SAI, 2016, Guidance document for Social Accountability 8000 (SA8000@:2014), chapter 8, available at: <https://sa-intl.org/wp-content/uploads/2020/02/SA8000-2014-Guidance-Document.pdf>

60 See also Finnwatch, 2016, Perspectives on the quality of social responsibility monitoring schemes, pp. 42–43, available at https://finnwatch.org/images/pdf/PerspectivesOnVSS_forweb.pdf

61 Finnwatch, 2019, Working conditions in the making of Balmuir and Vallila products in India, available at: <https://finnwatch.org/images/pdf/IndiaFF.pdf>

62 Social Accountability Accreditation Services, 2020, Audit Requirements for Accredited Certification Bodies for the SA8000 Program, available at: https://sa-intl.org/wp-content/uploads/2021/10/SAAS_Procedure_200_v-4.2_March.2020.pdf

could have had a wider impact in the rest of the textile industry, beyond home textile industry. At the time, Finnwatch welcomed SAI's actions, expecting thousands of workers to receive a better pay following the revisions to the audit guidelines.⁶³

The Tamil Nadu authorities finally set minimum wages for the home textile industry in December 2021. For this report, SAI confirmed that all SA8000 certified home textile factories in Karur are now paying their workers at least the minimum wage for the home textile industry, and that companies that were paying their workers the higher tailoring industry wages are required to continue paying the higher wage. According to SAI, it has recently implemented a new database and is currently working to analyse wage data from 2019–2021 to better understand the wages workers received prior to December 2021. According to SAI, if non-compliances with the minimum wage are found, corrective actions will have to be applied. SAI did not confirm to Finnwatch, if this means that possible wage arrears must be reimbursed to the workers.

Payment of at least the legal minimum wage should be possible to take for granted. Oftentimes minimum wages fall, however, below the living wage. Biggest challenges in certified supply chains are usually related to raising wages levels in the living wage level. In preparation of this report, Finnwatch requested SAI for an update regarding its work to promote living wages. Already in 2019, SAI had promised Finnwatch that it would develop ways to apply the calculations of the Global Living Wage Coalition, which produces living wage estimates, to the entire state of Tamil Nadu.⁶⁴ In addition, according to SAI, the SA8000 audits were being revised in such a way that in the future, living wage calculation would all have to follow the Global Living Wage Coalition's so-called Anker methodology, and that production facilities and certification bodies' own calculations would no longer be accepted.

The above-mentioned summer 2019 revision of the guidance on SA8000 audits, however, remains the latest update to the implementation of the living wage criteria on the SAI website. The SA8000 Criteria Interpretation Guide, which includes details about the SAI approved living wage calculation model, was last updated in 2016.

In its response, SAI acknowledged that its work to promote living wages has been delayed but nevertheless, progress has been made. The SA8000-standard is being revised, but even before the revised standard will be published, SAI is planning to introduce changes to the criteria related to living wage.

Until these changes are implemented, consumers and other stakeholders, however, have no way of knowing even in theory, whether workers at SA8000 certified factories are being paid a living wage or not.

63 Finnwatch, 2019, A certification scheme cleans up its act in India: thousands of workers get a pay rise, <https://finnwatch.org/en/blog/666-a-certification-scheme-cleans-up-its-act-in-india:-thousands-of-workers-get-a-pay-rise->

64 See Global Living Wage Coalition, Living Wage for Tiruppur, Tamil Nadu, India <https://www.globallivingwage.org/living-wage-benchmarks/urban-india>. See also Global Living Wage Coalition, Garment Industry in Tiruppur, Tamil Nadu, India, <https://www.globallivingwage.org/case-studies/garment-industry-in-tiruppur-tamil-nadu-india/>



A textile worker in Tamil Nadu.

3.4 Traceability of raw materials and consumer communications

Before responsibility audited products are put on the market, a number of different traceability standards are applied to their sale and logistics. Traceability standards i.e. chain of custody standards are commonly used especially in agricultural products when there is a danger that certified produce will get mixed up with produce that is not within the scope of the scheme's monitoring. The most commonly used traceability mechanisms are physical monitoring of varying degree and mass balance. Certain sectors (such as the palm oil industry and soy industry) also use the book and claim mechanism, which is based on the purchase of certificates.

Physical traceability (identity preserved) allows an audited product to be traced from the consumer back all the way to the primary producer. In segregation, which is a lighter form of traceability, the certified/audited product can be mixed with the certified/audited products of other primary producers, but all processed products are certified/audited. The mass balance mechanism sees the audited/certified product mixed with other pro-

ducts also those that are not certified/audited, but the amount of the product is monitored on the basis of its mass. Systems based on the purchase of certificates (book and claim) involves trade just with certificates, and the seller and buyer have no other trade relationship⁶⁵.

The Finnwatch assessment table reviews the traceability standards used by auditing and certification schemes, when these are relevant for the scope of the scheme. It can be said that mechanisms based on strict, physical traceability are most probably the best with regard to consumer rights. Physical traceability allows the consumer to know that they are getting a product which in itself actually meets the certification criteria, or contains raw materials that meet the criteria.

After a certain critical point, strict traceability criteria encourage producers and industry to participate more extensively in the scope of certification. When the amount of a certified raw material to be processed is sufficiently large, it may no longer be worthwhile to maintain separate production processes for certified and non-certified raw materials. Instead, it is more profitable to carry out all production with the certified raw material. Physical traceability or the traceability of a contractual relationship can be considered essential for the facilitation of remedy as required by the UN Guiding Principles (see Chapter 3.7). On the other hand, full traceability can accumulate extra expenses for the producer and, thus, make it more difficult for small producers to enter the market especially when their certified or audited raw materials account for a small share of the market. This report has not valuated traceability standards, in other words, the schemes can also offer their clients raw materials that cannot be traced back to the farm/factory (e.g. mass balance) or which do not necessarily have a physical link to certified raw materials (book & claim). However, in the future the importance of traceability will grow further. It is likely and, in light of the UN Guiding Principles, preferable that the buyers of certified and audited raw materials and products can trace these back to the production level and in this manner bear responsibility for adverse human rights impacts that may arise in certified production.

Marketing communications are also linked to the market introduction of audited and/or certified products. Some social responsibility certification and auditing schemes allow companies to use their label or logo in consumer communications that apply to individual products. However, the schemes' criteria for the use of social responsibility claims vary a great deal. As different labels, logos and verbal claims are used in an effort to guide the consumer's purchasing behaviour Finnwatch has examined the criteria applied to making on-product marketing claims.

65 For a more detailed description of the 'book and claim' mechanism, see Finnwatch 2016, *The law of the jungle*, pp. 23–24, available at: <https://finnwatch.org/images/palmoil.pdf>; also see Finnwatch, 2021, *Soijaa Brasiliasta*, available at: <https://finnwatch.org/fi/julkaisut/soijaa-brasiliasta>

Table 6: Traceability of raw materials and consumer communications

	Does the scheme have a chain of custody standard in place for audited/certified raw materials?	How large a share of raw materials must be in accordance with criteria before a claim of responsibility can be made about a product?
Amfori, Business Social Compliance Initiative BSCI	N/A	N/A
Better Cotton Initiative BCI	Mass balance. This means Better Cotton cannot be traced from farm to garment. Developing physical traceability methods, including those that will allow retailers and brands make on-product claims, is, however, one of BCI's strategic priorities for 2021–2030.	According to BCI, its retailer and brand members can use the BCI on-product mark to talk about their sustainable cotton sourcing – but not about product content as BCI does not certify products. In order to use the on-product mark, BCI members must procure a minimum of 10 per cent of their cotton as Better Cotton. A retailer or brand members' use of the on-product mark should also be proportional to the volume of cotton they have sourced as Better Cotton, and consumers should not be misled. On-product mark must be coupled with a text claim which explains how a consumer contributes to Better Cotton when purchasing a product featuring the Better Cotton logo, and the mass balance explanation.
Fairtrade	Yes. Different traceability systems include mass balance (for cocoa, sugar, tea, juice, gold and Fairtrade Sourcing Programme cotton), segregation and identity preserved.	Single-ingredient products: 100% Fairtrade multi-ingredient products: all ingredients that Fairtrade standards exist for must be 100% Fairtrade. The total percentage of Fairtrade ingredients in a multi-ingredient product must be claimed and meet at least 20% threshold. Fairtrade sourced ingredients: the composite product carries a label to indicate which of the ingredient is Fairtrade certified (not all ingredients that can be sourced as Fairtrade must be Fairtrade).
Fair for life	Yes	There are two labelling categories in Fair for Life, depending on the certified content: 1) Products containing a high content of certified ingredients (e.g. for food: at least 80% of all agricultural ingredients) can use the FFL seal on the principal display panel and can be labelled as 'Fair trade'. 2) Products containing a lower content of certified ingredients (e.g. for food: between 20 and 80% of all agricultural ingredients) can normally not use the FFL seal on the principal display panel and must be labelled as 'Made with fair trade ingredients'. Specific exemption can be granted for products containing a majority of fair trade ingredients.
Fair Labor Association FLA	For agriculture programme members, FLA requires 100 percent traceability of raw materials for commodities in scope. In scope commodities vary from company to company (e.g. cocoa, palm oil, hazelnuts).	N/A
Fair Wear Foundation FWF	N/A	Based on the results of the Brand Performance Checks, member companies are placed into one of the following categories that best corresponds with their performance: leader, good, needs improvement, suspended. Brands that are categorised as leaders and good can use the FWF logo on garments, in line with the communication policy. Primary production, however, is not within the scope of Brand Performance Checks and FWF does not have requirements for the production of textile fibres "before fabric".
Forest Stewardship Council FSC	Mass balance, segregation, identity preserved	There are three FSC labels: FSC 100% – all the materials used in products bearing this label come from FSC certified sources. FSC RECYCLED – all the materials used in products bearing this label have been verified recycled. FSC Mixed – a minimum of 70 percent of materials used in products bearing this label come from FSC certified sources. A maximum of 30 percent is recycled or controlled wood, or both.
Global Organic Textile Standard GOTS	GOTS verifies the flow of organic fiber in the clothing and textile production chains. To ensure that a specific shipment of products sold by a certified entity is GOTS certified, the certification body of the supplier issues a Transaction Certificate. The buyer of the goods receives the Transaction Certificate from the seller. The buyer uses the Transaction Certificates it receives as proof to their own certification body that GOTS certified products were used as an input to further processing or trading.	There are two GOTS labels: Labelled organic – no less than 95 percent (≥95%) of the fibre content of the product must be of certified organic origin or from 'in conversion' period. Labelled made with x % of organic – no less than 70 percent (≥70%) of the fibre content of the product must be of certified organic origin or from 'in conversion' period. In addition, the entire post-harvest processing and manufacturing chain of the labelled products must also be GOTS certified.
ICTI Ethical Toy Program IETP	N/A	N/A
ISCC	Yes, available chain of custody options include mass balance, and physical segregation (Identity preserved/ hard IP as well as Bulk commodity/ soft IP) for both ISCC EU and ISCC PLUS. Additionally, the controlled blending option is available for ISCC PLUS.	There is no minimum certified share in order to make ISCC claims for products (on or off product). On-Product Logos may be used, if the product or packaging is linked to at least 20% ISCC certified material. If the ISCC certified share is less than 90%, the percentage of certified content must be disclosed.
Marine Stewardship Council MSC	Mass balance, segregation	Minimum 95 percent
ProTerra	Yes. Different traceability systems include mass balance, segregation, identity preserved.	System provides two different seals for on-product claims and there are different rules for single-ingredient and multi-ingredient products. For example for certified single-ingredient products 100 per cent of the content must be ProTerra certified.
Rainforest Alliance	Mass balance (for cocoa, orange juice, palm oil and hazelnut), segregation and identity preserved	Single-ingredient product: 90 percent or, in the case of mass balance supply chains, 100 percent of the equivalent certified volume. Multi-ingredient product: 90 percent of the identified core ingredient or, in the case of mass balance supply chains, 100 percent of the equivalent certified volume. For herbal teas and palm oil the thresholds are lower (currently 50 percent and 30 percent, respectively) but will increase to a minimum of 90 percent over time.

	Does the scheme have a chain of custody standard in place for audited/certified raw materials?	How large a share of raw materials must be in accordance with criteria before a claim of responsibility can be made about a product?
Round Table on Responsible Soy RTRS	Yes. Different traceability systems include country material balance, mass balance, segregation and book & claim.	Single-ingredient products: at least some but the proportion is not specified Multi-ingredient products: at least some but the proportion is not specified. RTRS is currently revising Chain of Custody Standard and RTRS Use of the Logo & Claims Policy V4.2, meaning that this aspect might change in the near future.
Roundtable on Sustainable Palm Oil RSPO	Yes. Different traceability systems include mass balance, segregation, identity preserved, book & claim.	Single-ingredient products: 95 % Multi-ingredient products: 95%
SA8000	N/A	N/A
SGF Voluntary Control System	No	N/A
WIETA	No	After 2019 100% certification is required for products using WIETA Fair Labour certification seal

3.5 Impact of schemes

Certification and auditing schemes that perform social responsibility monitoring have received strong criticism for not being able to meaningfully change working conditions for the better over the decades. A report published already in 2005 by the international Clean Clothes Campaign was based on extensive interviews with workers and criticised audits as ineffective in the strongest terms.⁶⁶ A report published ten years later in 2016 by the Sheffield Political Economy Research Institute blamed the schemes performing social responsibility monitoring for chiefly validating companies' existing production models, which are harmful to workers, and for maintaining ecological and social problems in production countries⁶⁷. In 2019, the Clean Clothes Campaign, which monitors the responsibility of the apparel and textile industry, published a new report on sustainability schemes. The report's conclusions called for government oversight of auditing schemes and demanded that they be held accountable e.g. for negligent practices⁶⁸. In 2020, the Multi-Stakeholder Initiative Integrity Institute, which focuses on observing the certification and auditing schemes maintained jointly by organisations and companies, published a broad-scoped report on such schemes. In the report's conclusions, the institute stated that there are serious shortcomings in the activities of the schemes. The institute's criticism focused on such things as how weak the schemes' criteria were, and on how they had been unable to improve the situation of victims of human rights violations⁶⁹.

66 Clean Clothes Campaign, 2005, Looking for a quick fix – How weak social auditing is keeping workers in sweatshops, available at: <https://archive.cleanclothes.org/resources/publications/05-quick-fix.pdf/view>

67 SPERI, 2016, Ethical Audits and the Supply Chains of Global Corporations, available at: <https://speri.dept.shef.ac.uk/wp-content/uploads/2018/11/Global-Brief-1-Ethical-Audits-and-the-Supply-Chains-of-Global-Corporations.pdf>

68 Clean Clothes Campaign, 2019, Fig Leaf for Fashion – How social auditing protects brands and fails workers; NGOs more broadly have expressed that it should be possible to hold the audit firms legally responsible for any damage they cause. See e.g. Business and Human Rights Resource Centre, 2021, Social audit liability: Hard law strategies to redress weak social assurances, available at: https://media.business-humanrights.org/media/documents/2021_CLA_Annual_Briefing_v5.pdf

69 MSI Integrity, 2020, Not Fit-for-Purpose – The Grand Experiment of Multi-Stakeholder Initiatives in Corporate Accountability, Human Rights and Global Governance, available at: https://www.msi-integrity.org/wp-content/uploads/2020/07/MSI_Not_Fit_For_Purpose_FORWEBSITE.FINAL_.pdf

It is possible that the schemes have focused on verifying conformity, without at the same time determining and monitoring the long-term impacts of their actions. Some responsibility schemes have, however, risen to the task of monitoring impact, and ISEAL, for example, drew up its own Impact Code for assessing the impact of schemes already in 2014. The Impact Code comprises best practices related to the monitoring of impact. The code obligates schemes to determine the long-term objectives for their activities, operating strategies to achieve these, and indicators for measuring the impact of their activities. Additionally, schemes that comply with the Impact Code must systematically collect data and regularly report on the impacts of their activities.⁷⁰

Finnwatch's assessment examines whether the schemes monitor the impact of their own activities in any manner and whether public indicators have been set for impact. It is always mentioned separately if a scheme has been found to observe the ISEAL's best practices, i.e. it is in the scope of ISEAL's requirements for impact.

