



**Brazilian Textile
Retailers Association**

PROMOTING SUSTAINABLE FASHION IN BRAZIL'S GARMENT SUPPLY CHAIN

Final Report
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1. Executive Summary

From December 2019 until May 2020, a team of six graduate students from the **Columbia University School of International and Public Affairs (SIPA)** assisted the **Brazilian Association of Textile Retail (ABVTEX)** in providing technical recommendations to improve the quality and effectiveness of its auditing standards and procedures while converging with international best practices.

Despite ABVTEX's constant efforts to improve the quality of its auditing approach, key challenges regarding transparency and capacity-building in the apparel sector remain present. The SIPA team worked with ABVTEX to carefully assess its program, audit standards, and audit procedures in order to conduct a benchmarking analysis against international audit mechanisms, in particular, **SA8000, Sedex, Social Labor and Convergence Program (SLCP), Worldwide Responsible Accredited Production (WRAP)**, and the **Fair Labor Association (FLA)**.

The SIPA team first conducted a **literature review** of issues related to sustainability in the supply chain, with specific focus on identifying key issues in social and labor standards as well as audit procedures. Because of the sudden onset of the COVID-19 outbreak the planned field trip to São Paulo was cancelled, and thus the team focused intensively on (1) conducting **remote interviews** with scholars, representatives of international certification schemes, ABVTEX audit bodies and its members; (2) designing three types of **surveys** for suppliers, retailers and auditing firms; and (3) conducting **benchmarking analysis** against international audit mechanisms.

Results from this study show that the majority of suppliers look favorably upon the ABVTEX Program, and indicate the Program is having a positive impact on their business. Nevertheless, the team identified several areas of opportunity with regards to **(1) compliance criteria; (2) operations and procedures; (3) stakeholder engagement; and (4) industry impact and influence**. Some key recommendations include a shift towards a multi-stakeholder capacity-building approach and a greater inclusion of the voices of workers through improved grievance mechanisms and participation in audit facilitation. More details can be found in the following sections.

2. Introduction

As the world's fourth-largest apparel producer, Brazil has a prominent textile and garment industry that is the second-largest source of manufacturing employment in the country.¹² Understandably, the great scope of Brazil's garment industry has led to concerns about the sector's labor standards and practices. These concerns are exacerbated by the industry's challenges concerning unauthorized subcontracting, and difficulties in supply chain management, which increases the risk for labor abuses.³ Informal and undocumented workers are especially vulnerable to issues such as forced labor, undignified treatment, discrimination, and poor work conditions including long working hours, exploitative contracts, and low pay.

Through their response to these challenges, ABVTEX has emerged as a leader in the promotion of sustainability, accountability, and transparency in the supply chains of the apparel industry in Brazil. In 2010, ABVTEX launched the **Programa ABVTEX** (hereafter, ABVTEX Program, or "the Program"), a comprehensive compliance mechanism to foster the adoption and implementation of best business practices on labor and social standards throughout the value chains of its retail members. Although the Association has received widespread recognition for its efforts in engaging member retailers, as well as their suppliers and subcontractors to comply with labor standards, several opportunities remain that would enhance the Program's effectiveness in monitoring practices and reducing labor and social risks in the industry's supply chains. With the purpose of identifying and addressing the Program's specific challenges, Columbia SIPA Workshop Team partnered with ABVTEX to assess its Audit Manual (the Manual), operations, and procedures of the ABVTEX Program and provide technical recommendations for the improvement of its quality and effectiveness.

Throughout the past four months, the SIPA team analyzed the extent to which the Program converges on good practices established in international certification and assessment mechanisms regarding the protection of social and labor standards, and the structure and operations that this kind of program could have. A pair of professors from the **University of São Paulo (USP)**, who had previously conducted research on the Program and are familiar with the client, supported the Columbia SIPA team through outreach to key stakeholders in Brazil, data-collection instrument design, fieldwork planning, and translation. Due to the inability to conduct in-person fieldwork in Brazil due to the COVID-19 pandemic, the Columbia SIPA team relied heavily on quantitative and qualitative data-gathering instruments to remotely collect information and insights from scholars, retailers, suppliers, auditing firms and international certification mechanisms, among other stakeholders of the garment industry. Based on the analysis of the information collected, the Columbia SIPA team is pleased to provide a set of recommendations around four key areas: 1) Compliance criteria included in the Manual; 2) Operations and procedures of the Program; 3) Stakeholder engagement; and 4) Impact and influence the Program has and can have in the apparel industry. We hope our team's review and recommendations will be important inputs in ABVTEX's strategic planning process for the period of 2020-2025.

¹ The garment industry is the economic sector/activity focused on the production of apparel/clothing and footwear. The operation of this industry varies depending on the structure and complexity of its value chains, which is linked to the location in which their different stages (sourcing, production, manufacturing, branding, marketing, etc.) take place. For the purpose of the assessment of ABVTEX's auditing protocols and performance metrics, we will consider the garment industry operation in Brazil and especially the city and state of São Paulo, where international and national retailers and brands source in Brazil to sell in Brazil.

² ABIT. "O setor têxtil e de confecção e os Desafios da sustentabilidade." CNI – Confederação Nacional da Indústria., 2017. https://bucket-gw-cni-static-cms-si.s3.amazonaws.com/media/filer_public/bb/6f/bb6fdd8d-8201-41ca-981d-deef4f58461f/abit.pdf. Accessed 06/14/2020.

³ Roth, Kenneth. "World Report 2018: Rights Trends in 'Soon There Won't Be Much to Hide.'" Human Rights Watch, December 20, 2017. <https://www.hrw.org/world-report/2018/country-chapters/global>. Accessed 06/14/2020.

3. ABVTEX in the Brazilian Context

ABVTEX was founded in 1999. Its members represent some of the most important retail chains that sell apparel, footwear, handbags, accessories, as well as home textile goods. ABVTEX members include a mixture of foreign and Brazilian-owned companies that represent a share of about 23% of the entire apparel retail market in Brazil.⁴ The Association is the sector’s main intermediary with government, other business entities including those representing garment manufacturers, and civil society. ABVTEX’s goal is to promote sustainability, accountability, and transparency in the supply chains of the brands of member retailers.⁵

Table 1. ABVTEX Retailer Members According to the Certified Supply Chain

| Brands with 100% of certified suppliers | Brands working to have 100% of their suppliers certified |
|---|---|
| Big, Big Bompreco, BÔ.BÔ, Brookfield, Brookfield Donna, Brookfield Junior, C&A, Calvin Klein, Calvin Klein Jeans, Calvin Klein Underwear, Carrefour, Dafiti, Dudalina, Extra, GPA, Harry’s, Individual, Izod, John John, Kanui, Le Lis Blanc, Marisa, Maxxi, Nacional, Netshoes, Pernambucanas, Renner, Reserva, Reserva Mini, Riachuelo, Rosa Chá, Sam’s Club, Super Bompreço, TodoDia, Van Heusen, Via Veneto, Youcom, Zara | A.Brand, Adriana Restum, Aero Point, Ahlma, Animale, Animale Jeans, Aramis, B2W, Bobstore, Carinhoso, Centauro, Cris Barros, Dom.Dog, Dzarm, Ellus, Ellus accessories, Ellus second floor, Enfim, Eva, Fábula, Farm, Foxtom, G.Rock, Golf Team, Hands Off, Herchcovitch.Alexandre, Cia.Hering, Hering Kids, Hot Point, Lojas Americanas, Loungerie, Malwee, Malwee Kids!, Malwee liberta, Outlier, PBKids brinquedos, PBKids baby, Planet Girls, Polo Wear, PUC, Richards, Ri Happy, Ri Happy baby, Salinas, Scene, Selaria, Richards, SMK, Tommy Hilfiger, Top Brands Fashion, Up, Venom, Venum Fight, VR Collezioni, VRK, Wee!, ZigZigZaa |

Source: ABVTEX. “Varejistas Signatárias.” ABVTEX, 2020. <https://www.abvtex.org.br/varejistas-signatarias/>. Accessed 06/14/2020.

**It is important to note that several of the brands listed above are part of the same multi-brand company or group. For example, Big, Big Bompreco, Sam’s Club, and Super Bompreco are all brands of Grupo Big.*

3.1 The ABVTEX Program

The ABVTEX Program **comprises a set of social responsibility requirements and a detailed impartial auditing process performed by approved independent bodies** that must be undertaken by the suppliers and subcontractors from the supply chains of member retailers. The auditing process under the Program seeks to certify and promote the formalization of suppliers and subcontractors, improve working conditions for their employees, ensure that occupational health and safety policies are followed, encourage transparency, improve management practices, and establish workplace-related environmental measures, by checking compliance with Brazilian legal requirements and core international standards.⁶

⁴ ABVTEX. “About ABVTEX.” ABVTEX, 2020. <https://www.abvtex.org.br/en/about-abvtex/>. Accessed 06/14/2020.

⁵ Ibid.

⁶ According to the International Labour Organization (ILO), the Core Labour Standards refer to the following principles and rights at work: “(a) freedom of association and the effective recognition of the right to collective bargaining; (b) the elimination of all forms of forced or compulsory labour; (c) the effective abolition of child labour; and (d) the elimination of discrimination in respect of employment and occupation.” Source: International Labour Organization (ILO). *ILO Declaration on Fundamental Principles and Rights at Work*. Article 2, 1988.