70 ISEAL, 2014, Assessing the Impacts of Social and Environmental Standards Systems: ISEAL Code of Good Practice, available at: <https://www.isealliance.org/defining-credible-practice/iseal-codes-good-practice>

Table 7: Impact of schemes

	What support procedures does the scheme have in place for audited companies/producers that have not passed audits or have problems in fulfilling the scheme's criteria?	Are the long-term impacts of the scheme systematically monitored? Have indicators been identified for the assessment of impacts?
Amfori, Business Social Compliance Initiative BSCI	BSCI Academy includes training programmes for factories. BSCI organises national roundtable discussions and has local contact persons in Bangladesh, China, India, Turkey and Latin America.	No, but in 2010 an impact study was conducted regarding BSCI in the food sector. In 2020 also an impact study on Amfori Capacity Building in China was published.
Better Cotton Initiative BCI	Through the Growth and Innovation Fund, Better Cotton provides capacity building that helps farmers to adopt more sustainable farming practices consistent with the Better Cotton Principles and Criteria. In the 2020–21 cotton season, the Fund worked with 1.8 million cotton farmers. For the 2021–22 cotton season, the Fund's strategic focus countries were India, Pakistan, Turkey, Mozambique and Mali. The capacity building projects are carried out by Better Cotton's Implementing Partners. Implementing Partners also conduct so-called readiness checks on new producer units before recommending them for licensing, and visit licensed producer units (smallholders and medium-size farms) to help identify strengths and gaps in their performance and in order to monitor their progress against a continuous improvement plan.	Yes. Indicators are 1) pesticide use, 2) fertiliser use, 3) water use for irrigation, 4) yield, 5) profitability, 6) leveraged partnerships with local specialist organisations on child labour, 7) level of understanding and awareness among farmers about hazardous child labour, and 8) inclusion of women. In 2022, BCI began a project aimed at revising its impact assessment framework. BCI is ISEAL Code Compliant. ISEAL requires schemes to have processes to monitor their impacts and to identify why the scheme is, or is not, meeting its goals. The process feeds towards improving the scheme.
Fairtrade	Local support persons in the field pro-actively approach producers to discuss audit results and non-conformity areas in order to see where producers need additional support to improve their compliance. If possible and useful, common non-compliances may be addressed through targeted workshop interventions, for example to improve governance systems at small producer organisation (co-op) level. Other interventions help producers to set up their own monitoring systems to support improved social compliance (related to child labour, sexual abuse) or improve their human resource management capacities (offering better services to their workers, including seasonal workers).	Yes; indicators pertain to enhanced access to fair trading conditions and fair prices for small producer organisations; increased investment in small producers, their organisations and communities; stronger, well-managed, democratic organizations for small producers; enhanced knowledge and capacity among small producers and their organizations and networks; resilient and viable small producer business; strong and inclusive small producer organisations; improved farming performance, protection of environment and adaptation of climate change; enhanced benefits for small producers and their communities. Fairtrade is ISEAL Code Compliant. ISEAL requires schemes to have processes to monitor their impacts and to identify why the scheme is, or is not, meeting its goals. The process feeds towards improving the scheme.
Fair for life	Buyers (ie. "Fair trade Partners") are required to support producers. Additionally the Fair for Life office staff provides support on understanding of the requirements.	In terms of measuring long-term impacts the scheme's theory of change was developed in 2018 and key indicators were defined in this context (for example number of certified operations, number of producers and workers reached, sales figures, FT Fund generated, most frequent non-conformities). However, establishment of system for regular monitoring and measuring progress is currently still in development.
Fair Labor Association FLA	FLA staff can support member companies to develop corrective action plans in response to assessment findings. FLA regional staff provide on-the-ground expertise on workplace issues and monitoring practices. At the company level members receive support, including tailored recommendations, training, learning materials, and peer-to-peer sharing.	FLA has issued case studies on its impacts on certain topics and in certain countries, such as living wages and working hours in China and Vietnam, or child labour in agricultural production in Côte d'Ivoire and Turkey. Comprehensive impact assessment is however lacking.
Fair Wear Foundation FWF	Trainings on issues such as the FWF Code of Labour Practices, communications, or violence and harassment. Issue specific trainings are made available in different countries where FWF operates based on risk analyses. According to FWF, in the last few years, there has been an increase in demand for workplace training.	According to FWF, it has in place system for monitoring its impacts. However, FWF does not publish comprehensive impact assessment studies of the scheme on the whole. It does publish issue specific case studies of its impacts e.g. on reduction of gender-based violence, social dialogue and living wage. Starting in 2023, FWF member brands will also be assessed for degree of progress towards continuous improvement in their supplier factories.
Forest Stewardship Council FSC	None	Yes. Indicators are grouped into economic, social, environmental and general. The social indicators include workers' wellbeing, relations with management, and wellbeing of communities and indigenous peoples. FSC also maintains an impact dashboard where it collects evidence of its impacts from external scientific studies. FSC is ISEAL Code Compliant. ISEAL requires schemes to have processes to monitor their impacts and to identify why the scheme is, or is not, meeting its goals. The process feeds towards improving the scheme.
Global Organic Textile Standard GOTS	Advice by consultants, capacity-building by certification bodies	Yes. GOTS surveys certificate holders. The survey includes questions on, for example, the value-added of GOTS certification for their business and the increase of business after GOTS certification. The GOTS impact monitoring system does not cover human right impacts. The system is being revised.
ICTI Ethical Toy Program IETP	IETP offers different training opportunities to factories, including online resources, webinars, in-person training sessions, open forums, and best practice roundtables. IETP's Remediation Program offers root-cause & gap analysis to those who cannot meet its standards. The system also involves the factory management to discuss solutions and offer time for them to get advice on their specific challenge.	Non-compliances of factories regularly to observe if factories' capability has been developed. Data from IETP's worker helpline is used to ensure positive impacts are observed.
ISCC	ISCC offers standardised and customised trainings for certification bodies and system users. System Users can use the audit procedures to conduct their internal assessments, for internal trainings or to prepare for an audit. Additional checklists to prepare for individual audits are provided. It is the responsibility of the certification body to answer certification set-up specific questions. Standard-related questions can be sent to ISCC via the contact form on the ISCC website.	Yes. In 2015 a systematic analysis of audit reports was conducted. One of the KPIs was the amount of non-conformities detected and closed and had led to a higher social standard and better working conditions on farms and plantations. In 2019 more wider impact report was published. The report provides an overview of ISCC's work, roles and limitations of sustainability certification and an approximation to the estimate of the scheme's actual impact.

	What support procedures does the scheme have in place for audited companies/producers that have not passed audits or have problems in fulfilling the scheme's criteria?	Are the long-term impacts of the scheme systematically monitored? Have indicators been identified for the assessment of impacts?
Marine Stewardship Council MSC	MSC supports non-certified fisheries that want to obtain MSC certification to meet the criteria of the scheme through various tools (Fisheries Improvement Projects). Certified fisheries can also apply for funding from the MSC Ocean Stewardship Fund for projects that have a focus on protecting marine biodiversity, specifically habitat impacts and interactions with endangered, threatened and protected species.	Yes. MSC monitors its impacts against 22 indicators which range from status of endangered, threatened and protected species to customer recognition of MSC label. Indicators do not cover social aspects. MSC is ISEAL Code Compliant. ISEAL requires schemes to have processes to monitor their impacts and to identify why the scheme is, or is not, meeting its goals. The process feeds towards improving the scheme.
ProTerra	Informal collaborative projects with local partners (extension services, agronomists and NGOs) to address producer needs on a case-by-case basis.	Yes
Rainforest Alliance	Rainforest Alliance works with an Associated Trainer Network to support producers, field staff in a range of countries and Quality of Implementation Teams that support producers. They also provide feedback to certification bodies and Rainforest Alliance itself. The feedback is used to improve the certification system.	Yes, indicators relate to several result area including social outcomes. For social outcomes, the indicators are 1) child labor, forced labor, discrimination and workplace violence and harassment are effectively assessed, prevented and remediated, 2) other human rights of farmers, workers, and communities are fully respected, 3) farm workers and their families enjoy healthy and safe living and working conditions, and 4) farmers, workers and their families have an improved standard of living (toward the living wage or living income level). Rainforest Alliance is ISEAL Code Compliant. ISEAL requires schemes to have processes to monitor their impacts and to identify why the scheme is, or is not, meeting its goals. The process feeds towards improving the scheme.
Round Table on Responsible Soy RTRS	The system does not offer support functions	Yes; indicators are HCV areas; number of direct employees & indirect employees; amount of pesticides and herbicides applied per hectare; amount of fossil fuels used per hectare; and, amount of non-conformities per indicator per country. RTRS is working on the development of a Monitoring and evaluation system that will allow to measure better the impact.
Roundtable on Sustainable Palm Oil RSPO	At request of the members, RSPO secretariat staff will deliver in-house training for companies. RSPO also provide RSPO Interpretation Forum (RIF) to give interpretation of the standards and certification helpdesk is always available for the members to use.	RSPO Theory of Change (ToC) details the roadmap of how RSPO intends to achieve its vision to make sustainable palm oil the norm. The ToC provides details of the intended outputs, outcomes and impacts the organization. As part of the ToC, RSPO has also identified the list of indicators required for assessment of impacts within our publicly available Monitoring & Evaluation (M&E) list of core indicators. The outcomes and impacts of RSPO is monitored and made publicly available through a bi-annual RSPO Impact Report in accordance with ISEAL requirements. RSPO is ISEAL Code Compliant. ISEAL requires schemes to have processes to monitor their impacts and to identify why the scheme is, or is not, meeting its goals. The process feeds towards improving the scheme.
SA8000	SAI does provide some training and capacity building for brands and audited companies for free on human rights issues such as living wage.	According to SAI it has an internal process for developing the scheme on the basis of input received. SAI has developed a database which collects data on performance and impact of the scheme. SAI does not currently report comprehensively about its impacts, but looks to do so in 2023.
SGF Voluntary Control System	Hotline service for technical questions	No
WIETA	Trainings, special projects for example on forced labour, consultations, intervention from the scheme's supply chain managers, mediation between trade unions and management, involvement in worker monitoring projects	Yes. There are several indicators including for example impact of audits and corrective actions and improvement of access to rights.

3.6 Criteria that apply to climate measures and biodiversity

The climate crisis and biodiversity loss have gained ground, and they will be key corporate responsibility issues in coming decades. The predictable adverse human rights impacts of climate change will be greater the more the Earth warms. The Paris Agreement⁷¹, which entered into force in 2016, is an international legally binding document for limiting the warming of the Earth to substantially below 2 degree Celsius in relation to the level temperatures were at during the pre-industrial era. The Paris Agreement aims to limit warming to 1.5 degrees. According to the special report published by the Intergovernmental Panel on Climate Change (IPCC) in 2018, achieving the 1.5 degree target, which is considered safest with regard to adverse impacts, will require a 45 percent drop in net carbon dioxide emissions by 2030 compared to their level in 2010, as well as a rapid decline in other greenhouse gas emissions. In addition to these steps, global carbon neutrality must be achieved at latest by 2050.⁷² This means that companies must also reduce their emissions to the so-called net zero by 2030.⁷³

In this Finnwatch assessment, auditing and certification schemes are assessed with regard to their criteria concerning the climate and biodiversity loss. With regard to the climate, we have asked whether the schemes require the audited or certified farms and production facilities to report on climate emissions, to implement emissions cuts and to implement other climate measures. With regard to biodiversity loss, we have looked at the schemes' requirements related to biodiversity conservation and their criteria related to the prevention of deforestation.

71 The Paris Agreement is available in Finnish at <https://www.finlex.fi/fi/sopimukset/sopsteksti/2016/20160076>

72 IPCC, 2018, Global Warming of 1.5 °C: Summary for Policymakers, p. 12, available online at: <https://www.ipcc.ch/sr15/>

73 Also see Finnwatch, 2021, Kaikki haluavat nettonollaan mutta mitä se tarkoittaa?, available at: <https://finnwatch.org/fi/tutkimukset/887-kaikki-haluavat-nettonollaan,-mutta-mitae-se-oikeastaan-tarkoittaa>

Table 8: Climate targets and criteria

	Does the scheme include requirements for emissions reporting, emissions reductions or other climate related requirements?	Does the scheme include requirements related to the protection of biodiversity and/or the prevention of deforestation?
Amfori, Business Social Compliance Initiative BSCI	No. Amfori BSCI producers must be able to carry out processes and procedures to protect the environment, as relevant for their business. Protection of the environment can refer to energy consumption and greenhouse emissions, but there are no specific requirements on this.	No. See previous response.
Better Cotton Initiative BCI	BCI's criteria include management practices that can help reduce emissions and soil degradation and support adaptation to climate change, such as e.g. improving fertiliser management and managing soil carbon. BCI on the whole aims to reduce GHG emissions by 50 percent per tonne of cotton produced but climate targets are not set at farm or producer unit level.	Yes. Farmers must adopt a biodiversity management plan comprising five elements: 1) identifying and mapping biodiversity resources, 2) identifying and restoring degraded areas, 3) enhancing populations of beneficial insects as per the Integrated Pest Management plan, 4) ensuring crop rotation 5) protecting riparian areas.
Fairtrade	Yes. Estates are required to research and implement practices that reduce greenhouse gas emissions and increase carbon sequestration. In processing facilities where non-renewable energy is used companies are required to keep records of energy consumption, take measures to use energy more efficiently and replace non renewable sources by renewable ones as far as possible. Companies buying Fairtrade Carbon Credits need to have in place a carbon reduction plan (committing to reducing carbon emissions over time) as well GHG emissions calculation and related report verified by a third party.	Yes. Criteria includes section on biodiversity including protection of endangered species, maintaining buffer zones and conservation of protected areas. Certified estates are required to participate actively in local or regional environmental projects or have a biodiversity plan as well as evaluate the implementation of agro-forestry systems as well as agricultural diversification, as applicable.
Fair for life	Yes, there are basic level energy management and climate change criteria in place. Increasing the use of renewable energy and active emissions reductions is not compulsory, but part of the bonus criteria.	Yes. Within the certification cycle certified operators need to provide an overview of the habitats and the existing flora and fauna and identify threatened or endangered species. It is required operations do not have substantial negative impact on threatened or endangered species and/or habitats. Certified operation is forbidden to engage in any destruction or clearing of primary or old growth secondary forest. Any land which was made cultivable by clearing primary or secondary forests up to 10 years prior to application can only be accepted for certified production if the Operation has implemented considerable and adapted efforts to repair the damages caused or avoid that they occur again or diminish their impacts.
Fair Labor Association FLA	No	No
Fair Wear Foundation FWF	No	No
Forest Stewardship Council FSC	According to FSC it contributes to mitigating climate change by promoting sustainable forest management, including protection of ecosystem services such as sequestration and storage of carbon, and by promoting the recycling of wood materials.	Yes. The certification criteria include requirements to maintain biodiversity (inc. species and ecosystems) and high conservation value forests through application of the precautionary approach. Biodiversity is also one of the FSC's impact indicators.
Global Organic Textile Standard GOTS	No	No
ICTI Ethical Toy Program IETP	No, but IETP offers also another audit module called Environmental Assessment which includes climate metrics.	No, but IETP offers also another audit module called Environmental Assessment which includes biodiversity metrics.
ISCC	Yes. Under ISCC EU for the following elements in the supply chain, GHG emissions must be provided for a) Raw material production (extraction or cultivation), b) Processing units (companies that process raw materials/intermediate products and thereby change the physical or chemical properties of the input material) and c) Transport and distribution. Depending on the type of fuel and the market in which it is consumed, different GHG calculation formulas apply. Under ISCC PLUS the calculation of GHG emissions is voluntary and can be carried out using the ISCC PLUG GHG emissions add-on.	Yes, biomass must not be produced on land with high biodiversity value, high carbon stock or peatland. From 1st January 2008 onwards, users of the ISCC certification system are not allowed to change the status of areas with high biodiversity or high carbon stock. Further requirements include the avoidance of damage or deterioration of habitats, implementation of ecological focus areas for the protection of pollinators and biodiversity, setting up a biodiversity action plan, maintenance or reestablishing of natural vegetation areas around springs and natural watercourses and requirements regarding the cultivation of highly invasive species and genetically modified (GM) varieties.
Marine Stewardship Council MSC	No	Yes. MSC criteria are aimed at ensuring that fish populations remain productive and healthy and that other species and habitats within the ecosystem remain healthy.
ProTerra	Yes. Certified organisation are required to develop an inventory of their greenhouse gas emissions and develop a programme to reduce or compensate emissions. Over time, certified organisations shall adopt practices to minimise the use of energy from non-renewable sources and to derive an increasing proportion of their energy from renewable sources such as solar and wind, or from local, recycled materials.	Yes. For certification under ProTerra, areas of native vegetation cannot have been cleared or converted into agricultural areas, or used for industrial or other commercial purposes, after year 2008. Certified organisations shall identify and maintain valuable biodiversity within their areas and shall restore areas of natural vegetation around bodies of water and on steep slopes and hills, and other sensitive parts of the ecosystem. Invasive species shall be controlled.

	Does the scheme include requirements for emissions reporting, emissions reductions or other climate related requirements?	Does the scheme include requirements related to the protection of biodiversity and/or the prevention of deforestation?
Rainforest Alliance	The standard includes requirements on sustainable agriculture, including energy efficiency. Requirements related to e.g. manure management and composting, agroforestry, regenerative farming practices and deforestation support the enrichment of carbon stocks. As a self-selected requirement, producers can also choose to establish GHG reduction targets, develop and implement a strategy to meet these targets, and monitor progress against these target annually.	Yes. For example, farming is not permitted on previously natural forest areas that have been cleared for farming after 2014; producers must have a plan to protect natural forests and the implementation of the plan is verified during audits.
Round Table on Responsible Soy RTRS	Yes. There are requirements that efforts are made to reduce emissions and increase sequestration of Greenhouse Gases (GHGs) on the certified farms.	Yes. Certain areas (native forests, natural wetlands etc) have not been cleared or converted from May 2009 onwards. After 3rd June 2016, no conversion is allowed in any natural land, steep slopes and in areas designated by law to serve the purpose of native conservation and/or cultural and social protection.
Roundtable on Sustainable Palm Oil RSPO	Yes. RSPO has requirements on the identification, inventory and monitoring emission sources/sinks, and developing reduction plans for said sources covering both existing operations and new developments.	Yes. It is required that land clearing does not cause deforestation or damage any area required to protect or enhance High Conservation Values (HCVs) or High Carbon Stock (HCS) forest. HCVs and HCS forests in the managed area are identified and protected or enhanced. Where there has been land clearing without prior HCV assessment since November 2005, or without prior HCV-HCSA assessment since 15 November 2018, the Remediation and Compensation procedure (RaCP) applies.
SA8000	No	No
SGF Voluntary Control System	No	No
WIETA	No, but producers are required to document the environmental risks and climate change impacts present in the operations of the Business and need to have in place related measures to mitigate such risks and impacts. According to WIETA, carbon emissions and climate change indicators are monitored and reported in its sister scheme, the Integrated Production of Wine (IPW).	No

3.7 Compatibility of schemes with the UN Guiding Principles

Companies have an obligation to respect human rights throughout their value chains. This obligation for companies to respect human rights is laid down in the UN Guiding Principles on Business and Human Rights, which were adopted by the UN Human Rights Council in 2011.⁷⁴ According to the UN Guiding Principles the obligation for companies to respect human rights means that companies must avoid causing or contributing to adverse human rights impacts, and must remedy adverse impacts if these come about. In addition, companies must strive to prevent or mitigate adverse impacts related to their activities, products and services in business relationships even when they have not themselves contributed to causing these. Adverse human rights impacts take away a person's possibility for enjoying their rights or weaken them.