Although suppliers and subcontractors participate in the Program, only retailers are considered actual members of ABVTEX.⁷ There are currently 38 brands with a fully certified supply chain and 57 brands that are in the process of formalizing their supply chain, meaning their supply chain has not been 100% certified.⁸ It is important to note that several of these brands are part of the same multi-brand company or group. For example, Big, Big Bompreco, Sam's Club, and Super Bompreco are all brands of Grupo Big. After two years of membership, or within two years of any withdrawal and re-entry, brands must have 100% of their supply chain certified by ABVTEX. While the Association does not monitor the buying practices and policies of brands, and it is expected that they will only use certified suppliers as required by the Manual, and maintain ethical business relationships as required by the *Code of Conduct* document.⁹

3.2 Path to Creating the ABVTEX Program

The greater Brazilian context plays a key role in understanding the origins and significance of the ABVTEX Program within the garment sector. Despite Brazil's ratification of most of the *Fundamental Conventions of the International Labour Organization* (ILO) related to the *Core Labor Standards* (see table 2) and its commitment to the protection of labor rights included in other technical ILO Conventions (see table 3), the country has experienced significant difficulties with the actual enforcement of domestic labor laws that are associated with these international standards (see table 4).¹⁰

The 1990s and even the early 2000s were characterized by a heightened scrutiny and action to address forced labor, child labor and other labor law violations in Brazil. As part of the efforts to fulfill international obligations and labor rights established by the *1988 Federal Constitution* (in particular Article 7), the Brazilian government created the *Comissão Nacional para Erradicação do Trabalho Escravo* (the National Commission to Eradicate Slave Labor - **CONATRAE**) in 1995.¹¹ CONATRAE is an inter-ministerial body that coordinates regulatory action against forced labor, and is composed by different government agencies, employers' and workers' organizations, civil society, media and academic organizations, and has received significant support from the International Labour Organization (ILO).¹²

In 2003, then-President Luiz Inácio Lula da Silva launched the *Plano Nacional para a Erradicação do Trabalho Escravo* (the first National Plan to Eradicate Slave Labor), which served as a model for similar initiatives throughout the world.¹³ By the end of the decade, there was an extension of the pre-existing focus on forced labor in the countryside and in the extractive and agricultural industries to urban settings, and in activities like construction and garment manufacturing.¹⁴ Later, in 2011, the ILO praised Brazil in

⁷ ABVTEX. "General Regulations of the ABVTEX Program," August 2019. Version 3.0.

⁸ ABVTEX. "Varejistas Signatárias." ABVTEX, 2020. <https://www.abvtex.org.br/varejistas-signatarias/>. Accessed 06/14/2020.

⁹ Bozzon, Angela. SIPA EPD Workshop Research Team's Interview with ABVTEX. Skype, April 1, 2020.

¹⁰ Brazil has ratified seven out of eight of the ILO Core Standards. Source: International Labour Organization (ILO). "Ratifications of ILO Conventions: Ratifications for Brazil."

https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102571. Accessed 06/14/2020.

¹¹ Article 7 of the 1988 Constitution of the Federative Republic of Brazil (Chapter II: Social Rights), is the constitutional basis for the protection of labor rights of urban and rural workers in Brazil. This disposition along with Article 5 Num. 17, incorporates the Core Labour Standards into the National Legal System of Brazil, and sets a variety of labor entitlements such as maternity and paternity leaves, compensation, social services, medical assistance, vacation and unemployment benefits. Source: Constitution of the Federative Republic of Brazil. (1988). Chapter II: Social Rights.

http://www.planalto.gov.br/ccivil_03/Constituicao/Constituicao.htm. Accessed 06/14/2020.

¹² Costa, Patrícia Trindade Maranhão. "Fighting Forced Labour: The Example of Brazil." International Labour Office (ILO), July 15, 2009. http://www.ilo.org/global/topics/forced-labour/publications/WCMS_111297/lang--en/index.htm. Accessed 06/14/2020.

¹³ Ibid.

¹⁴ International Labour Organization (ILO). "The Good Practices of Labour Inspection in Brazil: The Prevention and Eradication of Child Labour," December 1, 2010. https://www.ilo.org/ipecc/informationresources/WCMS_IPEC_PUB_25178/lang--en/index.htm. Accessed 06/14/2020.

detailed reports in English and Portuguese for the good practices of public labor inspection to combat forced labor and child labor.¹⁵

Table 2. ILO Fundamental Conventions and Date of their Ratification by Brazil

| ILO CONVENTION | DATE OF RATIFICATION |
|---|------------------------|
| Freedom of Association and Protection of the Right to Organize (No. 87) | Not ratified by Brazil |
| Right to Organize and Collective Bargaining (No. 98) | 18 Nov 1952 |
| Forced Labour (No. 29) | 25 April 1957 |
| Abolition of Forced Labour (No. 105) | 18 June 1965 |
| Minimum Age (No. 138) | 28 June 2001 |
| Worst Forms of Child Labour (No. 182) | 2 Feb 2000 |
| Equal Remuneration (No. 100) | 25 April 1957 |
| Discrimination (Employment and Occupation) (No. 111) | 26 Nov 1965 |

Source: International Labour Organization (ILO). "Ratifications for Brazil. Normlex: Information System on International Labour Standards." https://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102571. Accessed 06/14/2020.

Table 3. ILO Technical Conventions Ratified by Brazil

| ILO CONVENTION | DATE OF RATIFICATION |
|--|----------------------|
| Migration for Employment (No. 97) | 18 Jun 1965 |
| Maternity Protection (No. 103) | 18 Jun 1965 |
| Minimum Wage Fixing (No. 131) | 4 May 1983 |
| Occupational Safety and Health (No. 155) | 18 May 1992 |
| Workers' Representatives (No. 135) | 18 May 1990 |
| Weekly Rest (Industry) (No. 14) | 25 April 1957 |
| Protection of Wages (No. 95) | 25 April 1957 |
| Night Work (No. 171) | 18 Dec 2002 |

Source: ILO (n.d). "Ratifications for Brazil: Technical." https://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102571. Accessed 06/14/2020.

¹⁵ International Labour Organization (ILO). "The Good Practices of Labour Inspection in Brazil: The Prevention and Eradication of Child Labour," December 1, 2010. https://www.ilo.org/ipecc/informationresources/WCMS_IPEC_PUB_25178/lang--en/index.htm. Accessed 06/14/2020.

Table 4. Original Brazilian Legal Provisions Relevant to International Labor Standards

| | |
|---|--|
| <p>1988 Constitution of the Federative Republic of Brazil¹⁶</p> | <ul style="list-style-type: none"> • Article 5: Foreigners’ right to work, prohibition of subjection to degrading conditions, and forced labor, freedom of association, prohibition of discrimination. • Article 7: Minimum and living wage, social benefits prohibition of discrimination, general minimum age for admission to employment or work, minimum age of admission to hazardous work, right to maternity and paternity leaves, right to severance allowance, specification of legal working time. • Article 8: Freedom of Association. • Article 9: The right to strike. • Article 11: Election of employee’s representatives to participate in negotiations with employers. • Article 227: Children and adolescents’ special protection “from all forms of negligence, discrimination, exploitation, violence, cruelty and oppression.” Prohibition of employment of any child under the age of 16 unless they are hired as an apprentice (Over 14 years old). |
| <p>Criminal Code of Brazil (Decree Law No. 2.848, 1940)¹⁷</p> | <ul style="list-style-type: none"> • Article 149 - Punishes “work analogous to slavery.” • Article 197 - Punishes the use of violence or serious threats to constrain someone to work. • Article 231 - Punishes human trafficking. • Article 333 - Punishes corruption. • Article 216A - Punishes Sexual harassment. • Articles 132, 197, 203, 206, 207: Crimes that could be closely related with the crime of slave-like labor. • Article 232A - Promotion of illegal migration. |
| <p>Consolidated Labor Laws (Brazilian Labor Code - Decree Law No. 5.452, 1943)¹⁸</p> | <ul style="list-style-type: none"> • Article 5: Equal pay for work of equal value, regardless of gender. • Articles 58 & 59: Daily normal working hours and overtime. • Articles 66-72, 382-386: Breaks and paid time off. • Articles 76-83: Minimum and living wage. • Articles 129 and 134: Vacation • Articles 154-159/162-169: Occupational Health and Safety. • Article 372-377: Prohibition of discrimination against women. • Articles 391 & 400: The protection of pregnant women, the right to maternity leave and lactation legal disposition. • Article 402-410: General minimum age for admission to employment or work, minimum age of admission to hazardous work. • Decree No. 6481 of 2008: Child labor. • Articles 510 (A-D): Worker’s election to participate in workplace commissions. • Article 511-514: Union association • Article 543: Protection of union representative/leader’s exercise of union-related duties. • Article 611-625: Collective Bargaining Agreements. |
| <p>Law No. 8.069 of 1990: Statute of Children and Adolescents¹⁹</p> | <ul style="list-style-type: none"> • Article 5: Special protection of the fundamental rights of children and adolescents. |
| <p>Law No. 13.445 of 2017: Migration Law²⁰</p> | <ul style="list-style-type: none"> • Prescribes the rights and duties of migrants and foreign visitors. |

Source: 1988 Constitution of the Federative Republic of Brazil, Decree Law No.2.848, 1940; Decree Law No. 5.452, 1943; Law No. 8.069, 1990; Law No. 13.445, 2017.

¹⁶ Presidência da República. Casa Civil. Subchefia para Assuntos Jurídicos. 1988 Constitution of the Federative Republic of Brazil. http://www.planalto.gov.br/ccivil_03/Constituicao/Constituicao.htm. Accessed 06/14/2020.

¹⁷ Presidência da República - Casa Civil Subchefia para Assuntos Jurídicos. Decree Law No.2.848, 1940: Criminal Code of Brazil. http://www.planalto.gov.br/ccivil_03/Decreto-Lei/Del2848compilado.htm. Accessed 06/14/2020.

¹⁸ Presidência da República - Casa Civil Subchefia para Assuntos Jurídicos. Decree Law No. 5.452, 1943, “Approves the Consolidation of Labor Laws.” http://www.planalto.gov.br/ccivil_03/Decreto-Lei/Del5452compilado.htm. Accessed 06/14/2020.

¹⁹ Presidência da República. Casa Civil. Subchefia para Assuntos Jurídicos. Law No. 8.069, 1990 “Prescribes the Statute of Children and Adolescents, and prescribes other provisions”. http://www.planalto.gov.br/ccivil_03/leis/l8069.htm. Accessed 06/14/2020.

²⁰ Presidência da República. Casa Civil. Subchefia para Assuntos Jurídicos. Law No. 13.445, 2017 “Prescribes the Migration Law.” http://www.planalto.gov.br/ccivil_03/_ato2015-2018/2017/lei/l13445.htm. Accessed 06/14/2020.

In addition to the efforts of the public sector and international cooperation organizations, the private sector pushed forward several **corporate social responsibility (CSR)** and sustainability initiatives to promote compliance with labor standards in production sites and self-regulation in Brazil.²¹ In 2010, ABVTEX, which had been founded as a lobby and service organization in 1999, developed and launched the ABVTEX Program.²² This initiative arose after the launch of the *Pacto Contra a Precarização e pelo Emprego e Trabalho Decentes em São Paulo (the Pact Against Slave Labor)*,²³ which was signed by government institutions, trade unions, civil society organizations, independent social observatory groups and some retailers' brands.²⁴ **The Pact** represented a commitment to address serious issues in São Paulo's garment factories that had been identified through heightened inspections, raids and enforcement.²⁵

Definition 1. Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR)

"CSR is a self-regulating business model that helps a company be socially accountable—to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental."²⁶ Notably, the **Organisation for Economic Cooperation and Development (OECD)*** has made significant contributions to corporate social responsibility by developing several corporate responsibility-related principles, and general and industry-specific responsible business conduct **guidelines**.²⁷ "The Guidelines help ensure that multinational enterprises (MNEs) act in harmony with the policies of countries in which they operate and with societal expectations. [The Guidelines] are the only comprehensive, multilaterally endorsed *code of conduct* for MNEs. [The Guidelines] establish non-binding principles and standards covering a broad range of issues in business ethics. The basic premise of the Guidelines is that internationally agreed principles can help to prevent misunderstandings and build an atmosphere of confidence and predictability among business, labor, governments and society as a whole."²⁸

*While Brazil is not an OECD member, the host countries of many multinational corporations operating in Brazil (including several ABVTEX members) are.

²¹ Posthuma, Anne, and Renato Bignami. "‘Bridging the Gap’? Public and Private Regulation of Labour Standards in Apparel Value Chains in Brazil," *Competition and Change*. Volume 18. 345-364. August 1, 2014. <https://journals.sagepub.com/doi/10.1179/1024529414Z.000000000065>. Accessed 06/14/2020.

²² Diaz, João Cesar. "Pacto pelo Trabalho Decente nas confecções de São Paulo completa 10 anos." *Repórter Brasil*, December 10, 2019. <https://reporterbrasil.org.br/2019/12/pacto-pelo-trabalho-decente-nas-confeccoes-de-sao-paulo-completa-10-anos/>. Accessed 06/14/20.

²³ Repórter Brasil. "Pacto Contra a Precarização e pelo Emprego e Trabalho Decentes em São Paulo - Cadeia Produtiva das Confecções," *March 17, 2010*. <https://reporterbrasil.org.br/2010/03/pacto-contra-a-precarizacao-e-pelo-emprego-e-trabalho-decentes-em-sao-paulo-cadeia-produtiva-das-confeccoes/>. Accessed 06/14/2020.

²⁴ The organizations that signed the *Pact Against Slave Labor* were the following: Ministry of Labor and Employment (Ministério do Trabalho e Emprego), Public Ministry of Labor (Ministério Público do Trabalho), Ministry of Justice (Ministério da Justiça), City Hall of São Paulo (Prefeitura Municipal de São Paulo), Public Defender of the Union (Defensoria Pública da União), Union of the Clothing Industry for Women and Children of São Paulo and Region (Sindicato da Indústria do Vestuário Feminino e Infante-Juvenil de São Paulo e Região), Union of Seamstresses of São Paulo and Osasco (Sindicato das Costureiras de São Paulo e Osasco), General Centre of Brazilian Workers (Central Geral dos Trabalhadores do Brasil), Union force (Força Sindical), Union of shopkeepers of São Paulo, Fecomercio (Sindicato dos lojistas no comércio de São Paulo), Fecomercio, Association of Labor Lawyers of São Paulo (Associação dos Advogados Trabalhistas de São Paulo), Center for Support to Migrants (CAMI) (Centro de Apoio ao Migrante), Migrante Pastoral Center (Centro Pastoral do Migrante -CPM), Association of Bolivians (Associação dos Bolivianos), Community of Paraguayan nationals (Comunidade dos nacionais paraguaios), Brazilian Association of Koreans (Associação Brasileira dos Coreanos), Chamber of Commerce and Industry Brazil-Korea (Câmara de Comércio e Indústria Brasil-Corea), Shopkeepers Association of Bom Retiro (Associação dos Lojistas do Bom Retiro), Brazilian Association of Textile Retail (Associação Brasileira do Varejo Têxtil), Brazilian Association of Textile Industry (Associação Brasileira da Indústria Têxtil-ABIT), Repórter Brasil, Social Observatory Institute (Instituto Observatório Social), and current ABVTEX members Marisa, Renner, Riachuelo, and C&A.

²⁵ Diaz, João Cesar. "Pacto pelo Trabalho Decente nas confecções de São Paulo completa 10 anos." *Repórter Brasil*, December 10, 2019. <https://reporterbrasil.org.br/2019/12/pacto-pelo-trabalho-decente-nas-confeccoes-de-sao-paulo-completa-10-anos/>. Accessed 06/14/20.

²⁶ Chen, James. "Corporate Social Responsibility (CSR)." *Investopedia*. <https://www.investopedia.com/terms/c/corp-social-responsibility.asp>. Accessed 06/14/20.

²⁷ Leipziger, Deborah. *The Corporate Responsibility Code Book*. Routledge, London 2017. <https://doi.org/10.4324/9781351278881>. Accessed 06/14/20.

²⁸ Gordon, Kathryn. "The OECD Guidelines and Other Corporate Responsibility Instruments." *Organisation for Economic Co-operation and Development (OECD)*, December 1, 2001. https://www.oecd-ilibrary.org/finance-and-investment/the-oecd-guidelines-and-other-corporate-responsibility-instruments_302255465771. Accessed 06/14/20.

The Program was created for three key reasons: (1) as part of the natural progression of some member firm's existing CSR initiatives to develop internal codes of conduct and supply chain due diligence mechanisms; (2) in response to heightened public labor inspectorate's regulatory action, such as conducting raids at irregular work sites suspected of forced labor; and (3) in response to **São Paulo City Council's Investigative Commission's** push to increase enforcement in the garment industry.²⁹ Simultaneous to the development of the Program, the **Brazilian Supreme High Labor Courts** in their jurisprudence, and prosecutors in their investigatory and litigious activities, developed the notion of **joint liability** to force apparel retailers and other buyers of intermediate goods to regularize worker supervision in their supply chains, either through litigation or through **extra-judicial accords (*Termo de Ajustamento de Conduta*)**.³⁰

The Program has received widespread recognition for its efforts to improve transparency and accountability in apparel value chains. At the end of 2019, for example, ABVTEX won the *Selo de Direitos Humanos e Diversidade* (Human Rights and Diversity Seal) granted by the Municipal Secretariat of Human Rights of the City of São Paulo for the second year in a row for the Program. This seal recognizes public and private organizations working in São Paulo that stand out for good labor practices. Some scholars and NGOs, however, have criticized the ABVTEX Program for prioritizing the reputation of its members over pursuing accountability, for shifting costs and burdens to suppliers and subcontractors,³¹ and for negative impacts suffered by workers when supplier or subcontractor contracts must be ended after being found in violation of requirements during audits and incentivizing retailers and suppliers to shun micro-enterprises owned by immigrants.³² Overall, the effective protection of workers' rights in the garment industry remains a challenge, which is, for example, evidenced in the fluctuation in the number of identified cases of forced labor in Brazil (see figure 1).

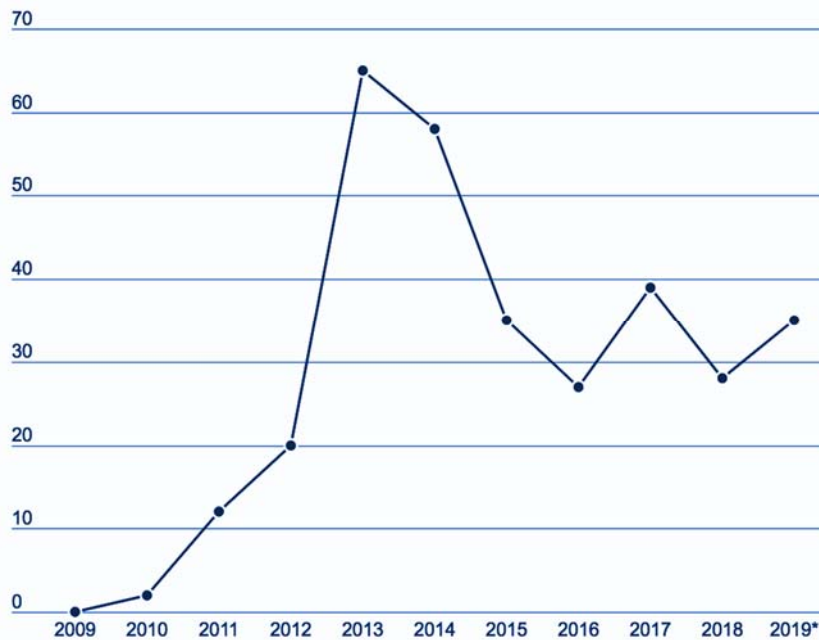
²⁹ Posthuma, Anne, and Renato Bignami. "Bridging the Gap? Public and Private Regulation of Labour Standards in Apparel Value Chains in Brazil," *Competition and Change*. Volume 18. 345-364. August 1, 2014. <https://journals.sagepub.com/doi/10.1179/1024529414Z.00000000065>. Accessed 06/14/2020.

³⁰ Campos, André, Mariëtte van Huijstee, and Martje Theuws. "From Moral Responsibility to Legal Liability?" *Repórter Brasil & SOMO*, May 2015. <https://reporterbrasil.org.br/wp-content/uploads/2016/08/From-moral-responsibility-to-legal-liability.pdf>. Accessed 06/14/2020.

³¹ Moro, Rita de Cássia Lopes. "Responsabilidade social na cadeia de fornecedores do varejo de vestuário de moda: estudo de múltiplos casos." Text, Universidade de São Paulo, 2016. <https://doi.org/10.11606/D.100.2016.tde-26112016-204057>. Accessed 06/14/20.

³² Leite, Marcia de Paula, Sandra Roberta Alves Silva, and Pilar Carvalho Guimarães. "O TRABALHO NA CONFECÇÃO EM SÃO PAULO: as novas formas da precariedade." *Caderno CRH* 30, no. 79 (Abril 2017): 51-67. <https://doi.org/10.1590/s0103-49792017000100004>. Accessed 06/14/20.