At this time, compliance with the UN Guiding Principles is not statutory for companies but in Finland nationally and in the EU there are legislative projects underway that aim to legislate due diligence laws (or 'corporate responsibility laws' as they are known in Finland) based on the Guiding Principles. With the regulation of corporate responsibility, the role of certification schemes will likely be further emphasised and the schemes must ensure that their operating logic is in accordance with the UN Guiding Principles process.⁷⁵

Many of the criteria in auditing and certification schemes concerning labour rights, prohibition of discrimination, climate change mitigation and other human rights issues and their monitoring are already in themselves a tool for due diligence in accordance with UN Guiding Principles. In addition to the criteria that apply to the activities of a party subject to a human rights-based audit, the UN Guiding Principles and their operating logic must be taken into consideration also in the structure and processes of monitoring schemes themselves.

The UN Guiding Principles require that companies that have caused or contributed to something that results in adverse human rights impacts must undertake action to remedy these for the victims or cooperate with others to remedy the impacts through a process considered appropriate.⁷⁶ If the certification scheme does not provide traceability of the certified raw materials to their production facility or farm, it is difficult or

⁷⁴ The UN Guiding Principles on Business and Human Rights are available in Finnish at: https://tem.fi/documents/1410877/2870803/Yrityksiä_ja_ihmisoikeuksia_koskevat_ohjaavat_periaatteet_su.pdf

⁷⁵ Also see e.g. European Center for Constitutional and Human Rights, *Brot für die Welt ja Misereor*, 2021, Human rights fitness of the auditing and certification industry, available at: https://www.ecchr.eu/fileadmin/Publikationen/ECCHR_BfdW_MIS_AUDITS_EN.pdf

⁷⁶ UN Guiding Principles on Business and Human Rights, Principle 22. Also see: OHCHR, Accountability and Remedy Project, ARP III: Non-State-based grievance mechanisms, <https://www.ohchr.org/en/business/ohchr-accountability-and-remedy-project/phase3-non-state-based-grievance-mechanisms> (viewed on 7 June 2022)

impossible for a company to participate in the remediation of harmful impacts in its value chain.

The requirement for the provision of remedy should also be part of the criteria for certification and auditing schemes. Remedy is included in the third pillar of the UN Guiding Principles. The extent to which the victims of adverse human rights impacts are involved in the planning and implementation of the remedy is also of key importance. Inclusion is a key method for ensuring that remedies are acceptable from the viewpoint of victims and that they meet the victims' needs.

Auditing and certification schemes can also have a significant impact in the implementation of human rights through their own activities. Schemes, for example, decide which human rights they will focus on and what type of activities their audits will allow or aim to prevent. For this reason, one of the questions asked in Finnwatch's assessment is related to whether a system has assessed their human rights risks in accordance with due diligence, and what risks it has identified as part of this process.

In the UN Guiding Principles, auditing and certification schemes are mentioned in the section of the principles that covers non-governmental grievance mechanisms. The principles require that the grievance mechanisms included in the schemes comply with numerous different criteria for efficiency. A grievance mechanism can only be effective if people for whom the mechanism is intended are aware of it, trust it and are able to use it. There is a risk that if grievance mechanisms are poorly designed or implemented, the affected parties will view them as an ineffective means as they do not trust the scheme or get their voice heard through the mechanism.⁷⁷

In this report, compliance with these criteria (UN Guiding Principle 31) has been assessed in a separate question. The assessment draws attention to such things as the availability of a public grievance mechanism at both the level of the scheme and of the production facility or farm that is being audited, and to whether it is possible to submit complaints in multiple languages and, where necessary, also verbally as well as to the availability of multilanguage instructions and availability of other support. In addition, the assessment has taken into consideration factors such as whether the processing of complaints is based on a publicly-available process, whether parties are kept informed on the progress of the processing during the complaint process and whether the process will lead to corrective measures that comply with international human rights standards⁷⁸. The schemes have also been asked whether groups who the impacts affect have the opportunity to take part in the design of the grievance mechanism and whether the feedback received through the mechanism is utilised in the development of the scheme.

77 UN Guiding Principles 28–31, available at: [https://tem.fi/documents/1410877/2870803/Yrityksi%C3%A4 ja ihmisoikeuksia koskevat ohjeet periaatteet_su.pdf/ba12d115-4b4d-47e8-a94c-af07956a032a/Yrityksi%C3%A4 ja ihmisoikeuksia koskevat ohjeet periaatteet_su.pdf](https://tem.fi/documents/1410877/2870803/Yrityksi%C3%A4%20ja%20ihmisoikeuksia%20koskevat%20ohjeet%20periaatteet_su.pdf/ba12d115-4b4d-47e8-a94c-af07956a032a/Yrityksi%C3%A4%20ja%20ihmisoikeuksia%20koskevat%20ohjeet%20periaatteet_su.pdf)

78 See: Improving accountability and access to remedy for victims of business-related human rights abuse through non-State-based grievance mechanisms: report of the United Nations High Commissioner for Human Rights, available at: <https://digitallibrary.un.org/record/3870713>

Table 9: Compatibility with UN Guiding Principles

	When negative human rights impacts occur buyers are able to provide remedy (ie. system provides traceability back to the audited/certified farm/production facility)	Does the scheme require that remedy is provided for victims?	What role do workers or other affected groups play in monitoring the implementation of corrective actions?	Does the scheme itself have a human rights due diligence process in place?	What human rights risks related to its own operations has the scheme identified?	Does the scheme have in place a grievance mechanism which meets the effectiveness criteria for non-judicial grievance mechanisms (see UNGPs principle 31)?
Amfori, Business Social Compliance Initiative BSCI	Yes	No	No official role	No	N/A	Amfori has a grievance mechanism but it only partially meets the effectiveness criteria.
Better Cotton Initiative BCI	No	No	Farmers devise corrective action plans but they are not required to involve workers in the process. Farmers report on the implementation of the corrective action plan in annual self-assessments, and enforcement of corrective actions is checked during licencing audits by BCI teams or third-party verifiers. Licencing assessment include worker interviews.	No, but BCI is ISEAL Code Compliant. ISEAL Codes of Good Practice require schemes to e.g. identify and address factors that could have a negative impact on the ability of the standard to achieve its outcomes. In addition, in April 2020 BCI set up an expert Task Force on Forced Labour and Decent Work to review selected elements of the Better Cotton Standard System. Based on this review, the Task Force will produce recommendations to improve the effectiveness of the scheme in identifying, preventing, mitigating and remediating forced labour risks. The Task Force comprises 12 experts drawing from civil society, retailers and brands, and responsible sourcing consultancies.	N/A	BCI has a grievance mechanism in place but it meets only some of the effectiveness criteria.
Fairtrade	Separately processed certified raw material can be traced back to certified farms/production facilities. But even when traceability is possible, the system does not share information about deviations with the buying companies.	Yes. Certified operators are required to have grievance mechanisms through which remediation is implemented in a timely manner. Remedy is required also in cases of child labour (through Child Labour remediation policy).	Workers and farmers have access to audit reports related to their employer/association ie. they have access to information about the identified non-compliances and, after a follow-up audit, the implementation status of corrective actions.	Yes. At the time of writing this report Fairtrade was currently developing a Fairtrade Risk Map (to be published in summer 2022), which shows the results of its UNGP-aligned system-wide risk and impact assessment. Fairtrade is also ISEAL Code Compliant. ISEAL Codes of Good Practice require schemes to, e.g. identify and address factors that could have a negative impact on the ability of the standard to achieve its outcomes.	Living wages and living incomes; child labour, forced labour and gender-based violence; discrimination based on gender, ethnic origin or other status; freedom of association and unionization; conditions of work; environmental rights	The scheme has a grievance mechanism in place and it meets most or all of the UNGPs' effectiveness criteria.

	When negative human rights impacts occur buyers are able to provide remedy (ie. system provides traceability back to the audited/certified farm/production facility)	Does the scheme require that remedy is provided for victims?	What role do workers or other affected groups play in monitoring the implementation of corrective actions?	Does the scheme itself have a human rights due diligence process in place?	What human rights risks related to its own operations has the scheme identified?	Does the scheme have in place a grievance mechanism which meets the effectiveness criteria for non-judicial grievance mechanisms (see UNGPs principle 31)?
Fair for life	Yes, FFL lots can be traced back to the producer.	Specified in the standard currently for: Child Labour (SOC-16/17): If child labour is found:- the child must be removed from work immediately and his/her safety must be ensured; -the Operation shall set a rehabilitation policy in order to ensure that the child is educated until he/she is no longer a child. Land right disputes (LOC-1): if there are any disputes, they are documented and handled responsibly. If compensation measures are necessary, they are mutually agreed with the affected parties and implemented in a timely manner.	Ideally, certified units should have an elected workers' representative responsible for certification and performance according to the Standard who will be involved in the management of the corrective actions. If this is not the case, the management must ensure that procedures are in place to take worker's voice into account when implementing corrective actions.	No	N/A	The scheme has a grievance mechanism in place and it meets most or all of the UNGPs' effectiveness criteria.
Fair Labor Association FLA	Yes. For example cases of child labour, forced labour, and harassment and abuse uncovered in workplace monitoring activities are raised to the relevant buyer.	Yes. Member companies are expected to facilitate access to remedy through judicial and non-judicial mechanisms. Both the Principles of Fair Labor and Responsible Sourcing & Production require companies to have systems in place that respond to grievances or audit findings and track them through remediation. Cases of child labour, forced labour, and harassment and abuse uncovered in workplace monitoring activities are raised as "red flag" issues to the relevant buyer, which must respond with a case-management approach.	As a best practice following apparel factory audits, the development of corrective action plans involves all stakeholders, including unions and workers. Stakeholders involvement is, however, not a requirement. Workers do not play a role in monitoring their implementation.	FLA's approach to its own work is informed by an ethos of continuous sustainable improvement. Through committees established by the Board of Directors, the Board continuously evaluates FLA standards, methodologies, and practices to ensure the organisation remains aligned with international human rights best practice. Through these processes the FLA has identified human rights risks related to its own operations, such as alignment of its Workplace Code of Labor Practices on emergent issues such as risks for migrant workers in forced labour, gender based violence, labour risks in intermediate tiers of the supply chain, and audit efficacy in high risk countries.	N/A	The scheme has a grievance mechanism in place and it meets most or all of the UNGPs' effectiveness criteria.

	When negative human rights impacts occur buyers are able to provide remedy (ie. system provides traceability back to the audited/certified farm/production facility)	Does the scheme require that remedy is provided for victims?	What role do workers or other affected groups play in monitoring the implementation of corrective actions?	Does the scheme itself have a human rights due diligence process in place?	What human rights risks related to its own operations has the scheme identified?	Does the scheme have in place a grievance mechanism which meets the effectiveness criteria for non-judicial grievance mechanisms (see UNGPs principle 31)?
Fair Wear Foundation FWF	Yes	Yes. FWF requires its member companies to exercise human rights due diligence, incl. access to remedy. From 2023, member companies will be assessed, e.g. based on how they address the root causes of certain risks typical in the industry, or promote freedom of association and social dialogue. According to FWF's complaints policy, complaints on e.g. child labour, payment below legal minimum wage and situations that present an immediate risk to the health and safety of workers must be addressed in an expedited manner. Member brands must ensure that corrective action plan, prepared by FWF, is implemented. In some cases, if the complaints are serious and the member brand's supplier has not implemented the corrective action plan, FWF may require its member company to disengage from the business relationship with the supplier in question. FWF must consult the affected workers before requiring its member to withdraw. At the same time, the role of the FWF member in remedying the remaining impacts will also be re-examined.	Worker representation must, where possible, be informed about audit findings and involved in agreeing on corrective actions but workers play no role in monitoring their implementation. In addition, FWF human rights due diligence policy requires its members to consult stakeholders at each step of the human rights due diligence process.	FWF revises its criteria and indicators every four years. This process has led to e.g. integration of new indicators into the brand performance checks, such as indicators on living wage in 2018 and on social dialogue in 2022. FWF's own management system and training for production country staff as well as consistency and quality control of audits have also been improved.	N/A	The scheme has a grievance mechanism in place and it meets most or all of the UNGPs' effectiveness criteria.

	When negative human rights impacts occur buyers are able to provide remedy (ie. system provides traceability back to the audited/certified farm/production facility)	Does the scheme require that remedy is provided for victims?	What role do workers or other affected groups play in monitoring the implementation of corrective actions?	Does the scheme itself have a human rights due diligence process in place?	What human rights risks related to its own operations has the scheme identified?	Does the scheme have in place a grievance mechanism which meets the effectiveness criteria for non-judicial grievance mechanisms (see UNGPs principle 31)?
Forest Stewardship Council FSC	Product labelled with FSC 100% or FSC Recycled can be traced. However, in FSC Mix production mass balance system is used, which does not easily allow tracing supply chains to particular producer but even then, the potential producers can be narrowed to a handful. From 2023 onwards, isotope analysis will become mandatory in high risk supply chains. Isotope analysis enhances traceability especially in supply chains where raw materials from multiple sources are combined (e.g. production of paper). FSC also uses blockchain, and going forward social data will be included in the blockchain making such information more easily available to all the actors in more complex supply chains.	FSC requires that in situations of work-related loss or damage of property or occupational disease, fair compensation is provided to workers. FSC is currently revising its remedy framework. The new framework is expected to be published in 2022.	The closure of possible non-compliances must be confirmed during follow-up on-site audits, which in turn must include stakeholder interviews.	No, but FSC is ISEAL Code Compliant. ISEAL Codes of Good Practice require schemes to, e.g. identify and address factors that could have a negative impact on the ability of the standard to achieve its outcomes.	N/A	The scheme has a grievance mechanism in place but it meets only some of the UNGPs' effectiveness criteria. FSC is currently revising its remedy framework. The new framework is expected to be published in 2022.
Global Organic Textile Standard GOTS	Yes. GOTS itself provides traceability from first stage of processing i.e. gin level; traceability from gin to farm level is provided by the organic certification scheme that certifies the organic fibre. GOTS is developing a digital traceability database to further improve supply chain tracking.	No	None	GOTS has in place a monitoring and evaluation system which contributes towards continuous improvement of the GOTS standard and assurance. However, this process does not cover human rights. The process is being revised.	N/A	The scheme has a grievance mechanism in place but it meets only some of the UNGPs' effectiveness criteria.
ICTI Ethical Toy Program IETP	Yes	Yes. IETP has a Remediation Program to request and monitor the remedy of human rights violation in the factory such as forced labor, child labor. Corrective action plan & evidences of remedy must be provided.	When issues are found during audits, workers are being consulted if this is needed to verify corrective actions. If issues are reported through the IETP worker helpline, IETP will contact the affected workers separately to ensure corrective actions or improvements are implemented.	No	N/A	The scheme has a grievance mechanism in place and it meets most or all of the UNGPs' effectiveness criteria.

	When negative human rights impacts occur buyers are able to provide remedy (ie. system provides traceability back to the audited/certified farm/production facility)	Does the scheme require that remedy is provided for victims?	What role do workers or other affected groups play in monitoring the implementation of corrective actions?	Does the scheme itself have a human rights due diligence process in place?	What human rights risks related to its own operations has the scheme identified?	Does the scheme have in place a grievance mechanism which meets the effectiveness criteria for non-judicial grievance mechanisms (see UNGPs principle 31)?
ISCC	Yes, when segregation (identity preserved) is used	No	Workers and affected groups may be interviewed by auditors to verify that corrective actions have taken place and compliance with the ISCC requirements is ensured. Where there is an indication found for negative environmental, social and/or cultural impacts in context of the farm/plantation, a participatory social impact and legal compliance assessment shall be conducted, where all relevant stakeholders, including local communities and indigenous people, are engaged.	No, not yet	N/A	Grievance mechanism is in place but it does not meet the effectiveness criteria.
Marine Stewardship Council MSC	With the help of MSC tracebacks can often, but not always, be made even in mass balance supply chains. Information on non-compliances is not shared with buyers.	No	None	No, but MSC is ISEAL Code Compliant. ISEAL Codes of Good Practice require schemes to, e.g. identify and address factors that could have a negative impact on the ability of the standard to achieve its outcomes. However, MSC's objectives relate to environmental sustainability.	N/A	The scheme has a grievance mechanism in place but it meets only some of the UNGPs' effectiveness criteria.
ProTerra	Yes	Suppliers are excluded if human rights violations are detected. Excluded suppliers may be re-included if they are able to demonstrate that human rights violations have been eliminated and victims have been duly compensated.	None	No	N/A	Grievance mechanism is in place but it only partially meets the effectiveness criteria.
Rainforest Alliance	No. Even when traceability is possible, the scheme does not share information on non-conformities with buyers.	Yes, both non-compliances identified during audits as well as grievances received must be corrected. The scheme recognises two kinds of remedial action: immediate risks must be addressed within 12 weeks; human rights violations within 48 hours. In other cases a plan to address the root causes must be prepared to ensure that problems are not repeated. In a case of non-compliance with minimum wage, for example, the correction should be to pay the back wages.	Each certificate holder must set up an Assess and-Address Committee (or appoint a person) to manage the implementation of the Rainforest Alliance Remediation Protocol, including developing a remediation plan. For large individual certified farms, the committee must include at least one worker representative. If the farm has a union or worker organization, the worker representative(s) should be chosen through that organization.	No, but Rainforest Alliance is ISEAL Code Compliant. ISEAL Codes of Good Practice require schemes to, e.g. identify and address factors that could have a negative impact on the ability of the standard to achieve its outcomes.	N/A	The scheme has a grievance mechanism in place and it meets most or all of the UNGPs' effectiveness criteria.

	When negative human rights impacts occur buyers are able to provide remedy (ie. system provides traceability back to the audited/certified farm/production facility)	Does the scheme require that remedy is provided for victims?	What role do workers or other affected groups play in monitoring the implementation of corrective actions?	Does the scheme itself have a human rights due diligence process in place?	What human rights risks related to its own operations has the scheme identified?	Does the scheme have in place a grievance mechanism which meets the effectiveness criteria for non-judicial grievance mechanisms (see UNGPs principle 31)?
Round Table on Responsible Soy RTRS	Yes, when segregation traceability system has been used.	Information about the measures was not received from the system.	None	No	N/A	Grievance mechanism is in place but it does not meet the effectiveness criteria.
Roundtable on Sustainable Palm Oil RSPO	Yes, if the buyer buys/handles segregated or identity preserved palm oil, system provides traceability back to the certified unit.	Information about the measures was not received from the system.	None	No, but RSPO is ISEAL Code Compliant. ISEAL Codes of Good Practice require schemes to, e.g. identify and address factors that could have a negative impact on the ability of the standard to achieve its outcomes.	N/A	The scheme has a grievance mechanism in place and it meets most or all of the UNGPs' effectiveness criteria.
SA8000	SAI does not have a formal relationship with customers of the SA8000 certified companies. Buyers can ask their suppliers to share information about audit findings, including non-conformities identified during audits, and take action accordingly.	If a non-conformity relates to injury caused to a worker, then yes, remedy is required.	Each certified company is required to establish a Social Performance Team SPT consisting of both worker representatives and management. The SPT is tasked with facilitation and implementation of the SA8000 management system, allowing the workers to directly engage in monitoring of the company's performance and compliance with SA8000.	SAI seeks to continuously improve the system within its available resources in order to ensure positive impacts for workers and communities. SAI does this via inputs from SAAS accreditation and oversight, stakeholder engagement, complaints/grievance mechanism, workshops, and other activities. The SA8000 standard was last revised in 2014, and the corresponding implementation guide in 2016. The standard is currently being revised based on risk and impact evaluations; the revised standard will be launched in 2023. According to SAI, there are many human rights risks in the operation of a social performance certification. These include risk of deceptive auditees, conflicts of interests in auditors and auditing companies, limitations on resources/time, and systemic challenges to good performance. Most of these are generated through market mechanisms. End-users request large data-sets and high levels of maturity, but are unwilling to pay the costs associated.	N/A	The scheme has a grievance mechanism in place but it meets only some of the UNGPs' effectiveness criteria.
SGF Voluntary Control System	No	No	None	Please provide info	N/A	No
WIETA	Yes	Where any adverse impacts or transgressions against the WIETA Code are identified, management shall implement remedial actions to remedy these.	Workers are required to be involved in the corrective actions and sign off of any corrective actions.	No	N/A	Grievance mechanism is in place and it meets most of the effectiveness criteria.

RSPO audit ignored workers' concerns

In 2020–2021, Finnwatch investigated the IOI Group's Mekassar Estate, which supplied palm oil-based palm fatty acid distillate PFAD to Neste Oyj.⁷⁹ Finnwatch grew interested in the estate after being contacted by a relative of a migrant worker on the estate. The relative told Finnwatch that they had sought to address the estate's problems time and again to no avail.

Finnwatch conducted interviews, reviewed documents and held dialogue with the IOI Group and found that many of the things told by the worker's relative were true. The workers at IOI Group's Mekassar Estate in Malaysia had paid large recruitment fees, were living in very poor housing conditions, and had been misled during recruitment. The workers had been promised an 8-hour working day and monthly salaries, but in reality they had to work long days with performance-based pay. An employee at the Mekassar Estate had forged workers' names on documents, on the basis of which it was said that the worker had not achieved the target set by the employer and was thus paid less than the minimum wage. An assistant supervisor had also hit workers. After dialogue with Finnwatch, IOI undertook numerous corrective measures.

The Mekassar Estate is part of the Bukit Leelau certification unit, which had been recertified in autumn 2020 after auditors carrying out RSPO audits had visited the estate. The audit visit had included an interview with a worker's committee representative. In the interviews carried out by Finnwatch, the worker in question confirmed that they had met with the RSPO auditor during the audit. According to the worker, they had told the auditor of the problems and that the RSPO had been notified of these problems previously also in writing.

In spite of this, the audit report states that no problems were observed during the audit. According to the audit report, no evidence was found on the estate of recruitment fees being charged to the workers, and the workers were in possession of their employment contracts, which had been written in the worker's own language. The audit report stated that the audit found no evidence of the estate's workers being subjected to violence or other harassment. The audit report also claimed that the estate is efficient in handling complaints from workers and other parties.

In its report, Finnwatch concluded that the RSPO audit gave an incorrect picture of the situation at the estate under audit, and that the audit completely ignored the well-founded concerns that vulnerable workers had brought to light both during the audit and prior to it.

⁷⁹ Finnwatch, 2021, Migrant workers' rights in oil palm estates in Malaysia CASE: IOI Group, Mekassar, available at: <https://finnwatch.org/en/publications/migrant-workers-rights-in-oil-palm-estates-in-malaysia>

4. Summary on the assessment of monitoring schemes

The overall performance of the schemes has been assessed with a rough calculation by giving plus points to best practices and minus points to clear deficiencies. Schemes were given one point for best practices (green), and one point was deducted for obvious deficiencies (red). Yellow and grey assessments have not been given points. The detailed assessment criteria behind the colour codes can be found in Appendix 1. The results of the assessment are presented in Table 10.

The Fairtrade and Rainforest Alliance certifications fared best in the assessment. In an earlier assessment carried out in 2016, Fairtrade fared by far the best, but Rainforest Alliance, which has merged with UTZ, has since improved in numerous ways: it has introduced a responsibility premium (called sustainability differential) and investment aid paid to producers, added the requirement for a living wage to its criteria, and introduced stricter rules on consumer communication related to the use of its logo.

It is gratifying to note that nearly all the other monitoring schemes included in the assessment in both 2016 and now have developed their operations. Development has happened in the key criteria: a growing number of schemes have increased their requirements for a living wage and said that they promote the realisation of freedom of association more actively than before. Numerous schemes included in the assessment utilise benchmark calculations in accordance with the Anker methodology developed by the Global Living Wage Coalition (GLWC) in the implementation of criteria related to the payment of a living wage, and three of the schemes included in the assessment are its members (Fairtrade, Rainforest Alliance and SA8000). The FSC has resigned from the GLWC after 2016.

When comparing the processes of different monitoring schemes, it should be noted that the scope of the schemes vary. The Finnwatch assessment does not value schemes by their scope but rather how they perform within their own scope. Even though MSC, which certifies different types of seafood received more points in the overall assessment than Amfori BSCI, which monitors labour rights at production facilities, it cannot be concluded that MSC monitors social responsibility issues better than BSCI. On the contrary, the MSC's scope is very narrow and it ignores social responsibility issues on fishing vessels nearly entirely and relies on other systems including Amfori BSCI in the oversight of production facilities.

The assessment of the schemes can best be used to help in comparisons in situations where the schemes audit or certify the same thing. In the Finnwatch assessment, the best

responsibility monitoring scheme in both the certification of wine and cotton was Fairtrade, the best in the auditing of working conditions at production facilities was SA8000 and the best scheme certifying palm oil production was the RSPO. FLA and FWF, which monitor companies' due diligence processes, proved equally strong in the assessment.

Just as in 2016, the SGF Voluntary Control System, a juice industry responsibility scheme, did by far the worst in the overall assessment. It was given a red assessment in a total of 21 assessment questions. During the previous assessment in 2016, SGF explained the weakness of its criteria with the scheme being due for a review. However, the review has not resulted in improvements. The SGF mentioned to Finnwatch that it does not consider itself a social and environmental responsibility monitoring scheme⁸⁰. In spite of this, it publicly communicates that compliance with juice industry responsibility policies (AIJN CoC⁸¹) is under its certification.

All the schemes need to improve their compatibility with the UN Guiding Principle on Business and Human Rights. For example, very few schemes included affected workers in the implementation of corrective measures. Less than half of schemes ensure that remedy is provided to persons who have been subjected to adverse human rights impacts. Only Fairtrade had independently adopted a due diligence process for its own scheme, in which it assesses its own human rights impacts and strives to prevent and mitigate adverse human rights impacts. When drafting the assessments, it was also found that some schemes that certify raw materials such as FSC, MSC and Rainforest Alliance had also introduced social responsibility criteria in their traceability criteria (chain of custody standards). This means that they now also specify certain responsibility requirements for companies that process certified raw materials and belong to the production chain of certified products.

80 SGF, email to Finnwatch on 8 April 2022

81 AIJN – European Fruit Juice Association, Code of Business Conduct, available at: https://aijn.eu/files/attachments/.183/AIJN_Code_of_Business_Conduct_2015.pdf

Table 10: Points awarded to the certification and auditing schemes in the assessment

Auditing / certification scheme	Green assessments (+1 point)	Red assessments (-1 point)	Totals
Fairtrade	23	2	21
Rainforest Alliance	21	1	20
Roundtable on Sustainable Palm Oil RSPO	19	4	15
Fair Labor Association FLA	18	4	14
Fair Wear Foundation FWF	18	4	14
SA8000	16	4	12
WIETA	18	6	12
Forest Stewardship Council FSC	14	3	11
ISCC	15	4	11
Fair for life	13	4	9
ProTerra	15	7	8
ICTI Ethical Toy Program IETP	13	9	4
Marine Stewardship Council MSC	12	10	2
Round Table on Responsible Soy RTRS	12	11	1
Better Cotton Initiative BCI	9	11	-2
Global Organic Textile Standard GOTS	11	13	-2
Amfori, Business Social Compliance Initiative BSCI	9	13	-4
SGF Voluntary Control System VCS	5	21	-16

OECD also assesses responsibility monitoring schemes

In addition to the UN Guiding Principles on Business and Human Rights, key international standards that apply to responsible business conduct include the OECD Guidelines for Multinational Enterprises⁸². In addition to human rights, they cover issues related to e.g. the environment, payment of taxes, prevention of bribery and extortion, and consumer protection. The OECD has also drawn up a due diligence guide⁸³, which helps companies implement the guidelines in practice, and sector-specific guidelines to the the apparel

82 The OECD Guidelines for Multinational Enterprises are available in Finnish at: https://tem.fi/documents/1410877/2870803/OECDn_toimintaohjeet_monikansallisille_yrityksille.pdf/2e3aa906-8cd6-4151-b24f-1588c079dda4/OECDn_toimintaohjeet_monikansallisille_yrityksille.pdf?t=1465553611000 (TEM 5/2012)

83 OECD Due Diligence Guidance for Responsible Business Conduct is available in Finnish at: https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/161430/TEM_oppaat_5_2019_OECDn_asianmukaisen_huolellisuuden_ohjeet_04032019.pdf?sequence=1&isAllowed=y (TEM 2019:5)

and footwear industry⁸⁴, agriculture⁸⁵ and finance sector⁸⁶ and on conflict minerals⁸⁷. The OECD has also developed methodologies for assessing the alignment of various responsibility monitoring schemes with its sectoral guidelines⁸⁸. These alignment assessments have thus far been drawn up in relation to conflict minerals and the apparel and footwear industry's responsibility initiatives. Of the schemes covered in this report, the alignment assessment has been done for the Fair Wear Foundation, but its results had not yet been published at the time this report was written.

The OECD's alignment assessments have been given a key role in the implementation of the EU's conflict minerals regulation. The conflict minerals regulation adopted in 2017 obligates importers of tin, tantalum, tungsten and gold and their ores to conduct human rights due diligence in their own supply chains⁸⁹. Under the conflict minerals regulation, industry organisations can ask the European Commission to recognise their due diligence arrangements as equivalent with the requirements laid down in the regulation. In 2019, the Commission adopted a delegated act on the conflict minerals regulation, which defines the criteria on the basis of which the Commission will assess the equivalence of responsibility monitoring schemes⁹⁰. According to the delegated act, the Commission will utilise the methodology developed by the OECD for its alignment assessments in its own assessments, and consult the OECD's secretariat before recognising a scheme. According to the most recent OECD alignment assessment, not one of the sector's responsibility monitoring schemes meets with the requirements listed in the OECD's sector-specific guidance, although there has been progress in this area⁹¹.

84 OECD, 2018, Due Diligence Guidance for Responsible Supply Chains in the Garment & Footwear Sector, available at: <https://www.oecd-ilibrary.org/docserver/9789264290587-en.pdf>

85 OECD ja FAO, 2016, OECD-FAO Guidance for Responsible Agricultural Supply Chains, available at: <https://www.oecd-ilibrary.org/docserver/9789264251052-en.pdf>

86 OECD, 2019, Responsible business conduct in the financial sector, available at: <https://mneguidelines.oecd.org/final-master-due-diligence-for-responsible-corporate-lending-and-securities-underwriting.pdf>

87 OECD, 2016, OECD Due Diligence Guidance for Responsible supply Chains of Minerals from Conflict-Affected and High-Risk Areas (third edition), available at: <https://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>

88 See: OECD, Alignment Assessments of Industry and Multi-Stakeholder Programmes, <https://www.oecd.org/corporate/industry-initiatives-alignment-assessment.htm> (viewed on 6 June 2022)

89 For more information see e.g. Finnwatch, 5 July 2021, Konfliktimineraalien kauppa viimein kuriin?, <https://finnwatch.org/fi/blogi/861-konfliktimineraalien-kauppa-viimein-kuriin>

90 Commission Delegated Regulation (EU) 2019/429 of 11 January 2019 supplementing Regulation (EU) 2017/821 of the European Parliament and of the Council as regards the methodology and criteria for the assessment and recognition of supply chain due diligence schemes concerning tin, tantalum, tungsten and gold <https://eur-lex.europa.eu/legal-content/FI/TXT/PDF/?uri=CELEX:32019R0429&from=EN> (viewed on 6 June 2022)

91 OECD, 2018, Alignment Assessment of Industry Programmes with the OECD Minerals Guidance, available at: <http://mneguidelines.oecd.org/Alignment-assessment-of-industry-programmes-with-the-OECD-minerals-guidance.pdf>

5. Case: Verifying responsible cotton is difficult

Cotton is the most common natural fibre used in the production of textiles. The world's largest cotton producer countries are China, India, the United States, Brazil and Pakistan⁹². Estimates on the number of cotton farmers varies from 26 million⁹³ to 100 million⁹⁴. The majority of these farmers, more than 90 percent, are small-scale producers⁹⁵ in developing countries. Also according to estimates, around 250 million people earn their income from processing cotton.⁹⁶ From the perspective of ecological and social responsibility, cotton is a high-risk raw material as its cultivation requires a great deal of pesticides and irrigation and its production is centred in countries where there are great challenges in the implementation of environmental protection and human rights.

As cotton production involves numerous responsibility problems, a range of third party monitoring schemes have popped up in the sector. The most significant cotton production certification schemes are the Better Cotton Initiative BCI, Cotton made in Africa CmiA, organic and Fairtrade. The production of responsibility certified cotton has multiplied in volume in just under a decade. While in 2013, an estimated total of 300,000 tonnes of responsibility certified cotton was produced, the number was more than 5.8 million tonnes in 2018. Around 90 percent (more than 5.2 million tonnes) of responsibility certified cotton production meets the BCI criteria⁹⁷. The increase in the production of responsibility certified cotton is due to procurement commitments undertaken by large international brands such as H&M, Inditex and Ikea.⁹⁸

The lack of transparency and traceability in supply chains has been a key responsibility challenge in the apparel and textile industry, which also applies to cotton responsibility

92 See e.g. Statista, Leading cotton producing countries worldwide in 2020/2021, <https://www.statista.com/statistics/263055/cotton-production-worldwide-by-top-countries/> (viewed on 3 June 2022)

93 Centre for Trade Facilitation and Electronic Business, 2021, Policy brief – Harnessing the potential of blockchain technology for due diligence and sustainability in cotton value chain, UN Doc ECE/TRADE/C/CEFACT/2021/12

94 International Institute for Sustainable Development IISD, 2020, Global Market Report: Cotton, available at: <https://www.iisd.org/system/files/publications/ssi-global-market-report-cotton.pdf>

95 Operators whose cotton cultivation area is less than two hectares in size are considered small-scale farmers.

96 IISD, 2020, Global Market Report: Cotton

97 This figure includes cotton produced in accordance with schemes that BCI has recognised as having criteria equivalent to its own criteria. Schemes recognised by BCI include myBMP (Australia), ABR (Brazil), CmiA (numerous African countries) and ICPSS (Israel).