Figure 1. Number of Workers Found in Conditions of Forced Labor



Source: Diaz, João César. “Pacto pelo Trabalho Decente nas confecções de São Paulo completa 10 anos.” Repórter Brasil, December 10, 2019. <https://reporterbrasil.org.br/2019/12/pacto-pelo-trabalho-decente-nas-confecoes-de-sao-paulo-completa-10-anos/>. Accessed 06/14/20.

**Please note that the 2019* data for the number of workers found in conditions of forced labor (35) presented in the figure above only corresponds to inspections that were carried out in Sao Paulo until June 2019. The newest number of discovered slave labor in Sao Paulo for the entire year of 2019 is 44.³³*

3.3 Remaining and Emerging Challenges in the Sector

Although ABVTEX has worked to prevent the presence of undocumented migrant workers across the supply chains of its members,³⁴ exploitative working conditions are still prevalent among small-scale and informal garment businesses, which produce at the lowest price points and are under significant pressure due to price-driven competition.³⁵ While there is freedom of movement for purposes of work among MERCOSUR members and associate members, proper legal documentation is required to cross borders or and work permits must be obtained. Overall, the interest of tracking undocumented migrant labor in Brazil is not with the intention of deporting but preventing labor abuses. An alarming but difficult to quantify number of undocumented migrant workers in the apparel industry, for example, are victims of human trafficking.³⁶ In addition, Bolivian, Paraguayan and Peruvian workers, in particular, are often targeted and enticed to work in Brazil with promises of steady wages and a path to citizenship.³⁷ However, once they arrive in Brazil, they are compelled to work at informal garment workshops with accumulating

³³ SIT. “SIT Abas,” 2020. <https://sit.trabalho.gov.br/radar/>. Accessed 06/24/20.

³⁴ Lima, Edmundo. SIPA EPD Workshop Research Teams’ Interview with ABVTEX. Skype, April 24, 2020.

³⁵ Diaz, João César. “Pacto pelo Trabalho Decente nas confecções de São Paulo completa 10 anos.” Repórter Brasil, December 10, 2019. <https://reporterbrasil.org.br/2019/12/pacto-pelo-trabalho-decente-nas-confecoes-de-sao-paulo-completa-10-anos/>. Accessed 06/14/20.

³⁶ Ibid.

³⁷ Ibid.

and perpetual debts caused by the compulsory purchase of food, household items and work tools at inflated prices.³⁸

Adding to pre-existing challenges, the Labor Inspection Secretariat, which works with prosecutors and police to rescue victims of forced labor, and conducts workplace inspections to ensure compliance with labor law, has recently suffered significant losses in funding and staffing.³⁹ Labor inspectors lack enough funds to pay for basic work-related needs like gas and maintenance for their cars, plane tickets or accommodations, which are all necessary to travel to conduct inspections and fieldwork.⁴⁰ There have also been recent attempts to roll back inspection and fine powers that have not yet resulted in permanent shifts due to congressional resistance, as well as efforts under an April 1st temporary decree to nullify COVID-19 as an occupational illness and to reduce inspector's power to an advisory function for 180 days, both provisions of which were struck down by a Supreme Court ruling in late April.⁴¹ A temporary decree was also made to reduce the inspectors' power to an advisory function for 180 days and nullify COVID-19 as an occupational illness, but a Supreme Labor Court ruling in late April struck down both provisions.⁴²

As state enforcers become increasingly overstretched, the public sector component that complemented the incentive structure of the ABVTEX Program with administrative sanctions has arguably become weaker than in the late 2000s and early 2010s. This is concerning and creates more opportunities for skirting labor laws and standards. Moreover, the prevalence of micro and small firms in the supply chains of most first-tier suppliers in Brazil has been recently identified as posing major challenges to monitor compliance because it makes the process extremely complex and costly.⁴³

3.4 Overview of the Garment Sector in Brazil

The garment industry is one of the most important economic sectors in Brazil. According to the 2019 annual report of the Associação Brasileira da Indústria Têxtil e de Confecção (Brazilian Textile and Apparel Industry Association - **ABIT**), the current apparel sector comprises a production force of 33,000 companies,⁴⁴ and 600,000.6 million workers.⁴⁵ As a result of the enormous workforce, this industry is able to produce 1.8 million pieces of textile articles and six billion pieces of clothing per year, generating a revenue of US\$48.3 billion every year.⁴⁶ Percentage-wise, the garment sector represents 16.7% of the Brazilian manufacturing employment, and accounts for 5.8% of the manufacturing gross domestic product (ABIT, 2016).⁴⁷

³⁸ Costa, Patrícia Trindade Maranhão. "Fighting Forced Labour: The Example of Brazil." International Labour Office (ILO), July 15, 2009. http://www.ilo.org/global/topics/forced-labour/publications/WCMS_111297/lang--en/index.htm. Accessed 06/14/2020.

³⁹ Teixeira, Fabio. "Labor Inspectors in Brazil Face Dire Lack of Funds and Personnel: Officials." *Reuters*, April 26, 2019. <https://www.reuters.com/article/us-brazil-trafficking-inspections-idUSKCN1S2031>. Accessed 06/14/2020.

⁴⁰ Ibid.

⁴¹ Sinait. "MP 927: Em vitória dos trabalhadores, STF derruba trecho da matéria que restringia Fiscalização do Trabalho." Accessed June 14, 2020. <http://www.sinait.org.br/site/noticia-view/?id=17800%2Fmp+927+em+vitoria+dos+trabalhadores%2C+stf+derruba+trecho+da+materia+que+restringia+fiscalizacao+do+trabalho>. Accessed 06/14/2020.

⁴² Ibid.

⁴³ Posthuma, Anne, and Renato Bignami. "Bridging the Gap? Public and Private Regulation of Labour Standards in Apparel Value Chains in Brazil," *Competition and Change*. Volume 18. 345-364. August 1, 2014. <https://journals.sagepub.com/doi/10.1179/1024529414Z.00000000065>. Accessed 06/14/2020.

⁴⁴ ABIT. "O setor têxtil e de confecção e os desafios da sustentabilidade." CNI – Confederação Nacional da Indústria., 2017. P.g. 11. https://bucket-gw-cni-static-cms-si.s3.amazonaws.com/media/filer_public/bb/6f/bb6fdd8d-8201-41ca-981d-deef4f58461f/abit.pdf. Accessed 06/14/2020.

⁴⁵ Bozzon, Angela. SIPA EPD Workshop Research Team's Interview with ABVTEX. Skype, May 12, 2020.

⁴⁶ ABIT. "Abit – Texbrasil." Accessed June 14, 2020. <http://texbrasil.com.br/en/abit/>. Accessed 06/14/2020.

⁴⁷ Ibid.

The Brazilian garment industry is not only significant in the domestic sense. Brazil ranks as the fourth largest garment producer and the fifth largest textile manufacturer in the world (ABIT, 2016).⁴⁸ Self-sufficient in cotton and pioneering in synthetic fiber innovation, Brazil is notably established in the production of beachwear, jeans wear, and home-wear.⁴⁹ Despite the massive size of Brazilian garment production, the apparel sector only comprises “0.3% of manufacturing and international trade participation in export value,”⁵⁰ therefore, the **Brazilian Export and Investment Promotion Agency (Apex-Brasil)** has partnered with Brazilian apparel companies to attempt to expand their business into foreign markets (ABIT, 2016).⁵¹ Since 2019, the ABVTEX Program in particular has expanded its objective from just serving the national apparel market to becoming a globally-recognized certification standard. Nevertheless, both the apparel sector’s small share of exports and the sector’s previous focus on domestic governance (both public regulation and private voluntary self-regulation) suggest that fifteen years previous to ABVTEX Program adoption, Brazilian apparel sector’s experience in the global garments industry was relatively distant from the everyday reality of the Brazilian garment supply chain. In contrast to Brazil’s small share in global textile and clothing garment exports (2.4% in 2018), imports to the Brazilian garment industry have consistently grown.⁵² In January 2020, ABVTEX lobbied for a reduction in the tariffs for imports of winter apparel of more than 100%, though manufacturers resisted and apparently no action was taken.⁵³

Garment manufacturing in Brazil has a complex and highly tiered system, with firms becoming progressively smaller by tier. Of the 33,000 companies in the apparel industry, only 0.3% of them are large manufacturing companies, and the remaining 99.7% of businesses are micro, small, and medium-sized factories and workshops (ABIT, 2016).⁵⁴ Micro and small workshops face immense competition, tight delivery schedules, and low returns, and are more likely to hire and exploit undocumented migrant workers and other vulnerable workers.⁵⁵ (See figures 2 and 3 for detailed statistical information about Brazilian garment industry.)

⁴⁸ ABIT. “O setor têxtil e de confecção e os desafios da sustentabilidade.” CNI – Confederação Nacional da Indústria., 2017. P.g. 28. https://bucket-gw-cni-static-cms-si.s3.amazonaws.com/media/filer_public/bb/6f/bb6fdd8d-8201-41ca-981d-deef4f58461f/abit.pdf. Accessed 06/14/2020.

⁴⁹ Ibid. P.g. 31.

⁵⁰ Ibid. P.g. 29.

⁵¹ Ibid.

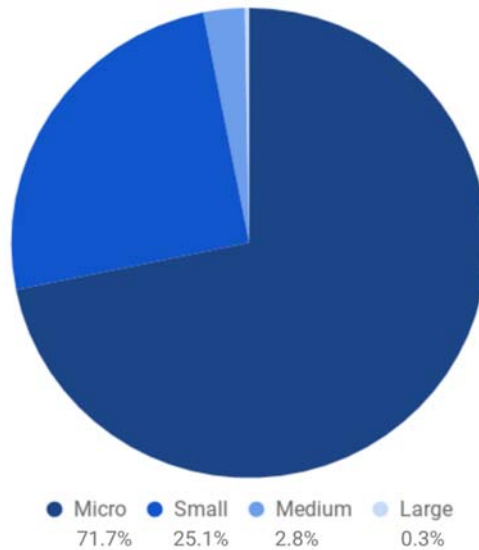
⁵² Al Mahfuz, Mir Abdullah. “A Brief History of Brazilian Textile Industry.” *Textile News, Apparel News, RMG News, Fashion Trends* (blog), September 27, 2018. <https://www.textiletoday.com.bd/brief-history-brazilian-textile-industry/>. Accessed 06/14/2020.