98 IISD, 2022, State of Sustainability Initiatives Review: Standards and Investments in Sustainable Agriculture Review, p. 35, available at: <https://www.greenfinanceplatform.org/sites/default/files/downloads/resource/ssi-initiatives-review-standards-investments-agriculture.pdf>

certification schemes. After cotton is picked either by hand or mechanically, it is processed. The first phases of processing are ginning (extracting fibre from seeds), carding, cleaning and combing or brushing⁹⁹. Combed or brushed cotton fibre mass is then spun into yarn and woven or knit into fabric. After this, the fabric is dyed, cut, sewed and finalised as a piece of apparel or textile. When cotton is processed, cotton fibre from different origins is generally mixed to e.g. ensure the quality of yarn. For this reason, cotton cannot usually be traced from a ready-made product back to plantation. The majority of cotton certifications strive to focus on improving the traceability of cotton fibre in the processing of apparel and textile products. Also the United Nations Economic Commission for Europe has launched a pilot project for developing the traceability of cotton with the help of blockchain technology¹⁰⁰.

5.1. China's actions in Xinjiang are major challenge for certification schemes

The market for responsible cotton has been in crisis since 2019, which is when the forced labour of Uyghurs in China garnered extensive publicity. China is suspected of subjecting Uyghurs and other Muslim minorities to systematic forced labour for example in cotton production and processing, as well as in the apparel and textile industry in China's Xinjiang Uyghur Autonomous Region. The United States prohibited the import of so-called Xinjiang cotton, and products made from Xinjiang cotton in Xinjiang, in January 2021¹⁰¹. The export of cotton from China has also plummeted: whereas in 2019 China exported more than 50,000 tonnes of uncombed or unbrushed cotton worldwide, in 2020 its exports had declined to less than 5,000 tonnes¹⁰². Even so, China still exported nearly 690,000 tonnes of fabrics which were more than 85 percent cotton and nearly 180,000 tonnes of cotton thread, not to mention other intermediate products or ready-made garments and textiles made from cotton worldwide.¹⁰³

In 2019, up to 85 percent of Chinese cotton was produced in Xinjiang. This is more than 20 percent of all the world's cotton.¹⁰⁴ China also produces 12 percent of all the world's

99 Long fibre cotton is combed, short fibre cotton is brushed. Long fibre cotton is of better quality than short fibre cotton.

100 See Centre for Trade Facilitation and Electronic Business, 2021, Policy brief

101 US Customs and Border Protection, 13.1.2021, CBP Issues Region-Wide Withhold Release Order on Products Made by Slave Labor in Xinjiang, <https://www.cbp.gov/newsroom/national-media-release/cbp-issues-region-wide-withhold-release-order-products-made-slave> (viewed on 3 June 2022)

102 International Trade Centre, Trademap, <https://www.trademap.org>

103 See Sheffield Hallam University's Laundering Cotton report on how Xinjiang cotton ends up in global production chains through the export of intermediate products made from cotton, <https://www.shu.ac.uk/helena-kennedy-centre-international-justice/research-and-projects/all-projects/laundered-cotton>

104 See e.g. Amy K. Lehr and Mariefaye Bechrakis, 2019, Connecting the Dots in Xinjiang: Forced Labor, Forced Assimilation, and Western Supply Chains. Center for Strategic and International Studies (CSIS). Available at: https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/Lehr_ConnectingDotsXinjiang_interior_v3_FULL_WEB.pdf

organic cotton¹⁰⁵, and more than 98 percent of this is produced in Xinjiang¹⁰⁶. In particular, long-fibre cotton produced in southern Xinjiang is known for its high quality.

China strongly controls travel and the flow of information in and out of Xinjiang. Information on the situation in Xinjiang is usually only available from refugees who have fled the region, and from Chinese media and official documents. An extensive information leak in May 2022 brought to light such things as photos taken by the police and internal guidelines for the police¹⁰⁷. The picture that is depicted in multiple sources is consistent, but accessing up-to-date information and verifying individual instances from independent sources is difficult.

The Xinjiang Victims Database¹⁰⁸ established by researcher Gene A. Bunin contains information on thousands of victims of human right violations in the Uyghur autonomous region predominantly after 2017. According to researchers at Sheffield Hallam University, the database contains more than 500 statements by witnesses that reference forced labour, and some of these are related to forced labour in cotton production and processing or in the production of apparel and textiles¹⁰⁹. There are four different forms of suspected forced labour in Xinjiang. People sentenced to prison in a (often unfair) criminal process or people locked up arbitrarily in so-called re-education camps or those who have “graduated” from these camps can be subjected to forced labour. Forced labour is also prevalent in official development and poverty programmes, which often involve labour transfers either within Xinjiang from rural areas to cities or from Xinjiang to elsewhere in China. In addition, a form of forced labour known as *hashar* among the Uyghur has also been used in Xinjiang. This means a practice where families living in rural areas are fined if they do not provide labour force for public sector projects, including agricultural work or infrastructure projects (such as building roads). These workers are not paid for their work, and their families must often pay for work related accommoda-

105 Textile Exchange, Organic Cotton Market Report 2021, p. 5, available at: https://textileexchange.org/wp-content/uploads/2021/07/Textile-Exchange_Organic-Cotton-Market-Report_2021.pdf. Previously, China's share has been around 17 percent; in spite of this it is still the world's second largest organic cotton producer after India.

106 Textile Exchange, Organic Cotton Market Report 2020, p. 53

107 See e.g. Yle, 24 May 2022, Sorto sai kasvot, <https://yle.fi/uutiset/3-12386159> (viewed on 6 June 2022)

108 See: Xinjiang Victims Database, <https://shahit.biz/eng/>

109 See e.g. Adrian Zenz, 2021, Coercive Labor in Xinjiang: Labor Transfer and the Mobilization of Ethnic Minorities to Pick Cotton. The New Lines Institute for Strategy and Policy. Available at: <https://newlinesinstitute.org/wp-content/uploads/20201214-PB-China-Cotton-NISAP-2.pdf> and Laura T. Murphy, et al., 2021, Laundering Cotton: How Xinjiang Cotton is Obscured in International Supply Chains. Sheffield Hallam University, <https://www.shu.ac.uk/helena-kennedy-centre-international-justice/research-and-projects/all-projects/laundered-cotton> (viewed on 3 June 2022)

tion and travel themselves. It is unclear whether *hashar* is still in use or how extensively. School children have also been sent to work in the cotton fields as part of the system.¹¹⁰

China has denied the allegations of Uyghur forced labour. According to China, the re-education camps were related to vocational training and the camps have been closed as the people who were there have “graduated”. According to researchers, at least some of the camps have, however, only be changed in name to e.g. factories, and the people who were held in the camps have in large part been sentenced to prison (which also includes the risk of forced labour) or they have been employed in forced labour at a workplace designated by authorities after “graduation” or as part of the official development and poverty programmes¹¹¹. China has also strived to prove that the allegations of forced labour in cotton fields are baseless by emphasising the importance of mechanical harvesting of cotton. According to official statistics, more than 90 percent of the cotton grown in northern Xinjiang is harvested mechanically. However, this is not the entire truth, as the share of mechanical harvesting in southern Xinjiang is considerably smaller¹¹².

In April 2022, China ratified two of the ILO’s fundamental conventions concerning the prohibition of forced labour¹¹³. China’s decision to ratify is believed to be an effort to advance an investment agreement between the EU and China¹¹⁴. The finalisation of the agreement was interrupted in its final phases in 2021 after seven years of negotiations, and after China implemented counter sanctions against e.g. members of the European Parliament. China’s actions were a response to the EU sanctions against China, which the EU justified with the human rights situation in Xinjiang.¹¹⁵

110 Ibid. See also e.g.: Amnesty International, 2021, ‘Like We Were Enemies in a War’: China’s Mass Internment, Torture, and Persecution of Muslims in Xinjiang, available at: https://xinjiang.amnesty.org/wp-content/uploads/2021/06/ASA_17_4137-2021_Full_report_ENG.pdf, Human Rights Watch, 2021, “Break Their Lineage, Break Their Roots”: China’s Crimes against Humanity Targeting Uyghurs and Other Turkic Muslims, <https://www.hrw.org/report/2021/04/19/break-their-lineage-break-their-roots/chinas-crimes-against-humanity-targeting>, World Uyghur Congress, 2016, Forced Labour in East Turkestan: State-Sanctioned Hashar System, available at: https://www.uyghurcongress.org/en/wp-content/uploads/2016/11/Forced_Labour_in_East_Turkestan-WUC.pdf and Amnesty International, 2009, China: Uighur ethnic identity under threat in China, <https://www.amnesty.org/en/documents/asa17/010/2009/en/> (viewed on 3 June 2022)

111 See e.g. The Diplomat, 13.10.2021, Darren Byler on Life in Xinjiang, ‘China’s High-Tech Penal Colony’, <https://thediplomat.com/2021/10/darren-byler-on-life-in-xinjiang-chinas-high-tech-penal-colony/> (viewed on 6 June 2022)

112 See e.g. Amy Lehr, 2020, Addressing Forced Labor in the Xinjiang Uyghur Autonomous Region. Center for Strategic and International Studies (CSIS). Available at: https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/200730_Lehr_XinjiangUyghurForcedLabor_brief_FINAL_v2.pdf and Laura T. Murphy, et al., 2021, Laundering Cotton

113 ILO, 20 April 2022, ILO welcomes China’s move towards the ratification of two forced labour Conventions, https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_842739/lang--en/index.htm (viewed on 3 June 2022)

114 See e.g. South China Morning Post, 11 April 2022, China to ratify forced labour conventions in ‘major signal’ to EU <https://www.scmp.com/news/china/politics/article/3173909/china-ratify-forced-labour-conventions-major-signal-eu> (viewed on 3 June 2022)

115 See e.g. Yle, 20 May 2021, Euroopan parlamentti ei aio edetä EU:n ja Kiinan investointisopimuksessa ennen kuin Kiina purkaa EU-pakotteet, <https://yle.fi/uutiset/3-11941559> (viewed on 3 June 2022)

Criminal processes have been initiated in Europe, at least in France, Germany and the Netherlands, against apparel brands that procure products from Xinjiang¹¹⁶. According to the parties that initiated these cases, companies benefit financially from the forced labour inflicted on Uyghurs as a result of their supply chains that reach Xinjiang, and they risk thus being complicit in crimes against humanity. The processes in question have not led to convictions thus far, but they are still incomplete.

The situation in Xinjiang has also forced responsibility monitoring schemes to react. The world's largest cotton certification the Better Cotton Initiative BCI announced that it had suspended licencing cotton producers in Xinjiang in March 2020, stating that the "operating environment prevents credible compliance monitoring and licensing". In October of the same year, the BCI announced that it was also suspending other activities in the area, such as training for producers, because "allegations of forced labour and other human rights violations in the region continued."¹¹⁷ Previously, around 20 percent of Better Cotton cotton had come from Xinjiang¹¹⁸. However, at least in late 2021, the BCI still had numerous corporate members operating in Xinjiang, including spinning mills¹¹⁹. In summer 2021, the China Cotton Association¹²⁰ for cotton producers announced that it was preparing its own sustainable cotton certification scheme in protest to international certification schemes, in particular BCI, which had withdrawn from Xinjiang¹²¹.

Although the BCI ceased the licencing of cotton producers in Xinjiang already in March 2020, it is very possible that Xinjiang cotton has been used in the manufacturing of clothing carrying the BCI logo. This is due to the BCI using mass balance chain of custody model for the monitoring of certified cotton in production chains. Mass balance (see Chapter 3.4) enables the mixing of certified cotton with non-certified cotton during processing. As the mixing of certified and non-certified cotton is permitted, it is even

116 European Center for Constitutional and Human Rights ECCHR, 12.4.2021, Forced labor of Uyghurs: NGOs file complaint against multinationals in France, <https://www.ecchr.eu/en/press-release/forced-labor-of-uyghurs-ngos-file-complaint-against-multinationals-in-france/>, 5 September 2021, Forced labor of Uyghurs: German textile brands and retailers allegedly complicit in crimes against humanity, <https://www.ecchr.eu/en/press-release/forced-labor-uyghurs-german-textile-brands/> and 2 December 2021, Human rights violations off the rack: Dutch and US brands allegedly rely on forced labor, <https://www.ecchr.eu/en/press-release/human-rights-violations-off-the-rack/> (viewed on 3 June 2022)

117 The statements have since been removed from the BCI website. Even so, they can be found in an online archive see: <https://web.archive.org/web/20200406133437/https://bettercotton.org/where-is-better-cotton-grown/china/> and <https://web.archive.org/web/20201123192840/https://bettercotton.org/bci-to-cease-all-field-level-activities-in-the-xinjiang-uyghur-autonomous-region-of-china/>

118 See e.g. Finnwatch, 29 March 2020, Uiguureihin kohdistuvat sortotoimet vaativat toimenpiteitä Kiinassa toimivilta yrityksiltä, <https://finnwatch.org/fi/tutkimukset/714-uiguureihin-kohdistuvat-sortotoimet-vaativat-toimenpiteita-kiinassa-toimivilta-yrityksilta>

119 European Center for Constitutional and Human Rights ECCHR, 2021, Organic and "more sustainable"?, available at: https://www.ecchr.eu/fileadmin/user_upload/_ECCHR_PP_XINJIANG_PF.pdf

120 Ks. China Cotton Association, <http://english.china-cotton.org/index/ewsshow/MSTUag5BeQkFRVgleQ>

121 Global Times, 17 June Chinese cotton industry launches program to counter Western crackdown on Xinjiang exports, <https://www.globaltimes.cn/page/202106/1226394.shtml> (viewed on 3 June 2022)

possible that an individual piece of apparel carrying the BCI logo may not contain any certified cotton. Cotton produced in Xinjiang may be mixed with Better Cotton at spinning mills both in Xinjiang and outside it, which are BCI members and may for this reason be part of the Better Cotton production chain.¹²² In addition to these spinning mills possibly using Xinjiang cotton, it is also possible that they have employed workers via official development and training programmes, and thus may have been exposed to forced labour also in this way. BCI members must commit to e.g. the principles of decent work and the International Labour Organization's (ILO) fundamental conventions¹²³. BCI may suspend membership, if a member acts in a manner contrary to the commitment and the member's actions e.g. threaten the BCI's reputation. However, BCI does not audit its members against the aforementioned commitment¹²⁴. Monitoring of members only includes aspects related to the management of the mass balance system¹²⁵.

Forced labour in Xinjiang is also related to organic cotton (see more on challenges related to organic certification also in Chapters 5.2 and 5.3). Consumers in the Finnish market often see the GOTS label, which refers to a certification scheme for textile and apparel products made from organic fibres. GOTS does not certify cotton production itself¹²⁶. It only certifies its processing and the production chain of cotton products "after harvest".

The European Center for Constitutional and Human Rights ECCHR noted in December 2021 that many GOTS certified operators are also based in Xinjiang¹²⁷. According to GOTS they are all audited and meet with e.g. GOTS criteria that prohibit forced labour. Control Union Certifications CUC, the audit firm that audited the operators in question has, however, decided to cease audit activities in Xinjiang "because the political situation is not favourable for objective and independent audits". This means that GOTS certified operators situated in Xinjiang cannot renew their certifications when they expire and new actors cannot acquire GOTS certification. According to GOTS, there was just one GOTS certified production facility left in Xinjiang in April 2022, and its certification will expire in August 2022.¹²⁸ This will, however, not solve the problem as GOTS still accepts fibres that have been certified as organic in accordance to the IFOAM recognised standards (see

122 ECCHR, 2021, Organic and "more sustainable"?

123 BCI, Member Code of Practice, available at: <https://bettercotton.org/wp-content/uploads/2021/08/Better-Cotton-Member-Code-of-Practice-2021.pdf>

124 BCI, Terms of Membership, available at: https://bettercotton.org/wp-content/uploads/2021/08/BCI-Terms-of-Membership_August-2021.pdf

125 BCI, Better Cotton Chain of Custody Guidelines version 1.4, available at: <https://bettercotton.org/wp-content/uploads/2020/07/Better-Cotton-CoC-Guidelines-V1.4-Final-July-2020.pdf>

126 GOTS accepts as organic natural fibres that are certified by any organic standard in the IFOAM Family of Standards (see Chapter 5.3), including organic certification maintained by Chinese authorities.

127 ECCHR, 2021, Organic and "more sustainable"?

128 GOTS representative, email on 26 April 2022

Chapter 5.3), including fibres certified by Chinese authorities in Xinjiang. As mentioned above, nearly all organic cotton in China is grown in Xinjiang. It can therefore be considered probable that GOTS certified Chinese operators, who process cotton elsewhere in China use Xinjiang cotton at least in part. According to GOTS, the use of fibres in the production of which there is evidence of systematic violations of the rights enshrined in the ILO's conventions, is forbidden in GOTS-certified products¹²⁹. From July 2022 onwards it will also require that information on the origin of the fibres used in products be included in transaction certificates¹³⁰. According to GOTS this makes it possible for buyer companies to take information on the origin of fibres into consideration in their procurement decisions.¹³¹

However, GOTS has not prohibited the use of all cotton from Xinjiang. Instead, it states that audit firms can ban certain fibres in the GOTS certified production chains on the basis of their own risk assessments. According to GOTS, it provides comprehensive tools for audit firms for this, but it is unclear what this means in practice. Numerous actors feel that the credible monitoring of forced labour in Xinjiang is currently impossible¹³².

Avoiding Xinjiang cotton is quite challenging in the conventional cotton and textiles market, even if an attempt was made to control chains with prohibitions or common certifications. For example, in May 2022 German public-funded TV channel Das Erste performed an isotope analysis to demonstrate that Xinjiang cotton had been used in Adidas, Hugo Boss and Puma apparel¹³³. Adidas, Hugo Boss and Puma are all BCI members¹³⁴. They

129 GOTS Standard, version 6.0, 1 March 2020 (valid starting 1 March 2021), sections 2.2.1 and 2.2.2, available at: https://global-standard.org/images/resource-library/documents/standard-and-manual/gots_version_6_0_en1.pdf

130 GOTS, Policy for Issuance of Transaction Certificates, Version, 3.0 6 October 2021 (valid starting 1 July 2022), available at: https://global-standard.org/images/resource-library/documents/certificate-policies-and-templates/Policy_for_the_Issuance_of_Transaction_Certificates_v_3.0.pdf

131 GOTS representative, email on 13 June 2022

132 See e.g. Fair Labor Association, 23 December 2020, FLA statement on sourcing from China, available in an online archive at: <https://web.archive.org/web/20210412230228/https://www.fairlabor.org/blog/entry/fla-statement-sourcing-china#.X-jNTiLcdZE.twitter>, Forced Labor Risk in Xinjiang, China, <https://www.fairlabor.org/report/forced-labor-risk-xinjiang-china-0>; Wall Street Journal, 21 September 2020, Auditors to Stop Inspecting Factories in China's Xinjiang Despite Forced-Labor Concerns, <https://www.wsj.com/articles/auditors-say-they-no-longer-will-inspect-labor-conditions-at-xinjiang-factories-11600697706>; UN News, 29 March 2021, Rights experts concerned about alleged detention, forced labour of Uyghurs in China <https://news.un.org/en/story/2021/03/1088612> (viewed on 14 June 2022)

133 Das Erste, 5 May 2022, Adidas, Hugo Boss, Puma: Baumwolle aus Zwangsarbeit?, <https://daserste.ndr.de/panorama/archiv/2022/Adidas-Hugo-Boss-Puma-Baumwolle-aus-Zwangsarbeit,zwangsarbeit262.html> (viewed on 3 June 2022)

134 BCI, Find members, <https://bettercotton.org/membership/find-members/> (viewed on 10 June .2022)

have also all previously announced that they do not have direct suppliers or contractual partners in Xinjiang¹³⁵.

In order for it to be possible to prevent Xinjiang cotton from getting into global production chains, the production chains of apparel and textiles must be physically traceable all the way to the cotton plantation. However, there are still challenges related to the traceability of cotton. Physical traceability is expensive, because physically traceable cotton must be processed separately from other cotton in every production phase starting from the farm. Of the existing certification schemes for cotton and cotton products, BCI and GOTS have both announced that they will invest in improving traceability in their schemes, and e.g. BCI will aim to develop mechanisms, which will support “full traceability” of cotton throughout the products’ full value chain. Currently, however, perhaps the easiest way to avoid Xinjiang cotton is to select products marked with the Fairtrade cotton logo, as Fairtrade does not certify any cotton produced in China and it does not permit the use of mass balance in products that carry the Fairtrade logo¹³⁶.

135 Hugo Boss, Statement on the Chinese region of Xinjiang, https://group.hugoboss.com/fileadmin/media/pdf/sustainability/company_commitments_EN/HUGO_BOSS_Statement_on_Xinjiang.pdf, Puma’s response to the report by ASPI, <https://about.puma.com/en/sustainability/social/pumasresponsetoaspi> and Adidas, Modern slavery statement looking back at 2019, https://www.adidas-group.com/media/filer_public/52/b7/52b75d25-1b7f-4071-b810-8e3fd4c97350/modern_slavery_progress_report_looking_back_at_2019.pdf

136 Reilu kauppa, telephone conversation on 6 June 2022. Unlike Fairtrade, Cotton made in Africa CmiA only certifies cotton production on the African continent, but CmiA cotton is spun into yarn and its further processing into thread and clothing can happen e.g. in China. The processing chain for CmiA certified cotton has also included spinning mills located in Xinjiang, but CmiA has announced that they will cease cooperation with them due to the situation in Xinjiang. CmiA just like BCI uses the mass balance system for the monitoring of certified cotton in the production chain. Therefore, it is still possible that during cotton processing operators in other parts of China mix CmiA cotton with Xinjiang cotton. See: ECCHR, 2021, Organic and “more sustainable”?

Uzbekistan no longer uses forced labour to produce cotton

The history and present of cotton production are marred by forced and child labour. According to the United States Department of Labor, the production of cotton involves forced and child labour in around 15 countries including 4 out of the 5 largest cotton producer countries: Brazil, China, India and Pakistan¹³⁷. The list previously also included Uzbekistan, which is the world's sixth largest cotton producer¹³⁸.

In Uzbekistan both local authorities and the State were behind the forced labour related to the production of cotton. The State set local level targets for cotton production. In order to achieve these, local authorities then forced public sector employees and e.g. schoolchildren to work in the harvesting of cotton.

The International Labour Organization (ILO) has been monitoring the harvesting of cotton in Uzbekistan from 2013¹³⁹. Non-governmental organisations and the ILO have also worked to alter attitudes, practices and legislation related to forced labour. In March 2022, the ILO declared the 2021 cotton harvest the first harvest free of structural forced and child labour in Uzbekistan since 2009. According to the ILO's observers, there were also signs of pay-related collective bargaining during the 2021 harvest, and a significant portion of workers were paid a wage that was above the country's minimum wage.¹⁴⁰

Due to the systematic forced labour practised by the State, Uzbek cotton has been the target of an international boycott campaign from 2011. More than 330 companies have taken part in the boycott including H&M, Lindex and Inditex¹⁴¹. In March 2022, Cotton Campaign and the government of Uzbekistan declared the end of the boycott¹⁴².

137 See: List of Goods Produced by Child Labor or Forced Labor, <https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods>

138 Statista, Leading cotton producing countries worldwide in 2020/2021

139 See: Third Party Monitoring on Child and Forced Labour in Uzbekistan, https://www.ilo.org/moscow/projects/WCMS_704979/lang--en/index.htm

140 ILO, 1 March 2022, Uzbek cotton is free from systemic child labour and forced labour, https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_838396/lang--en/index.htm (viewed on 3 June 2022)

141 Uzbek Cotton Pledge Signatories as of Pledge Lift on March 10, 2022, <https://www.sourcingnetwork.org/cotton-pledge-signatories-complete-list> (viewed on 3 June 2022)

142 Cotton Campaign - Government of Uzbekistan Joint Statement on Ending the Call for a Global Boycott of Uzbek Cotton, <https://www.cottoncampaign.org/news/cotton-campaign-government-of-uzbekistan-joint-statement-on-ending-the-call-for-a-global-boycott-of-uzbek-cotton> (viewed on 3 June 2022)

5.2 Official monitoring of organic cotton is not reliable in all countries

Organic means that something is produced with an organic production method. Replacing cotton produced in a conventional manner with organic cotton reduces the greenhouse gas emissions and other harmful environmental impacts resulting from cotton production¹⁴³.

The EU regulation on organic production covers the farm management and food production as well as the distribution and marketing of organic products. The EU's organic production regulation aims to promote protection of the environment and biodiversity as well as to increase consumer trust in organic products. Within the scope of the EU's organic production regulation are primarily agricultural products and food and feed refined from these. Unbrushed and uncombed raw cotton was added to the scope of the EU's organic production regulation in 2018.¹⁴⁴ In Finland, compliance with legislation concerning organic production is monitored by the Finnish Food Authority and other authorities such as Centres for Economic Development, Transport and the Environment (ELY Centres), the National Supervisory Authority for Welfare and Health, and Customs¹⁴⁵. Only operators within the scope of official monitoring can label products within the scope of the organic regulation as organic in their sales name and product label and use the EU's organic logo, the Euro-leaf.¹⁴⁶

The EU's organic regulation also covers the monitoring of organic production outside the EU of products that are within the scope of the organic regulation, and their import to the internal market. Imported products must meet with the EU's criteria, in order for them to be marketed as organic products in the EU area. A consumer, who purchases a food product labelled as organic in Finland can in principle trust that both the product's primary production as well as its entire manufacture and processing chain meet the criteria set for organic production. However, this is not always the case in the global production

143 See e.g. Suomen tekstiili & muoti, 2021, Suomalaisen tekstiili- ja muotialan globaalit ilmastovaikutukset, p. 16, available at: https://www.stjm.fi/wp-content/uploads/2021/12/Suomalaisen-tekstiili-ja-muotialan-globaalit-ilmastovaikutukset_final.pdf

144 See Regulation (EU) 2018/848 of the European Parliament and of the Council of 30 May 2018 on organic production and labelling of organic products and repealing Council Regulation (EC) No 834/2007 <https://eur-lex.europa.eu/legal-content/FI/TXT/?uri=CELEX:32018R0848> and European Commission, Organic Action Plan, <https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming/organic-action-plan> (viewed on 2 June 2022). The EU's organic legislation is applied to products originating from agriculture and certain products closely related to agriculture, such as food, plants, animals (incl. farmed aquatic organisms and bees), bee wax, unbrushed cotton, unbrushed wool, feed, and with some requirements plants and plant products collected from the wild.

145 Finnish Food Authority, Luonnonmukaisen tuotannon valvontajärjestelmät Suomessa, <https://www.ruokavirasto.fi/yritykset/elintarvikeala/luomutuotteet/valvonta/valvontajarjestelmat/> (viewed on 7 June 2022). In Åland, organic production is monitored by the Government of Åland.

146 Finnish Food Authority, Luomutuotteiden valmistus ja myynti, <https://www.ruokavirasto.fi/yritykset/elintarvikeala/luomutuotteet/> (viewed on 2 June 2022)

chains of apparel and textiles that contain organic cotton, as ready-made garments and textiles brought into the EU area that are produced from organic cotton are not in the scope of the EU organic regulation.

Customs takes part in the oversight of organic product imports. Customs take samples of imported products to determine whether chemicals prohibited in organic production have been used in their production. However, as the import of apparel and textiles produced from organic fibres is not within the scope of the EU organic regulation, Customs does not test these systematically¹⁴⁷. After the implementation of the EU's new rules on official control on the agri-food chain¹⁴⁸ Customs has invested in supervision of fraud in the production of food. Customs has recognised the need for improved monitoring of fraud also in consumer products, where related operations can include activities that are fraudulent (e.g. product forgery).¹⁴⁹

The EU also has a textile regulation in place, which specifies how consumers must be notified of the fibre composition of apparel and textiles¹⁵⁰. Use of the term 'organic' for fibre labelling is not within the scope of the textile regulation. In other words, the term 'organic' can be used in the marketing of apparel textiles in the EU without a requirement to demonstrate that the entire production chain has complied with rules for organic production. However, consumers should not be misled.

In practice, the production of imported organic products both within the scope of the organic regulation and outside its scope are monitored in the production country generally by the national authorities¹⁵¹ (or a control body approved by the authorities). With regard to the organic products within the scope of the organic regulation, the European Commission has specified the third country-specific organic standards that it considers equivalent to the requirements of the EU's organic regulation. In addition, the Commission has published a list of the control bodies it has approved that can perform monito-

147 Customs tests products also to ensure consumer safety. The Consumer Protection Act covers the health and property risks related to consumer goods and consumer services, but in practice a health hazard caused by chemical residue in apparel or textiles is difficult to prove and there is no regulation. For this reason, the testing of organic apparel and textiles is also very rare from the perspective of the Consumer Protection Act. The Consumer Protection Act prohibit e.g. misleading claims in the marketing of products but Customs is not the competent authority in the monitoring of the Consumer Protection Act.

148 See: the implementation of EU rules for food chains, <https://eur-lex.europa.eu/FI/legal-content/summary/enforcing-eu-rules-for-the-agri-food-chain.html> (viewed on 7 June 2022)

149 Finnish Customs, Jonna Neffling, telephone conversation 7 June 2022

150 Labelling of textile products, https://europa.eu/youreurope/business/product-requirements/labels-markings/textile-label/index_fi.htm (viewed on 2 June 2022)

151 In addition to regulatory organic standards, there are also private sector organic standards, see more in Chapter 5.3.

ring of organic production for export products in the country of production.¹⁵² The information on the organic standard used in the production and the control body that has carried out the monitoring must be added to consumer products.

One of the third countries that the Commission has approved to produce organic products is India, which produces around half of all the world's organic cotton¹⁵³. The credibility of India's national organic production monitoring has been marred in past years. In late 2021, the Commission adopted an implementing regulation to prohibit the import of unprocessed plant products monitored by five¹⁵⁴ India-based control bodies to the EU¹⁵⁵. The decision was due to sesame seeds that were marked as organic, but were found to be contaminated with ethylene oxide. Even though it was just one case it was seen to place the functioning of all national organic monitoring in India in question. The Commission's implementing regulation states e.g. that the "lack of response on the root causes of the failure of the control system from the control bodies involved in those contaminations, which are under the supervision of the Indian competent authority, and the inappropriate corrective measures taken by those control bodies and the competent authority, jeopardise the robustness of the controls and the supervision itself".

Another factor that is a detriment to the credibility of organic cotton production in India is related to the forgery of certificates (see more in Chapter 5.3). Already in January 2021, United States authorities terminated an agreement they had entered into with Indian authorities on the recognition of organic monitoring. According to the United States, the efficiency of organic monitoring in India must be upped to ensure its credibility¹⁵⁶.

The problems with national organic monitoring are reflected directly on the activities of commercial apparel and textile industry organic certification schemes, as many of these have only focused on the traceability of cotton in the production chain, instead of on monitoring primary production. These challenges are covered in more detail in the following chapter.

152 Commission Implementing Regulation (EU) 2021/2325 of 16 December 2021 establishing, pursuant to Regulation (EU) 2018/848 of the European Parliament and of the Council, the list of third countries and the list of control authorities and control bodies that have been recognised under Article 33(2) and (3) of Council Regulation (EC) No 834/2007 for the purpose of importing organic products into the Union, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R2325> (viewed on 2 June 2022)

153 Textile Exchange, Organic Cotton Market Report 2021, p. 5, available at: https://textileexchange.org/wp-content/uploads/2021/07/Textile-Exchange_Organic-Cotton-Market-Report_2021.pdf

154 The five inspection facilities in question are Control Union CU Inspections India Pvt Ltd, Ecocert India Pvt Ltd, Indian Organic Certification Agency (Indocert), Lacon Quality Certifications Pvt Ltd and OneCert International Private Limited.

155 Commission Implementing Regulation EU 2021/2325. Ecocert India has challenged the Commission's decision, see: Action brought 7 March 2022 – Ecocert India v Commission, <https://eur-lex.europa.eu/legal-content/FI/TXT/PDF/?uri=CELEX:62022TN0123&from=EN> (viewed on 2 June 2022)

156 USDA, 13 January 2021, India: USDA AMS Ends Organic Recognition Agreement with India, <https://www.fas.usda.gov/data/india-usda-ams-ends-organic-recognition-agreement-india> (viewed on 14 June 2022)

5.3. Organic apparel and textile standards do not monitor primary production

Apparel and textiles produced from organic fibres are certified by such certification schemes as the Global Organic Textile Standard GOTS and the Organic Content Standard OCS, which are also very visible in Finland's consumer market. Both certifications monitor the flow of organic fibres through the production chain and verify the volume of organic fibres in the final finished product. In practice, an organic-certified raw material's flow through the apparel and textile production chain is controlled with the help of inspection and transaction certificates issued to product batches. These will travel with the product batch through the production chain from one operator to the next. Organic products must be handled separately from all other production in every phase of the chain, and certification schemes verify the operators' processes, with which they ensure this separate handling.

The OCS does not set out criteria for the processing of organic fibres¹⁵⁷. GOTS standard¹⁵⁸ on the other hand includes criteria on the social and ecological responsibility of the processing and production of products from organic fibres, which cover the entire value chain of the products "after harvest". Compliance with these criteria is monitored with audits. However, neither GOTS or OCS monitor the primary production of textile fibres at all. With regard to primary production, both schemes accept fibre produced according to an organic standard recognised by IFOAM¹⁵⁹ (see below) or during the conversion to organic farming. Both Global Standard, which owns GOTS, and Textile Exchange¹⁶⁰, which owns OCS, are also members of IFOAM.