⁵³ Valor Econômico. “Varejo de moda tenta reduzir tarifa, mas indústria reage.” <https://valor.globo.com/empresas/noticia/2020/01/14/varejo-de-moda-tenta-reduzir-tarifa-mas-industria-reage.ghtml>. Accessed 06/14/2020.

⁵⁴ ABIT. “O setor têxtil e de confecção e os desafios da sustentabilidade.” CNI – Confederação Nacional da Indústria., 2017. P.g. 22. https://bucket-gw-cni-static-cms-si.s3.amazonaws.com/media/filer_public/bb/6f/bb6fdd8d-8201-41ca-981d-deef4f58461f/abit.pdf. Accessed 06/14/2020.

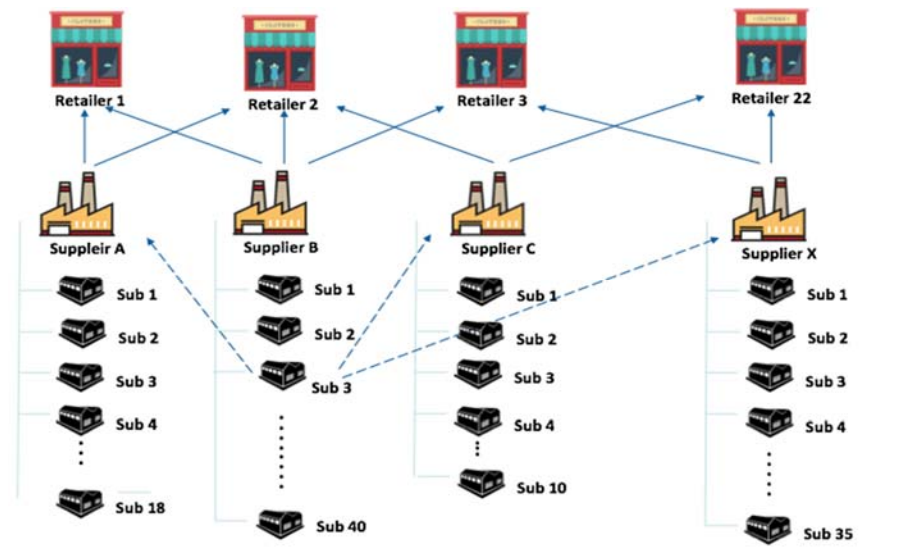
⁵⁵ Posthuma, Anne, and Renato Bignami. “‘Bridging the Gap’? Public and Private Regulation of Labour Standards in Apparel Value Chains in Brazil,” August 1, 2014. <https://journals.sagepub.com/doi/10.1179/1024529414Z.00000000065>. Accessed 06/14/2020.

Figure 2. Distribution of Companies by Sizes in 2016



Source: ABIT. “O setor têxtil e de confecção e os desafios da sustentabilidade.” CNI – Confederação Nacional da Indústria., 2017. Pg. 22. https://bucket-gw-cni-static-cms.s3.amazonaws.com/media/filer_public/bb/6f/bb6fdd8d-8201-41ca-981d-deef4f58461f/abit.pdf. Accessed 06/14/2020.

Figure 3. Brazilian Garment Industry Supply Chain Map



Source: ABVTEX (2020). Supply chain map.

Rising concerns over the treatment of vulnerable workers have raised a need for more collaborative governance in the industry. In the context of the emerging challenges for public sector monitoring bodies, **ABVTEX’s work to encourage dialogue throughout the fashion value chain and implement strategies to tackle informal employment, forced labor issues and promote sustainable production remains critical.** With the purpose of identifying and addressing ABVTEX’s specific challenges, the Columbia SIPA Workshop Team partnered with ABVTEX to accomplish the objectives presented in Chapter 5. With this industry background, the focus now shifts to the operational details of the ABVTEX Program.

4. Brazilian Association of Textile Retail: ABVTEX & the Program

The ABVTEX Program includes a Manual of compliance requirements, a *Code of Conduct*, and details on procedures for audits performed by independent bodies examining suppliers and subcontractors. The manual was first launched in 2010 and is currently in the second iteration of its third version (3.02), which was released in April 2020. However, version 3.02 has not changed significantly in comparison to version 3.0, which is the version available in English.

Although the Program is mainly intended for current suppliers and subcontractors of ABVTEX member retailers, all suppliers and subcontractors that want to be part of the supply chains of member retailers in the future or want to demonstrate their commitment to sustainable practices can participate. All participating suppliers must commit to disclose the list of their subcontractors and to only contract and hire subcontractors certified by the Program,⁵⁶ and only supplier and subcontractor companies that fulfill Program requirements qualify to produce for ABVTEX's signatory retailing networks.⁵⁷

Figure 4. ABVTEX Program Objectives

| ABVTEX PROGRAM OBJECTIVES |
|---|
| <ul style="list-style-type: none">• “Provide dignified labor conditions, prevent forced labor and child labor in the supply chain of members.• Promote best practices in the fashion retail sector by means of scalable involvement and continuous improvement.• Provide a single periodical auditing system that allows signatory retailers to monitor suppliers and subcontractors in regards to the compliance with social responsibility and labor relations requirements.• Define principles and criteria to perform audits in suppliers and its subcontractors of the supply chain of fashion retailers in the clothing, shoes, accessories and textiles for home sectors.”⁵⁸ |

Source: “General Regulations of the ABVTEX Program,” 2019. Version 3.0. Note: Version 2.0 is reflected here as it was translated to English. The latest Version 3.0 contains the same Program Objectives.

4.1 ABVTEX’s Main Pillars of Operation⁵⁹

The auditing and certification procedure of the ABVTEX Program is a systematic and documented process conducted by professional for-profit audit firms. Suppliers and subcontractors are responsible to contact, schedule and pay **auditors working for Audit firms accredited by ABVTEX** to conduct inspections.⁶⁰ The Program requires the carrying out of three types of audits: *Auditoria Inicial* (Initial Audit), *Auditoria Follow Up* (Follow Up audit), *Auditoria de Renovação* (Renewal audit) and *Auditoria de Verificação* (Verification Audit).⁶¹ The Program categorizes possible infractions based on their severity: *Tolerância Zero* (Zero Tolerance), *Crítica* (Critical), *Maior* (Major), and *Menor* (Minor).⁶² Unacceptable infractions, such as child labor and forced labor, fall under the Zero Tolerance and Critical categories. If a supplier is found guilty of one of these infractions they will not be approved, and will have to wait six months before requesting

⁵⁶ ABVTEX. “General Regulations of the ABVTEX Program,” 2019. Version 3.0.

⁵⁷ ABVTEX. “Audit Manual: ABVTEX Program,” July 2019. Version 3.0.

⁵⁸ ABVTEX. “General Regulations of the ABVTEX Program,” 2019. Version 3.0.

⁵⁹ ABVTEX. “Relatorio Anual do Programa,” 2020. <https://www.abvtex.org.br/en/about-the-program>. Accessed 06/14/2020.

⁶⁰ ABVTEX. “Audit Manual: ABVTEX Program,” July 2019. Version 3.0.

⁶¹ ABVTEX. “General Regulations of the ABVTEX Program,” 2019. Version 3.0.

⁶² Ibid.

another audit.⁶³ Infractions that fall in the *Major* and *Minor* categories are considered ‘non-mandatory’ and only require that minimum associated requirements are met to pass the audits.⁶⁴

Figure 5. Four Pillars of the ABVTEX Program



Source: ABVTEX. “Relatorio Anual do Programa,” 2020. <https://www.abvtex.org.br/en/about-the-program>. Accessed 06/14/2020.

Table 5. Categories of Criteria Covered by the ABVTEX Program

| CRITERIA CATEGORIES COVERED BY THE ABVTEX PROGRAM |
|---|
| <ul style="list-style-type: none"> • Thematic Block 1 – Formalization and Documents • Thematic Block 2.1 – Work Conditions/Employment of Minors • Thematic Block 2.2 – Labor Conditions/Forced Labor or Slave-Like Labor • Thematic Block 2.3 – Labor Conditions/Irregular Foreign Labor • Thematic Block 2.4 – Labor Conditions/Recruiting and Selection • Thematic Block 2.5 – Labor Conditions/Housing • Thematic Block 2.6 – Labor Conditions/Freedom of Association • Thematic Block 2.7 – Labor Conditions/Discrimination • Thematic Block 2.8 – Labor Conditions/Abuse and Harassment • Thematic Block 2.9 – Labor Conditions/Salary and Compensation • Thematic Block 2.10 – Labor Conditions/Worked Hours • Thematic Block 3.1 – Labor Health and Safety/Labor Conditions and Infrastructure • Thematic Block 3.2 – Labor Health and Safety/Changing Rooms and Sanitary Facilities • Thematic Block 3.3 – Labor Health and Safety/Cafeteria • Thematic Block 3.4 – Labor Health and Safety/Regulatory Standards • Thematic Block 3.5 – Labor Health and Safety/Personal Protective Equipment • Thematic Block 3.6 – Labor Health and Safety/Handling of Chemical Products • Thematic Block 4.1 – Emergency Response/Electrical Installations • Thematic Block 4.2 – Emergency Response/Fire Prevention and Combat • Thematic Block 5.1 – Validation of the Production Chain/Invoices • Thematic Block 5.2 – Validation of the Production Chain/Monitoring of the Production Chain • Thematic Block 5.3 – Validation of the Production Chain/Validation of the Subcontractor List • Thematic Block 5.4 – Validation of the Production Chain/Service Subcontracting • Thematic Block 6 – Transparency and Management Practices • Thematic Block 7 – Environment |

Source: ABVTEX. “Audit Manual: ABVTEX Program,” July 2019. Version 3.0.

⁶³ Ibid.

⁶⁴ Ibid.

4.2 Audit Bodies Accredited By ABVTEX⁶⁵



ABVTEX Auditors

The five audit bodies above are accredited by ABVTEX. All the accredited audit agencies except one are multinational certification, inspection, and testing (CIT) companies, ranked among the top dozen in the world in that category by revenues. The other, ABNT, is a Brazilian non-profit CIT agency. It is not entirely clear on what basis they were chosen for accreditation or how or whether new agencies might apply or be considered for accreditation; size and reputation seem to be the principal considerations. The agencies, in turn, choose auditors, whether freelance consultants (found to be most common in our auditor survey discussed below) or staff, to carry out audits, which are arranged for and paid by supplier firms.