In 2020, GOTS observed that there was "systematic fraud" in India's monitoring of organic producers (also see the EU Commission's observations in Chapter 5.2)¹⁶¹. According to GOTS, its own investigation found that at least some 20,000 tonnes of cotton that was claimed to be organic (one sixth of India's total cotton production) had been sold forward with forged inspection certificates. When the fraud came to light, GOTS terminated the

157 Organic Content Standard 3.0, available at: <https://textileexchange.org/wp-content/uploads/2021/02/OCS-101-V3.0-Organic-Content-Standard.pdf>. See also Content Claim Standard 3.0, available at: <https://textileexchange.org/wp-content/uploads/2020/08/CCS-101-V3.0-Content-Claim-Standard.pdf>

158 Global Organic Textile Standard 6.0, available at: https://global-standard.org/images/resource-library/documents/standard-and-manual/gots_version_6_0_en1.pdf

159 See <https://www.ifoam.bio/about-us>

160 Textile Exchange is a non-profit textile industry organisation, which has drafted various standards for use of the industry's actors to promote the industry's ecological and social sustainability. See <https://textileexchange.org/about-us/>. Textile Exchange is an ISEAL member. It has been determined that Textile Exchange complies with ISEAL's requirements concerning best practices that ISEAL has set for responsibility monitoring schemes, <https://www.isealalliance.org/about-iseal/iseal-membership>

161 Global Standard, 30.10.2020, GOTS detects evidence of Organic Cotton Fraud in India, <https://global-standard.org/news/gots-press-release-gots-detects-evidence-of-organic-cotton-fraud-in-india> (viewed on 2 June 2022)

transaction certificates related to the forged inspection certificates to prevent their sale under the GOTS label. GOTS also revoked the GOTS certification of 11 operators and ceased cooperation with one audit firm. The OCS also placed a ban on the actors involved in the fraud¹⁶².

However, the risk of similar fraudulent activities is still great. This is influenced by factors such as larger demand than supply of organic cotton and the price premium paid for organic cotton¹⁶³. For example, in India the production of organic cotton is increasing rapidly, but some experts feel that up to half of this growth could be due to fraudulent activities. Experts have observed problems in the monitoring of the production of organic cotton also in Turkey and China.¹⁶⁴ Fraudulent activities are fostered by the fact that transaction certificates are not registered in a joint database, which makes it easier to forge them or to use the same certificate again and again. According to GOTS, it is developing a database, which is intended to improve the traceability of GOTS-certified products.¹⁶⁵

Before this is completed, GOTS will intervene in fraudulent activities by requiring that all seed cotton entering the GOTS supply chain be tested to ensure that it does not contain genetically modified organisms. Additional risk-based testing, e.g. to detect chemical residue, is possible, and audit firms have full authority to prohibit the use of fibres that do not meet with GOTS's requirements. GOTS also requires that audit firms assess the plausibility of claimed fibre volumes, and that the farm transaction certification number is included in the first GOTS transaction certificate.¹⁶⁶

There are apparel and textiles made from organic cotton on the market, which are not subject to monitoring by any product or traceability certificate. With regard to these, it generally remains unclear, in accordance to which organic standard the fibres used in these products have been produced and who is responsible for monitoring the organic production. For these products, the consumer cannot determine how the flow of organic raw material through the production chain has been controlled. It also often remains unclear what requirements, if any, have been specified for the processing of the raw material at different phases of the production chain.

162 Textile Exchange, 30.10.2020, Textile Exchange Responds to Detection of Fraud in Organic Cotton <https://textileexchange.org/textile-exchange-responds-to-detection-of-fraud-in-organic-cotton-4/> (viewed on 2 June 2022)

163 See e.g.: International Organic Accreditation Service, 21.2.2022, IOAS comment on the New York Times article 'That Organic Cotton T-Shirt May Not Be as Organic as You Think' published February 13, 2022, <https://ioas.org/latest-news/ioas-comment-on-the-new-york-times-article-that-organic-cotton-t-shirt-may-not-be-as-organic-as-you-think-published-february-13-2022/> (viewed on 2 June 2022)

164 New York Times, 12 April 2022, That organic cotton T-shirt may not be as organic as you think, <https://www.nytimes.com/2022/02/13/world/asia/organic-cotton-fraud-india.html> (viewed on 2 June 2022)

165 GOTS and OCS have repeatedly stated that they are working on improving the traceability of organic fibres from at least 2017 onward.

166 GOTS representative, email on 13 June 2022

Labour rights are not always part of organic standards

The International Federation of Organic Agricultural Movement IFOAM, which was established in 1972, has drawn up the COROS requirements¹⁶⁷ for organic standards. If the criteria listed in an organic standard are suitably similar to the COROS requirements, IFOAM will recognise them as part of the IFOAM Family of Organic Standards.¹⁶⁸ The COROS requirements are divided into eight categories, including ecosystems, farm management, prohibition on GMOs and the use of an organic logo on products.

In early 2022, there were around 50 IFOAM recognised organic standards. Over the past year, around 5–6 organic standards applied for IFOAM recognition as part of its family of organic standards. According to the IFOAM, the most common reasons for not recognising a standard and including it in the family of standards are related to e.g. the use of forbidden pesticides in organic production.¹⁶⁹ The IFOAM family of organic standards includes both regulatory standards and private sector-owned organic standards. The EU's organic production regulation is one of the regulatory organic standards recognised by IFOAM. IFOAM has also recognised the Indian national organic standard covered above as part of its family of standards. German EcoWellness is an example of a private sector organic standard that is recognised by IFOAM.

One of the categories in IFOAM's COROS requirements is "social justice". The criteria for the social justice category are related to freedom of association, non-discrimination, the wellbeing of employed minors and decent working conditions. They also prohibit forced labour. According to IFOAM, social justice requirements are applied generally in private sector-owned organic standards, but not in regulatory standards¹⁷⁰. An individual organic standard can be approved as part of the IFOAM family of standards even if it does not take into consideration social justice criteria at all.

However, IFOAM approved a motion at its general meeting in September 2021 according to which in the future IFOAM will promote e.g. the inclusion of social criteria that are in line with the ILO Declaration on Fundamental Principles and Rights at Work in organic standards¹⁷¹. However, it is unclear to what extent IFOAM can in practice and at least in

167 IFOAM, Common Objectives and Requirements of Organic Standards (COROS), <https://www.ifoam.bio/our-work/how/standards-certification/organic-guarantee-system/coros> (viewed on 2 June 2022)

168 IFOAM Family of Standards, <https://www.ifoam.bio/our-work/how/standards-certification/organic-guarantee-system/ifoam-family-standards>

169 IFOAM representative, email on 21 April 2022

170 IFOAM representative, email on 21 April 2022. Of the regulatory or regional standards in the IFOAM family of standards, e.g. the East African Organic Products Standard, Pacific Organic & Ethical Trade Community and Bhutan's national organic regulation contain social justice-related criteria. The only private sector organic standard that is recognised as part of IFOAM's Family of Standards and which does not contain social justice criteria is the California Certified Organic Farmers NOP.

171 IFOAM General Assembly 2021, M 74 Social Justice in Organic Standards

short-term influence the criteria of regulatory standards that are based on the political decisions of States, and which e.g. in the case of cotton, form the largest share of all the organic cotton on the market. Global Standard, which owns GOTS, initiated the motion in March 2021, in the midst of the media turmoil concerning Xinjiang.

Certification of recycled material

Each year more than a hundred million tonnes of various fibres are produced globally for the needs of the apparel and textile industry. This is nearly two times more than at the beginning of the millennium and is equal to 14 kilogrammes per each human on Earth. The most commonly used materials are polyester (52 percent of the total volume) and cotton (24 percent of the total volume).

Replacing virgin cotton and polyester with recycled fibres can substantially reduce the greenhouse gas emissions of apparel and textile value chains. Even so, only about eight percent of all produced textile fibres are currently recycled. More than 90 percent of these recycled fibres originate from outside the textile industry, mostly from used PET plastic bottle, meaning that the use of used clothing as materials for new clothing is still very undeveloped¹⁷². In order to increase the use of recycled fibres schemes focused on the certification of recycled fibres have been established, the use of which have slowly become more common also in the Finnish market.

Textile Exchange¹⁷³ is a non-profit textile industry organisation, which has drawn up responsibility standards for apparel and textiles produced from reclaimed materials. Such standards include the Global Recycled Standard GRS¹⁷⁴ and Recycled Claim Standard RCS¹⁷⁵, which are used in Finnish market. The purpose of both is to increase the use of reclaimed materials in the apparel and textile industry¹⁷⁶. GRS also includes social criteria and criteria for the use of chemicals during the production process.

172 Textile Exchange, 2021, Preferred Fiber & Materials: Market Report 2021, p. 4 and p. 8, available at: https://textileexchange.org/wp-content/uploads/2021/08/Textile-Exchange_PREFERRED-Fiber-and-Materials-Market-Report_2021.pdf. See also: Finnwatch, 2022, What comes after fast fashion? A just, ecological transition in the apparel and textiles industry, Chapter 3.2, <https://finnwatch.org/fi/julkaisut/pikamuodin-jalkeen>

173 See more information at <https://textileexchange.org/about-us/>

174 Global Recycled Standard 4.0, available at: <https://textileexchange.org/wp-content/uploads/2021/02/Global-Recycled-Standard-v4.0.pdf>

175 Recycled Claim Standard 2.0, available at: <https://textileexchange.org/wp-content/uploads/2021/02/Recycled-Claim-Standard-v2.0.pdf>

176 However, the GRS can also be used for the verification of materials other than textiles.

Both GRS and RCS aim to guarantee that the materials used in the production of certain products are entirely or partly reclaimed materials. With regard to the definition for reclaimed materials, the standards use the international ISO 14021 standard as their reference. According to ISO 14021, reclaimed materials are material that has been reprocessed from reclaimed material by means of a manufacturing process and made into a final product or into a component for incorporation into a product. Reclaimed material can be either a by-product of the textile industry (e.g. cutting waste) or apparel or textile that its owner no longer needs, which are processed into recycled fibres. Both natural fibres and synthetic textiles can be recycled. These standards cover the value chains from reclaimed material collection onwards.

The GRS standard's social criteria require that actors commit to labour rights, to appoint a person responsible for compliance with social criteria and to train workers, who take part in the production of GRS-certified products. Compliance with the criteria is verified from documents and on-site audits¹⁷⁷.

For the GRS logo to be used in a finalised product, it must contain at least 50 percent reclaimed materials. There are two RCS logos. RCS Blended label can be used on a product which contains 5–95 percent reclaimed materials. It can also be used in so-called blended products that contain numerous raw material if a specific raw material used in the product is entirely recycled. In such cases, the overall share of reclaimed materials in the product can be less than 5 percent. The RCS 100% logo can be used on products that contain at least 95 percent reclaimed materials¹⁷⁸. Finnish companies and international companies that operate in Finland who use GRS or RCS certification include Basic Fashion, Mainio Clothing, and Reima Group¹⁷⁹ as well as e.g., Filippa K, Happy Socks and H&M¹⁸⁰.

Certifications have also been developed to promote product development that supports circular economy. Cradle to Cradle is a certification standard owned by the Cradle to Cradle Products Innovation Institute for products that are designed according to the principles of circular economy. The standard strives to take the following into consideration in products: the safety of used materials and the absence of harmful substances in

177 Textile Exchange, Accreditation and Certification Procedures for Textile Exchange Standards 2.1, available at: <https://textileexchange.org/wp-content/uploads/2021/02/ASR-101-V2.1-Accreditation-Certification-Procedures-for-Textile-Exchange-Standards.pdf>

178 Textile Exchange, Standards Claims Policy 1.2, available at: <https://textileexchange.org/wp-content/uploads/2020/10/TE-301-V1.2-Standards-Claims-Policy.pdf>

179 Textile Exchange, GRS Certified Companies, <https://textileexchange.org/standards/find-certified-company/grs-certified/> and RCS Certified Companies, <https://textileexchange.org/standards/find-certified-company/rcs-certified/> (viewed on 2 June 2022)

180 Textile Exchange, GRS Certified Companies, <https://textileexchange.org/standards/find-certified-company/grs-certified/> and RCS Certified Companies, <https://textileexchange.org/standards/find-certified-company/rcs-certified/> (viewed on 2 June 2022)

them, the recyclability of the product and the reuse of its materials, the use of renewable energy and greenhouse gas emissions, impacts on water sources and soil ecosystems as well as social fairness perspectives.¹⁸¹

For example, the criteria that apply to the reuse and recyclability of materials require e.g. that a cycling pathway is developed for the product and the plant and animal-based biological materials and the technical materials used in it, that the challenges related to the implementation of the pathway and potential implementing partners have been identified and that at least 50 percent of the materials used in the product are consistent with the pathway. One possible cycling pathway for biological materials is composting and for technical materials it can be recycling or repair.

A Cradle to Cradle certificate can be awarded to not only apparel and textiles, but also products in other product groups. Certification is based on documents and on-site audits¹⁸². Products are assessed in all the aforementioned categories separately and the product's overall score is equal to the lowest score it received in any of the categories. A certificate is valid for two years, and the product can be awarded the lowest score at most two times without losing certification. There are more than 50 Cradle-to-Cradle certified apparel pieces including certain G-star Raw, H&M, Jack & Jones and Lee Wrangler brand products¹⁸³.

181 Cradle to Cradle, Product Standard Version 4.0, available at: https://cdn.c2ccertified.org/resources/STD_C2C_Certified_V4.0_FINAL_101921.pdf

182 Cradle to Cradle, How to Certify, <https://www.c2ccertified.org/get-certified/product-certification-process> (viewed on 7 June 2022)

183 See: Cradle to Cradle Certified Products Registry, <https://www.c2ccertified.org/products/registry> (viewed on 7 June 2022)

6. Summary

The number of different responsibility schemes has grown rapidly in the markets. Certification and auditing schemes monitor social and ecological responsibility. They were originally voluntary and often used for consumer marketing, but they are becoming more and more a part of public regulation, and their use has become a condition for entry to the market in many places. In spite of this, the sector in itself operates in great part on the basis of self-regulation. The activities of monitoring systems are varied in scope, and there are great differences in their transparency, their criteria and the quality of their audits.

In this report, Finnwatch has assessed 18 auditing and certification schemes used in the Finnish market through 37 questions. The questions have been divided into seven categories, and they examine the impartiality of the schemes and the quality audits, transparency, the comprehensiveness and quality of audit criteria, the traceability of raw materials and consumer communications, impact, climate measures and biodiversity-related criteria as well as the compatibility of the schemes with the UN Guiding Principles. This assessment is an expanded update of the assessment published in 2016, and it is based on the public documents provided by schemes as well as dialogue held with schemes.

The Fairtrade and Rainforest Alliance certifications fared best in the assessment. The Rainforest Alliance, which has merged with UTZ, has improved in numerous ways: it has introduced requirements on price premium and investment aid paid to producers, added the requirement for a living wage to its criteria, and introduced stricter rules on consumer communications related to use of its logo.

Juice industry monitoring system SGF VCS was yet again given the lowest score by far. During the previous assessment in 2016, SGF VCS explained the weakness of its criteria with the scheme being due for a review. However, the review has not resulted in improvements. Despite this, it is gratifying to note that nearly all the other monitoring schemes included in the assessment in both 2016 and now have made improvements. Development has also taken place in the schemes' criteria: a growing number of schemes have strengthened their requirements related to a living wage and said that they promote the realisation of freedom of association now more actively than before.

The monitoring schemes can and should be assessed through their public processes and criteria, as has been done in this report. However, the scheme's performance in practice is another question. The case studies presented in this report from 2018–2020 prove that their criteria include loopholes and compliance with the criteria is not always monitored properly. Finnwatch's field study in India proved that SA8000 failed in monitoring the payment of living wages, and no convincing evidence of the problems being corrected was supplied for this report. An audit carried out in 2020 by RSPO, which fared best of the

palm oil certifications assessed by Finnwatch, severely ignored the well-founded concerns of workers on labour rights violations. The majority of workers at the Indian and Sri Lankan tea plantations researched by Finnwatch in 2018–2019 did not even know that they worked on a responsibility certified plantation, and they were unable to list any benefits related to the certification schemes. The only scheme for which a small share of workers were able to list any benefits, was Fairtrade.

In this report, we selected cotton certifications for closer examination, as their volume on the market has increased rapidly in recent years. In particular the Better Cotton Initiative (BCI) has increased its market share, as a result of purchasing policies introduced by large international companies such as H&M and Ikea. In the Finnwatch assessment, BCI got low points and it fared more poorly than Fairtrade, the other cotton certification covered, in nearly all categories. BCI's criteria do not, for example, require the payment of a living wage. The cotton produced under Better Cotton also cannot be traced, so the buyer companies cannot take part in remediation of adverse impacts in their own supply chains.

The BCI's most significant challenges are related to the mass balance mechanism it uses and its numerous member companies that operate in China. Cotton certified on the basis of mass balance can be mixed with non-certified cotton, and the amount of certified raw material in the production chain is only controlled on the basis of its mass. This means that the finalised consumer product may not contain any certified cotton. For the aforementioned reasons, BCI is not at this moment able to guarantee that the clothes carrying its logo do not contain Xinjiang cotton. Xinjiang has been in the news as China is suspected of subjecting Uyghurs and other Muslim minorities to systematic forced labour in the cotton fields, in cotton processing and in the apparel and textile industry. Fairtrade also allows the use of mass balance in its Fairtrade Sourced Cotton programme. However, the use of mass balance is not permitted in Fairtrade-certified cotton products.

Another cotton certification scheme that has become more common in the consumer market is organic. Although a large portion of organic products are within the scope of the EU's strict regulation, a consumer buying apparel and textiles made from organic cotton is subjected to a quagmire of mixed claims. Ready-made garments and textiles imported to the EU area are not in the scope of application of the EU organic regulation. The private certifications included on the labels of organic clothing and textiles do not monitor primary production. Instead, this is often the responsibility of local authorities. Monitoring by authorities in China and India, which are the largest producers of organic cotton, does not inspire much confidence, and the regulatory organic standards do not usually include social responsibility-related criteria, such as labour rights. Nearly all organic cotton from China comes from the Xinjiang region, where forced labour is suspected to be prevalent. The EU has observed serious defects in India's monitoring of organic production, and the forgery of organic certificates is a major problem. Finnish Customs told Finnwatch that they have recognised the need to improve their fraud supervision for consumer goods such as apparel and textiles.

7. Recommendations

Companies

- Companies must be aware of the scope of the responsibility schemes they use, and the limitations of the schemes' monitoring criteria.
- Monitoring schemes are one tool that companies can use in avoiding and preventing their environmental and human rights risks. However, external monitoring schemes cannot ever replace a company's own human rights and environmental due diligence. Companies must e.g., map their entire value chain and collect information on its related risks, also from sources other than audit reports. They must also develop their processes that enable remediation of adverse impacts.
- Although the monitoring schemes on the market have shortcomings, companies must favour impartial third-party monitoring schemes instead of only relying on their own monitoring. Companies own monitoring must be increased in addition to certification and auditing schemes, not in place of them. Companies own monitoring schemes that replace third-party monitoring make it difficult for consumers and other stakeholders to make sense of and assess a company's responsibility claims. Companies should also take note in this context of the EU's upcoming green claims legislation¹⁸⁴, in connection with which the Commission has proposed a marketing prohibition for sustainability labels that are not based on a third-party certification scheme or criteria set by authorities.

Monitoring schemes

- Monitoring schemes must develop their activities so that they better comply with the UN Guiding Principles on Business and Human Rights. The schemes must develop their processes to provide remediation to those who have been subjected to adverse human rights impacts. In practice, this means that audits should not only monitor the implementation of correction action plans that address non-conformities with certification and audit criteria, but they must also ensure and require at the level of the criteria that harm or other adverse impacts are remedied to the victims. Also the participation of affected groups, such as workers and communities, in the monitoring of the implementation of corrective action plans must be increased.

¹⁸⁴ European Commission, Proposal for a directive of the European parliament and of the council amending Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition through better protection against unfair practices and better information, available at: https://ec.europa.eu/info/sites/default/files/1_1_186774_prop_em_co_en.pdf

- A scheme should actively aim to increase the role of trade unions and affected groups in drawing up criteria and in the monitoring of compliance.
- Monitoring schemes must actively communicate on their own limitations and help their clients understand what is included in the scope of their monitoring (and what is left outside its scope) and how this supports, not replaces, company's own due diligence. The schemes should also share more information with their clients on the responsibility challenges related to certified value chains. Information provided by the schemes will help client companies develop their own due diligence processes to supplement the schemes.
- Monitoring schemes must also undertake human rights and environmental due diligence themselves, as part of which the schemes must assess the impacts of their own activities on the environment and the implementation of human rights. A key part of this assessment must be the examination of the schemes' own criteria and monitoring in a human rights framework: the schemes must reflect on how their criteria and the monitoring based on these promote or prevent the realisation of human rights. The schemes must also further develop their systematic impact assessment.
- As part of changing the schemes to better meet with the UN Guiding Principles' participation framework, raw materials certifications must develop their chain of custody standards and step-by-step terminate the use of mass balance, which is based on the mixing of certified and non-certified raw materials, and book & claim. When raw materials are mixed, buyer companies have no possibility of participating in remediation, which they are expected to participate in according to the UN Guiding Principles. When raw materials are mixed, this may also prevent monitoring schemes from intervening in more broad-scoped environmental and human rights issues in the market, such as the forced labour taking place in China's Xinjiang. By allowing the mixing of certified and non-certified raw materials, responsibility schemes end up also supporting the market entry of irresponsible production. On the other hand, it is important to note that mass balance and book & claim can in some cases also be seen as a means for supporting small-scale producers, who are vulnerable and do not have the opportunity to enter the market, if physical traceability is required in all production chains. For this reason, the use of chain of custody standards that mix certified and non-certified raw materials can still be justified in some cases, but their use must be based on a thorough human rights impact assessment. If raw materials are mixed, an effort must be made to place basic level responsibility requirements also on the non-certified raw material.
- The criteria for numerous monitoring schemes still have substantial defects, which reduce their possibilities for promoting human rights. The most significant of these defects are the promotion of freedom of association and the requirement for a living

wage. All schemes that monitor labour rights must include a binding requirement for the payment of a living wage in their criteria, at the same time as they must promote collective bargaining for the determination of wage levels. A living wage is not the final goal, but rather the lowest acceptable wage level that meets with human rights requirements and is sufficient to cover the worker's and their family's essential basic needs. Credible calculations based on transparent methodologies and stakeholder consultations must be used as a reference for calculating a living wage. Finnwatch recommends the Global Living Wage Coalition's Anker methodology for the calculation of a living wage.

Decision-makers

- Corporate sustainability due diligence legislation must be enacted both in Finland and the entire EU. A future due diligence act must require that companies (incl. audit firms) undertake human rights and environmental due diligence throughout their value chain. Legislation must include not only the opportunity to seek injunctive relief, but also the opportunity for victims to seek compensation for damages by legal means from parent companies and lead companies both in Finland and in the European Union's other Member States.
- If third-party monitoring schemes are to have a role in ensuring compliance with legal obligations set out in due diligence directives, the schemes must be subject to public oversight with transparent and high-quality criteria and stakeholders must be consulted in the process. Even then the use of schemes alone is not enough to prove compliance with due diligence requirements.
- Finland must support the EU's legislative initiatives, which are included in the Commission's Circular Economy Action Plan¹⁸⁵. With regard to certificates and all other claims used on packaging and in marketing, the reform of the unfair commercial practices directive, in a manner that prohibits unfounded environmental claims and sustainability labels not based on criteria set by a third-party or public authorities is an important part of the reform package.¹⁸⁶
- Finland must promote the rapid reform of the ecodesign directive into an EU Regulation, which would have a larger scope of application. The new regulation is to cover a substantially more extensive group of products, and to set minimum requirements for these related to their sustainability, repairability and recyclability. The regulation

185 European Commission, <https://eur-lex.europa.eu/legal-content/FI/TXT/HTML/?uri=CELEX:52020DC0098&from=EN>

186 European Commission, Proposal for a directive of the European parliament and of the council amending Directives 2005/29/EC and 2011/83/EU as regards empowering consumers for the green transition through better protection against unfair practices and better information, available at: https://ec.europa.eu/info/sites/default/files/1_1_186774_prop_em_co_en.pdf

also includes digital product passports, the introduction of which will improve the transparency of the value chain for numerous products, such as apparel and textiles, that have potentially adverse environmental impacts.

Trade unions

- The participation of trade unions in international responsibility certifications and audits has not increased. The comparison of monitoring schemes carried out in this report found that trade unions only have a role in decision making in five of the 18 examined monitoring schemes. Trade unions should make an effort to actively take part in the development of certification and auditing schemes.
- Trade unions could also strive to challenge auditing and certification schemes strategically. Concretely, they could e.g. use the public auditing databases of certification and auditing schemes, and strive to actively organise workers in factories that have passed audits and which therefore have committed to respect freedom of association in accordance with the criteria of the monitoring schemes.
- The key problems with existing certification and auditing schemes are related to assuring freedom of association. Trade unions could have their own specific role in certifications, if they were able to verify that factories and other production facilities have a democratic and free trade union.

Who owns the auditing/certification scheme?

No yellow or red assessments given.

Green: The scheme is owned by a broad group of different stakeholders and it is not owned by just companies.

Are trade unions represented in the scheme's decision-making bodies?

Red: Trade unions do not have any power of decision or other permanent role in the scheme. However, they may be heard e.g. when the scheme's criteria are drafted or redrafted.

Yellow: Trade unions are represented in permanent advisory bodies, but not in decision-making bodies.

Green: Trade unions are represented in the scheme's decision-making bodies.

How is the scheme financed?

This question is not assessed.

Who monitors the implementation of criteria?

Red: The company that is being audited monitors its own activities through self-assessment (first-party monitoring).

Yellow: Audits are performed through second-party monitoring (the monitoring party is a company or NGO that is a member of the scheme or the scheme itself; see Chapter 3.1).

Green: Audits are performed by a third-party service provider.

Does a third party make the decision on the conformity of the audited company/producer*?

Red: The scheme or the company/producer that is being audited makes the decision on conformity.

Yellow: A third party independent of the scheme and the company/producer that is being audited makes a partial decision on the conformity of the actor that is being audited.

Green: A third party independent of the scheme and the company/producer that is being audited makes the decision on the conformity of the actor that is being audited in line with the ISO standard.

**Monitoring in some schemes is not focused on the activities of farms or production facilities, but on the schemes' member companies' due diligence process.*

Does the scheme require that auditors are accredited?

Red: The scheme does not use accreditation, and it does not have comprehensive quality assurance for audits.

Yellow: The scheme does not use accreditation, but it does have a comprehensive set of monitoring procedures that aim at ensuring quality of audits.

Green: The scheme uses accreditation or proxy accreditation of auditors.

Does the scheme include an accreditation criteria that requires auditors to have in place a process for human rights and environmental due diligence?

This question is not assessed.

If the scheme does not require accreditation of auditors, what other procedures does it implement to ensure the quality of its audits?

This question is not assessed.

Is the number of consecutive audits carried out by the same audit firm limited in any way?

Red: No limitations have been set for the number of consecutive audits carried out by the same service provider and individual auditor.

Yellow: No limitations have been set for the same service provider, but the number of audits that the same individual auditor carried out is limited.

Green: Limitations have been set for the number of consecutive audits performed by the same service provider and auditor.

For how long a period is the audit/certification valid?

This question is not assessed.

Are follow-up audits performed on-site?

This question is not assessed.

Do follow-up audits include unannounced audits?

This question is not assessed.

Does the audit process include interviews with workers or other affected groups?

Are interviews with workers carried out on-site or off-site?

Red: Interviews with workers or other affected groups (when this is relevant with regard to the scheme's scope) is not a mandatory part of audits.

Yellow: Workers and other affected groups must be heard as part of the audit, but interviews can be carried out on-site at the production facility.

Green: Workers and other affected groups must be heard as part of the audit. Interviews or some interviews must be carried out off-site.

Are the criteria for the scheme made available to the public?

Red: The scheme's criteria are not made available to the public.

Yellow: Some of the scheme's criteria are made available to the public.

Green: All the scheme's criteria are made available to the public.

Is the audit implementation manual for technical requirements made available to the public?

Red: The implementation manuals for audits are not made available to the public.

Yellow: The implementation manuals for audits are partly made available to the public.

Green: The implementation manuals for audits are made available to the public.

Is the audit implementation manual that includes the interpretation of criteria available to the public?

Red: The implementation manuals for audits are not made available to the public.

Yellow: The implementation manuals for audits are partly made available to the public.

Green: The implementation manuals for audits are made available to the public.

Are audit findings shared with workers and other affected groups?

Red: No

Yellow: Option 1) The audit findings may be shared with workers or other affected groups sporadically or with e.g. a separate decision by the employer. Option 2) Audit reports are accessible to the public on the scheme's website.

Green: Yes, the scheme requires that workers and other affected groups must be provided information on audit findings.

Are audit reports or audit results made available to the public?

Red: Audit reports and audit results are not made available to the public.

Yellow: Audit reports are not made available to the public, but a general summary of the report and/or audit results are made available to the public.

Green: Audit reports and audit results are made available to the public.

Is the information on companies/producers that have successfully passed audits made available to the public?

Red: The information is not made available to the public.

Yellow: The scheme provides a platform on which information can be published on a voluntary basis.

Green: The information is made available to the public.

Does the scheme publish information on how many audited companies/producers have passed or failed audits each year?

Red: The information is not published.

Yellow: The information is published irregularly or only partially.

Green: The information is published.

Have auditors been given clear instructions on how they must act, if, during an audit, they observe potentially illegal or criminal activities? Are authorities always notified in this type of situations?

Red: There are no instructions in place for auditors on how they should act in the situation.

Green: There are instructions in place for auditors on how they should act in the situation.

No yellow assessments given. This question is not assessed.

Are the companies that are being audited required to undertake human rights due diligence in their value chain? The question does not apply to primary production.

Red: The companies that are being audited are not required to undertake human rights due diligence.

Yellow: The companies that are being audited have been advised to undertake human rights due diligence, but this not monitored.

Green: The companies that are being audited are required to undertake human rights due diligence, and the implementation of this requirement is reviewed during audits. A green grade has also been given to schemes if due diligence requirement is limited even though this cannot be considered compliant with the UN Guiding Principles.

Does the scheme recommend or require responsible purchasing practices from the companies using auditing/certifications (e.g. longer sourcing agreements, different guaranteed price mechanisms or an increase in the use of certified/audited raw materials)?

Red: The scheme does not take a position on companies' purchasing practices.

Yellow: Option 1) The scheme gives recommendations on the purchasing practices of companies, but compliance with these recommendations is not mandatory. Option 2) The requirements are stipulated only at a very general level, and they are only related to increasing the share of the raw materials certified by the scheme in products.

Green: The scheme requires that companies have responsible purchasing practices.

Is freedom of association actively promoted?

Red: Freedom of association is not actively promoted.

Yellow: Freedom of association is actively promoted with some individual procedures.

Green: Freedom of association is actively promoted in many different ways.

Is the payment of a living wage a requirement? If so, how is the criterion implemented?

Red: Payment of a living wage is not a requirement.

Yellow: Payment of a living wage is a requirement, but no sufficient tools exist for the implementation of this criterion or these are only now just being developed.

Green: Payment of a living wage is a requirement, and sufficient tools exist for the implementation of this criterion.

Are criteria/audits adjusted according to the specific issues in each high-risk country?

Red: Criteria and audits are not adjusted according to risks.

Yellow: The number of audits is adjusted e.g. according to the country's risk classification.

Green: Criteria and audits are adjusted according to risks.

Does the scheme have a chain of custody standard in place for audited/certified raw materials?

This question is not assessed.

How large a share of raw materials must be in accordance with criteria before a claim of responsibility can be made about a product?

Red: A consumer product can carry the scheme's logo or a text that references it, even when the product is less than 10 percent certified or audited.

Yellow: A consumer product can carry the scheme's logo or a text that references it, when the product is at least 30 percent certified or audited.

Green: A consumer product can carry the scheme's logo or a text that references it, when the product is at least 90 percent certified or audited.

What support procedures does the scheme have in place for audited companies/producers that have not passed audits or have problems in fulfilling the scheme's criteria?

Red: The scheme does not have any support procedures in place for individual companies/producers.

Yellow: The scheme's support procedures are only just being developed or they are narrow in scope.

Green: The scheme has support procedures in place for individual companies/producers.

Are the long-term impacts of the scheme systematically monitored? Have indicators been identified for the assessment of impacts?

Red: The scheme does not systematically monitor the long-term impacts of its work.

Yellow: The scheme monitors impacts, but does not have set indicators and/or its indicators are inadequate and/or the impacts are not assessed systematically.

Green: The scheme monitors the impacts of its work using indicators of a high standard.

Does the scheme include requirements for emissions reporting, emissions reductions or other requirements related to the climate?

Red: The scheme does not include requirements related to the climate.

Yellow: The scheme includes requirements related to the climate, but they are not mandatory.

Green: The scheme includes mandatory requirements related to the climate.

Does the scheme include requirements related to the protection of biodiversity and/or the prevention of deforestation?

Red: The scheme does not include requirements related to the protection of biodiversity and/or the prevention of deforestation.

Yellow: The scheme includes requirements related to the protection of biodiversity and/or the prevention of deforestation, but they are not mandatory.

Green: The scheme includes mandatory requirements related to the protection of biodiversity and/or the prevention of deforestation

When negative human rights impacts occur buyers are able to provide remedy (ie. system provides traceability back to the audited/certified farm/production facility)

Red: No

Yellow: Option 1) The scheme provides partial traceability back to the audited/certified farm/production facility. Option 2) The scheme offers partial or full traceability back to the audited/certified farm/production facility, but does not enable buyers to take part in remediation.

Green: Yes

Does the scheme require that remedy is provided for victims?

Red: No

Yellow: Option 1) Yes, but not regard to all the human rights issues in the scope of the scheme. Option 2) Yes, if the scheme has been made aware of the adverse human rights impact through a separate complaints mechanism (in other words, remedy is not systematically part of the audit process).

Green: Yes

What role do workers or other affected groups play in monitoring the implementation of corrective actions?

Red: No role.

Yellow: Workers can have some role in ensuring the implementation of the corrective action plan on a case-by-case basis.

Green: Workers have an established role recorded in processes in ensuring the implementation of the corrective action plan.

Does the scheme itself have a human rights due diligence process in place?

Red: No

Yellow: The scheme has some due diligence process-like processes in place, e.g. through the ISEAL's requirements.

Green: Yes

What human rights risks related to its own operations has the scheme identified?

This question is not assessed.

Does the scheme have in place a grievance mechanism which meets the effectiveness criteria for non-judicial grievance mechanisms (see UNGPs principle 31)?

Red: The scheme does not have a grievance mechanism in place.

Yellow: The scheme has a grievance mechanism in place, but it does not comply with the criteria outlined in the UN Guiding Principles for a non-judicial grievance mechanisms.

Green: The scheme has a grievance mechanism in place, which covers the majority or all of the criteria outlined in the UN Guiding Principles.

If a scheme has set a deadline by which a reform must be implemented this has been interpreted as an advantage for the scheme during the assessment. Reforms for which no clear deadline has been set, have not been taken into account in the assessment.



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