Since 2010, ABVTEX auditors have conducted more than 37,770 audits.⁶⁶ The number of brand members (membership is by corporate entity, and that many employ multiple brands for sale) has increased significantly over time, starting with eight in 2010,⁶⁷ more than doubling to 21 brands five years later,⁶⁸ and reaching 95 brands as of May 2020 (38 brands with a fully certified supply chain and 57 brands that are in the process of formalizing their supply chain, meaning their supply chain has not been 100% certified).⁶⁹ The number of audit companies also increased from mid-2010s from the initial three to five.⁷⁰ On the other hand, the number of certified suppliers and subcontractors peaked at 7,796 around mid-decade (2014) and has fallen since to just over 4,000 in 2016 and 3,732 as of April 2020.⁷¹ This evolution reflects a greater trend across the garment sector in Brazil of brands working towards modernizing and winnowing the size of their supply chains, a process that ABVTEX has facilitated.⁷²

4.3 Governance Structure of The ABVTEX Program

ABVTEX's governing structure is composed of the six categories below:

1. **Administrative Team (*Equipe Administrativa*):** It is responsible for the overall operationalization of the ABVTEX Program. The team is also tasked with receiving, evaluating and considering suggestions and requests for Program Improvements that are made by the parties that are involved or impacted.⁷³

⁶⁵ ABVTEX. "Audit Bodies," 2020. ABVTEX. <https://www.abvtex.org.br/en/audit-bodies/>. Accessed 06/14/2020.

⁶⁶ ABVTEX. "Sobre o Programa." ABVTEX, 2020. <https://www.abvtex.org.br/sobre-o-programa/>. Accessed 06/14/2020.

⁶⁷ ABVTEX. "Varejistas Signatárias." ABVTEX, 2010. <https://www.abvtex.org.br/varejistas-signatarias/>. Accessed 06/14/2020.

⁶⁸ ABVTEX. "Varejistas Signatárias." ABVTEX, 2015. <https://www.abvtex.org.br/varejistas-signatarias/>. Accessed 06/14/2020.

⁶⁹ ABVTEX. "Varejistas Signatárias." ABVTEX, 2020. <https://www.abvtex.org.br/varejistas-signatarias/>. Accessed 06/14/2020.

⁷⁰ ABVTEX. "Audit Bodies," 2020. ABVTEX. <https://www.abvtex.org.br/en/audit-bodies/>. Accessed 06/14/2020.

⁷¹ ABVTEX. "Sobre o Programa." ABVTEX, 2020. <https://www.abvtex.org.br/sobre-o-programa/>. Accessed 06/14/2020.

⁷² Bozzon, Angela. SIPA EPD Workshop Research Team's Interview with ABVTEX. Skype, April 1, 2020.

⁷³ ABVTEX. "General Regulations of the ABVTEX Program," 2019. Version 3.0.

2. **Working Group (GT Suppliers) (*Grupo de Trabalho - GT Fornecedores*):** All participants are retailers' representatives who are in charge of social responsibility departments or of overseeing the auditing process at retailers. It is a technical instance and the Group's purpose is monitoring of the Program and, based on field observations, proposing standards of responsibility and guidelines for social and environmental criteria. Working Group members also evaluate and technically validate suggestions for changes presented by the different stakeholders involved in the Program. The Group has the ability to propose improvements to the Program, which are submitted for approval to the Managing Committee.⁷⁴

3. **Managing Committee (*Comitê Gestor*):** It is the body that defines the social and environmental responsibility standards and criteria, as well as the general requirements of the ABVTEX Program. The Committee is composed of one representative and one alternate appointed by each member retailer. All appointed representatives (management level) must have their participation approved by the ABVTEX Board of Directors. During deliberations, at least half of the Committee must approve a decision for it to be passed. The members of the Committee must maintain full confidentiality of information they received and cannot use it for any purpose unrelated to the ABVTEX Program.⁷⁵

4. **Arbitration Committee (*Comitê de Arbitragem*):** It has the power to make judgements on cases, conflicts, complaints and requests involving participants of the Program. The Committee is composed of six members:
 - a. Three appointed by the ABVTEX Board of Directors, two must have experience and knowledge in the areas of law and auditing techniques (third party), and one is a representative of one member of the Consultative Council.

 - b. Three individuals representing signatory retailers with full membership, appointed by the Managing Committee.⁷⁶

5. **Board of Directors (*Conselho Diretor*):** the top decision-making body of the Association as a whole that sets overall association policy, and works together with the Budget Council (*Conselho Fiscal*). The former has seven seats, filled by CEOs or Vice-Presidents of member retailer firms, who occupy their seats for a 2-year period. There is no formal process of election, and retailers that want to be represented in this committee can volunteer. The latter body has 3 seats.^{77 78}

6. **Consultative Committee (*Conselho Consultivo*):** composed of external stakeholders such as labor unions, the Brazilian Textile and Apparel Industry Association (ABIT), NGOs, ILO, academics, government institutions and other entities that have interest and knowledge to contribute to the development of the ABVTEX Program. Although the Consultative Committee does not have decision-making power, the body is invited to monitor the results of the ABVTEX Program and participate in conversations regarding improvements and updates to the Program, and ABVTEX welcomes inputs and suggestions from all representatives.

⁷⁴ Ibid.

⁷⁵ Ibid.

⁷⁶ Ibid.

⁷⁷ ABVTEX. "Porta-Voz." ABVTEX, 2020. <https://www.abvtex.org.br/porta-voz-composicao/>. Accessed 06/14/20.

⁷⁸ ABVTEX. "General Regulations of the ABVTEX Program," 2019. Version 3.0.

5. Objectives

Main Objective

The main objective of this research is to assess ABVTEX Program's Audit Manual and procedures to provide technical recommendations for the improvement of its quality and effectiveness. The team aimed to design its initial work plan and further methodology in accordance with the Terms of Reference as well as based on consultations with ABVTEX and with USP. With the unexpected cancellation of the March field trip, the research was re-focused towards conducting more extensive benchmarking analysis as well as more in-depth interviews with scholars, international certification programs' representatives and ABVTEX Program auditing firms.

Detailed Objectives

- Carefully analyze ABVTEX's current auditing standards and procedures through desk-research and a series of interviews.
- Conduct a benchmarking analysis of ABVTEX Program against international audit/assessment mechanisms.
- Identify best practices on the compliance with labor/social standards in global supply chains through interviews and surveys with key stakeholders.
- Provide the recommendations based on benchmarking, survey, and interview findings to contribute towards ABVTEX strategic vision in upcoming years.

Based on these objectives, the main **research question** that this project seeks to address is: To what extent do the ABVTEX Program Manual, procedures, and current practices converge on international good practices regarding the audit/assessment of the compliance with social and labor standards?

6. Literature Review

In order to approach the main research question and understand its underpinnings, it was important to conduct a review of the relevant policy and scholarly literature about sustainable business practices within the garment industry, as well as audits and certifications schemes on the compliance with social standards. The specific subtopics that are mostly discussed in the literature about the corporate sustainability field regarding social standards are:

- Private sector role in the adoption and implementation of sustainable business practices.
- Schemes of social responsibility implemented by the private sector, often in partnership with civil society stakeholders.
- Social audit, assessment and certifications schemes applicable in the garment sector: modalities, approaches, criticisms, and latest trends. Crosscutting issues of assessments, audit and certifications schemes: transparency, accountability, governance, others.
- Worker driven social responsibility, as a more recent and influential approach that grows out of a critique of the perceived limits of voluntary self-regulation schemes that are business-run or business-oriented.

Over the past few decades, scholars, practitioners and advocates have expressed a variety of views regarding CSR policies and their implications for the public, private, and societal spaces of regulation.⁷⁹ Policies in practice have evolved considerably from the unilateral company-specific codes and conducts with in-house auditors or accounting firms hastily taking on social auditing in the 1990s.⁸⁰ **Voluntary self-regulation by and for businesses has transformed in complex ways**, to encompass sometimes competing, overlapping, and complementary mechanisms that are specific to particular sectors or countries or industries, or are multi-industry or non-industry specific in nature, including environmental, community relations, and other issues alongside labor concerns.⁸¹

Supplier and subcontractor companies often simultaneously participate in multiple social and environmental compliance programs, while sometimes continuing to have their own in-house auditing or monitoring processes. In some cases, the governance structures of compliance programs have emerged or evolved to include **multi-stakeholder** arrangements with non-industry and non-business representatives (see Definition 2 Below).⁸² Certain programs have shifted from relying on audits that are conducted by independent for-profit firms, to assessments or investigations that are undertaken by non-profits, independent organizations or individuals trained and hired by them.⁸³ Practices and expectations among programs regarding issues such as transparency, the inclusion of workers in the compliance process or dispute and complaint resolution diverge greatly among the many existing compliance programs.

⁷⁹ FindLaw Attorney Writers. "Voluntary Regulation of International Labour Standards: An Overview of the Corporate Social Responsibility Phenomenon." Findlaw. <https://corporate.findlaw.com/law-library/voluntary-regulation-of-international-labour-standards-an.html>. Accessed 06/14/20.

⁸⁰ Sasser, Gary Gereffi, Ronie Garcia-Johnson, Erika. "The NGO-IndustrialComplex." *Foreign Policy* (blog). <https://foreignpolicy.com/2009/11/17/the-ngo-industrial-complex>. Accessed 06/14/20.

⁸¹ Ibid.

⁸² Baumann-Pauly, Dorotheé, Justine Nolan, and Aurret van Heerden. "Industry-Specific Multi-Stakeholder Initiatives That Govern Corporate Human Rights Standards: Legitimacy Assessments of the Fair Labor Association and the Global Network Initiative," 2017. https://www.researchgate.net/publication/297657676_Industry-Specific_Multi-Stakeholder_Initiatives_That_Govern_Corporate_Human_Rights_Standards_Legitimacy_assessments_of_the_Fair_Labor_Association_and_the_Global_Network_Initiative. Accessed 06/14/20.

⁸³ Ibid.

Definition 2. Multi-Stakeholder Initiative (MSI)

Multi-Stakeholder Initiative (MSI)

“An entity that works with multiple stakeholders (usually business and civil society, along with others, including governments, universities, and/or investors) to solve a business and human rights problem that no actor can solve alone.”⁸⁴

Four Unique Features of MSIs:

1. **“MSIs differ in scope:** MSIs may be formed to address social and environmental issues related to:
 - a. The production of specific commodities (e.g., palm oil, cocoa, cotton etc.),
 - b. The situation in specific countries (e.g., Bangladesh, Myanmar),
 - c. Specific issues (e.g., child labor), or
 - d. Specific industries (textiles, toys etc.).
2. **MSIs differ in their purpose:** Some MSIs are created for a specific purpose (e.g., the MFA Forum that was created to mitigate negative effects on workers after the phaseout of the Multi-Fiber Arrangement) while others address ongoing issues in different human rights areas (e.g., improving labor standards in global supply chains).
3. **MSIs differ on the functions they perform:** Some MSIs mainly focus on fostering dialogue among stakeholders (e.g., the Ethical Trading Initiative) while others create standards and come up with mechanisms to enforce them. Some MSIs have certification schemes (e.g., Rainforest Alliance); others accredit the management systems of participants and verify remedial efforts at suppliers (e.g., Fair Labor Association).
4. **MSIs differ in form:** There is no uniform approach to MSI governance structure and participatory makeup. Some MSIs, for example, include governments (e.g., Voluntary Principles on Security and Human Rights) while others explicitly exclude government involvement (Global Network Initiative).⁸⁵

Some researchers highlight CSR-driven voluntary self-regulation’s role in complementing national policies and regulations, as well as improving the governance deficit that is caused by the decline of state power in enforcing standards at the bottom of the value chain.⁸⁶ Some even argue that CSR has a positive impact that in fact “surpasses the regulatory reach of the national labor inspectorate.”⁸⁷

On the other hand, several scholars express concerns about the limited effectiveness of CSR due to its voluntary nature, and for its potential for conflicts of interest that limit the power of auditors, as well as their ability to conduct in-depth probes. For instance, Maryanov (2010) worries that the CSR codes of conduct are used to “enhance brand image among consumers and confront the corporate risk of negative publicity or legal liability for labor and human rights violations in their value chain.”⁸⁸ Likewise, Cutler et al. (1999), Ebenshade (2004), and Tajgman (2011) contend that “CSR initiatives may displace or ‘crowd

⁸⁴ Van Huijstee, Mariëtte. “Multi-Stakeholder Initiatives for Civil Society Organizations.” SOMO, March 1, 2012.

<https://www.somo.nl/somo-publishes-strategic-guide-on-multi-stakeholder-initiatives-for-civil-society-organizations/>. Accessed 06/14/20.

⁸⁵ Baumann-Pauly, Dorotheé, Justine Nolan, and Aurret Van Heerden. “Industry-Specific Multi-Stakeholder Initiatives That Govern Corporate Human Rights Standards: Legitimacy Assessments of the Fair Labor Association and the Global Network Initiative,” 2017. https://www.researchgate.net/publication/297657676_Industry-Specific_Multi-Stakeholder_Initiatives_That_Govern_Corporate_Human_Rights_Standards_Legitimacy_assessments_of_the_Fair_Labor_Association_and_the_Global_Network_Initiative. Accessed 06/14/20.

⁸⁶ Vogel, David. “The private regulation of global corporate conduct: Achievement and limitations.” *Business and Society*, 49 (1): 68-87. 2010.

⁸⁷ Shamir, Ronen. “The de-radicalization of corporate social responsibility.” *Critical Sociology*, 30 (1): 669-89. 2004.

⁸⁸ Maryanov, Debra Cohen. “Sweatshop Liability” *Corporate codes of conduct and the governance of labor standards in the international supply chain.* *Lewis & Clark Law Review*, 14 (1):397-450. 2010.

out' regulatory authority of the state and legal accountability."⁸⁹ **Compliance systems have been argued to be deficient at ensuring compliance because they lack traditional enforcement power akin to that of states, especially "the ability to sanction violators."**⁹⁰ Available sanctioning tools can be overly blunt, ineffective, and even result in hurting workers further. They tend to rely on the suspensions of firms that are determined to be problematic, thus promoting "cutting and running" practices by buyer firms, or to take an overly lax or tolerant attitude toward violations of laws and norms. Overall, private labor governance is "a contested terrain (rather than a static, predetermined mechanism) whose configuration is forged through the balance of power between the private sector, public regulation, and societal pressure in the local context."⁹¹

Posthuma and Bignami argue **"the interface between private and public governance systems functions more effectively than private regulation operation in isolation"** praised the then-new ABVTEX Program for being holding the potential to successfully bridge the gap between private sector CSR initiatives and public regulation by combining the professionalized labor inspectorate regulatory authority and capacity with a private monitoring entity.⁹² Furthermore, the Association has been recognized for the potential to more effectively facilitate collaboration between member brands, the public sector and other stakeholders to amplify the dialogue on the realities of the fashion supply chain, evaluate ways of regulating and strengthening instruments for combatting slave-like labor, and to engage the business sector to improve existing mechanisms.⁹³ Indeed, even International Labour Organization (ILO), an institution that is strongly committed to public inspection and enforcement, has recognized the importance of public-private synergy and sought to find ways to promote "cooperation" with private initiatives and "co-regulation." In ILO's 2013 Report *"Labour inspection and private compliance initiatives: Trends and issues,"* the executive summary noted that "compliance need not be entirely a public responsibility and that, under certain circumstances, it might be useful to see private self-regulation or co-regulation as a way of envisaging sound cooperation between labor inspection and private compliance initiatives."⁹⁴

⁸⁹ Posthuma, Anne, and Renato Bignami. "Bridging the Gap'? Public and Private Regulation of Labour Standards in Apparel Value Chains in Brazil," *Competition and Change*. Volume 18. 345-364. August 1, 2014. <https://journals.sagepub.com/doi/10.1179/1024529414Z.00000000065>. Accessed 06/14/2020.

Please also see:

Cutler, Claire; Virginia Hufner; and Tony Porter, eds. "Private Authority and International Affairs." Albany, NY: SUNY Press. 1999. Esbenshade, Jill. "Monitoring Sweatshops: Workers, Consumers, and the Global Apparel Industry." Philadelphia, PA: Temple University Press. 2004.

Tajgman, David. "Corporate social responsibility meets traditional supervision of fundamental labor rights: Why CSR needs social dialogue to fill the governance gaps," 2011.

⁹⁰ Anner, Mark. "Monitoring Workers' Rights: The Limits of Voluntary Social Compliance Initiatives in Labor Repressive Regimes," 2017. *Global Policy Journal*, 8: 56-65. doi:10.1111/1758-5899.12385

⁹¹ Appelbaum, Richard; and Lichtenstein, Nelson. "Achieving Workers' Rights in the Global Economy," 2016. <https://ebookcentral.proquest.com/lib/columbia/detail.action?docID=4533732>. Accessed 06/14/2020.

⁹² Posthuma, Anne, and Renato Bignami. "Bridging the Gap'? Public and Private Regulation of Labour Standards in Apparel Value Chains in Brazil." *Competition and Change*. Volume 18. 345-364. August 1, 2014. <https://journals.sagepub.com/doi/10.1179/1024529414Z.00000000065>. Accessed 06/14/2020.

⁹³ Posthuma, Anne, and Renato Bignami. "Bridging the Gap'? Public and Private Regulation of Labour Standards in Apparel Value Chains in Brazil," *Competition and Change*. Volume 18. 345-364. August 1, 2014. <https://journals.sagepub.com/doi/10.1179/1024529414Z.00000000065>. Accessed 06/14/2020.

⁹⁴ International Labour Organization. "Labour inspection and private compliance initiatives: Trends and Issues," 2013. https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---lab_admin/documents/meetingdocument/wcms_230798.pdf. Accessed 06/14/2020.

6.1 Governance and Implementation: Increasing Workers' Participation in Social Compliance Programs

The effectiveness of social compliance initiatives is dynamically affected by the relative power of all relevant stakeholders.⁹⁵ **Some international certification mechanisms have started to recognize the importance of strengthening the voices and engagement of workers in the labor governance terrain following the idea that “workers are the best monitors.”**⁹⁶ For some, this has involved adding worker complaint mechanisms, increasing worker training and awareness of what monitoring and auditing are about, and/or off-site, confidential worker interviews as an indispensable information source. More ambitiously, worker-driven social responsibility initiatives (WSR) have arisen as a new paradigm challenging the perceived limits of CSR and voluntary self-regulation altogether, driven by the search for “new form of power for previously powerless workers to protect and enforce their own rights.”^{97 98} (See Definition 3.)

Definition 3. Worker Driven Social Responsibility (WSR): Defining Features

Worker Driven Social Responsibility (WSR): Defining Features⁹⁹

- Legally enforceable terms
- Brand/retailer financing
- Worker organizations as an integral part of governance structure
- Training of all workers
- Designated worker representatives for relevant dispute settlement and complain bodies

More specifically, WSR encourages worker organizations to be “the driving force in the creation, monitoring, and enforcement” of social compliance programs.¹⁰⁰ WSR also urges brands and retailers to “sign legally binding agreements with worker organizations,” and “to provide financial support to their suppliers to help meet the labor standards established by the program.”¹⁰¹ Moreover, WSR proposes that to strengthen the voices of workers so they can protect their own rights, compliance programs should provide “extensive worker education on their rights under the program, rigorous workplace inspections that are effectively independent of brand and retailer influence, public disclosure of the names and locations of participating brands and suppliers, and a complaint mechanism that ensures swift and effective action when workers identify abuses.”¹⁰²

The 2013 Rana Plaza tragedy in Bangladesh, in which over one thousand people were killed during the collapse of a garment factory in Dhaka that had been recently certified based on international onsite audits, pushed several social compliance initiatives to incorporate elements of WSR and increase worker engagement in their respective programs. Relevant initiatives include **the Accord on Fire and Building**

⁹⁵ Ibid.

⁹⁶ Worker-Driven Social Responsibility Network. “What Is WSR?,” 2020. Worker-Driven Social Responsibility Network. <https://wsr-network.org>. Accessed 06/14/2020.

⁹⁷ Ibid.

⁹⁸ Exemplary WSR programs include Fair Food Program and Milk with Dignity in agriculture, now expired Bangladesh Accord on Building and Fire Safety and Lesotho Accord. The Freedom of Association Protocol in Indonesia is also sometimes seen as having some if not all the defining features of the WSR initiative.

⁹⁹ Worker-Driven Social Responsibility Network. “What Is WSR?,” 2020. Worker-Driven Social Responsibility Network. <https://wsr-network.org>. Accessed 06/14/2020.

¹⁰⁰ Ibid.

¹⁰¹ Ibid.

¹⁰² Ibid.

Safety in Bangladesh (signed as a five-year agreement in 2013 and extended for one year from 2018) and **the Lesotho Accord** (active since August 2019).¹⁰³ (See Case Study below.)

Case Study: Lesotho Accord

Case Study: Lesotho Accord

In 2019, Lesotho's local trade unions, human rights organizations, civil society groups, as well as international apparel manufacturers and global brands collaborated to sign an unprecedented agreement-- Lesotho Accord to address the workers' rights and gender-based violence issues at Lesotho's garment factories. Under the Lesotho Accord, the local trade unions and human rights organizations (especially women's rights organizations) are allowed to establish an independent investigative body to "receive complaints of gender-based violence from workers, carry out investigations and assessments, identify violations of a jointly developed *code of conduct* and direct and enforce remedies in accordance with the Lesotho law."¹⁰⁴

Furthermore, the Lesotho Accord is also remarkable in the sense that it stimulates "extensive worker-to-worker and management training, education, and related activities."¹⁰⁵ Even though the Lesotho Accord is not a purely worker-driven social responsibility initiative, it seen by WSR advocates as setting the example for other social responsibility programs as it demonstrates how social compliance initiatives can go beyond auditing workers' treatments at the facility, and preferably they should also encourage the manufacturers to provide access to their factories for reporting purposes, direct the firm managers to respect workers' freedom of association and refrain from retaliating against those workers who bring complaints or from participating in the program.

Source: Worker Rights Consortium. "Leading Apparel Brands, Trade Unions, and Women's Rights Organizations Sign Binding Agreements to Combat Gender-Based Violence and Harassment at Key Supplier's Factories in Lesotho." Worker Rights Consortium, August 15, 2019. <https://www.workersrights.org/press-release/leading-apparel-brands-trade-unions-and-womens-rights-organizations-sign-binding-agreements-to-combat-gender-based-violence-and-harassment-at-key-suppliers-factories-in-lesotho/>. Accessed 06/14/2020

6.2 Transparency

When the global supply chains are completely opaque, consumers and civil society lack meaningful information about the true social and environmental costs of clothing. The absence of transparent disclosure of information contributes to "possible delays in workers or other stakeholders being able to access the company's complaint mechanisms or other remedies,"¹⁰⁶ and traditional CSR initiatives are often criticized for failing to promote transparency.

Beginning two decades ago, several labor and human rights organizations, such as **FLA** (further discussed in Section 7.2 Research Design: Benchmarking) and the **Worker Rights Consortium (WRC)**, started to recognize the importance of transparency in eliminating exploitative and abusive practices, and for enhancing multi-stakeholder engagement in the global garment value chain.¹⁰⁷ **Transparency and mutual**

¹⁰³ Accord of Fire and Building Safety in Bangladesh: most commonly known as Bangladesh Accord, which was signed on 15 May 2013. The original Bangladesh Accord was in force for five years, and in 2018, a new Transition Accord was signed to continue fulfilling the same purpose as the 2013 Accord.

¹⁰⁴ Worker Rights Consortium. "Leading Apparel Brands, Trade Unions, and Women's Rights Organizations Sign Binding Agreements to Combat Gender-Based Violence and Harassment at Key Supplier's Factories in Lesotho." Worker Rights Consortium, August 15, 2019. <https://www.workersrights.org/press-release/leading-apparel-brands-trade-unions-and-womens-rights-organizations-sign-binding-agreements-to-combat-gender-based-violence-and-harassment-at-key-suppliers-factories-in-lesotho/>. Accessed 06/14/2020.

¹⁰⁵ Ibid.

¹⁰⁶ Transparency Pledge. "Importance of Transparency in the Supply Chain," November 21, 2018. <https://transparencypledge.org/importance-of-transparency/>. Accessed 06/14/2018.

¹⁰⁷ Ibid.

trust are essential to facilitate active engagement, constant transformation and smooth communications within compliance systems. More specifically, **disclosing supply chain information and improving transparency can:**

- a. “Enable garment workers, unions, and non-governmental organizations to call on the non-compliant companies to stop abuses and compensate the exploited workers.
- b. [Foster] the trust of workers, consumers, labor advocates, and investors.
- c. [Send] a strong message that the apparel company does not fear being held accountable when labor rights abuses are found in its supply chain.
- d. [Reinforce the credibility of factories’ assertions about worker-friendly production practices.]
- e. [Help to] determine whether a brand has sufficient leverage or influence in a particular factory or country to achieve remediation of worker rights abuses.
- f. Help check unauthorized subcontracting, in which factories that contract with apparel companies meet production demands by farming out some of the work, often to smaller, less regulated factories where labor rights abuses are common.
- g. [Make] it possible for apparel companies to receive credible information from workers and worker rights advocates between periodic factory audits.”¹⁰⁸

As a result of the persistent efforts of progressive labor rights NGOs and transnational advocacy networks, many important retailers like the GAP and Nike have agreed on several transparency-related measures such as **independent monitoring, divulging the locations of their supplier factors, publicizing the evaluation reports, and releasing corrective action plans to the public.**

In 2011, the *United Nations’ Guiding Principles on Business and Human Rights* recognized publishing supply chain information as a responsibility of companies.¹⁰⁹ Subsequently, collaborative business and human rights efforts, like the Corporate Human Rights Benchmark (CHRB), developed public mechanisms to measure and track the human rights practices of apparel companies, as well as those of other industries.¹¹⁰

Furthermore, over the last 15 years, many international certification systems have found ways to “wield the power and vulnerability of corporate brand names” and use “market-campaigning techniques to gain leverage over recalcitrant firms.”¹¹¹ This has made it possible for them to urge retailer firms and factories to regularly publish honest CSR data, implement internal monitoring management, and transparentize hidden factories beyond the first tier of suppliers.¹¹² The garment industry has witnessed an increasing amount of data and number of auditing reports disclosed to the wider audience, while greater transparency and external monitoring have increasingly become the norm in the industry. In 2016, nine labor-rights advocate organizations initiated the “Transparency Pledge,”¹¹³ which involved the participation of 72 signatory apparel and footwear companies.¹¹⁴ The Pledge aims to “help the garment industry reach a common minimum standard for supply chain disclosures by getting companies to publish standardized, meaningful information on all factories in the manufacturing phase of their supply

¹⁰⁸ Ibid.

¹⁰⁹ Ibid.

¹¹⁰ Ibid.

¹¹¹ Ibid.

¹¹² Ibid.

¹¹³ Transparency Pledge. “Importance of Transparency in the Supply Chain,” November 21, 2018. <https://transparencypledge.org/importance-of-transparency/>. Accessed 06/14/2018.

¹¹⁴ IndustriALL Global Union, International Trade Union Confederation, UNI Global Union, Human Rights Watch, Clean Clothes Campaign, Maquila Solidarity Network, Worker Rights Consortium, International Corporate Accountability Roundtable, and International Labor Rights Forum.

chains.”¹¹⁵ Notably, three **ABVTEX signatory members**, such as **C&A** and **Inditex** participated in the Pledge and—whether connected to this commitment or not—divulge supplier locations on their Portuguese websites.¹¹⁶ However, global adherence by ABVTEX Pledge signatories has been uneven according to a November 2019 follow-up report—C & A is “fully aligned,” while Inditex and Carrefour have signed but not disclosed any supplier information on their parent company websites.¹¹⁷ Transparency practices have brought improved compliance, efficiency, innovation, and moral values in the garment value chain, yet there is still a significant room to implement even more robust transparency practices within the apparel industry as well as more widely across firms.

Overall, *multi-stakeholderism*, as both a governance principle of joint decision-making and an administrative or operational principle, encourages civil society and labor actors, along with other non-business stakeholders, to have equal voice, vote and influence where they are in a position of low power. Transparency is an ongoing accountability mechanism, and a transparent framework is crucial for the civil society to strengthen the minority groups’ voices in the CSR structure. **Therefore, many societal, labor and non-governmental organizations are pushing for transparency within the CSR multi-stakeholder system to avoid the program becoming bureaucratic and corporate-captured.** Responding to the external pressure and potential chance for “ethical branding,” many firms have implemented some of the transparency requirements in their internal codes.

Table 6. ABVTEX Members with a Fully Certified Supply Chain that Discloses Supplier Information

| Name of ABVTEX-Retailer Brand | Supplier Information Publicly Available? | Link to Disclosed Supplier Information (if applicable) |
|--|--|--|
| Big (<i>Grupo Big</i>) | Not found | Not found |
| Big Bompreco (<i>Grupo Big</i>) | Not found | Not found |
| Bo. Bo (<i>Restoque SA</i>) | Not found | Not found |
| Brooksfield (<i>Via Veneto</i>) | Not found | Not Found |
| Brooksfield Donna (<i>Via Veneto</i>) | Not found | Not Found |
| Brooksfield Junior (<i>Via Veneto</i>) | Not found | Not Found |
| C&A | Yes | Link to Report |
| Calvin Klein Jeans (<i>PVH</i>) | Yes | Link to Report |
| Calvin Klein Underwear (<i>PVH</i>) | Yes | Link to Report |
| Carrefour | Not found | Not Found |
| Dafiti | Not found | Not Found |

¹¹⁵ Ibid.

¹¹⁶ Ibid.

¹¹⁷ Human Rights Watch, “Fashion’s Next Trend: Accelerating Supply Chain Transparency in the Apparel and Footwear Industry,” December 18, 2019, https://www.hrw.org/report/2019/12/18/fashions-next-trend/accelerating-supply-chain-transparency-apparel-and-footwear#_ftn85, and Annex II, <https://airtable.com/shrycG3YIj9wFY2lH/tbljLFp4O3qk0dmVN/viwqDL8ndd3XgcpyK?blocks=bipTM9f7Xn4HdfnXs>, both accessed June 17, 2020

| | | |
|--|-----------|--------------------------------|
| Dudalina (<i>Restoque SA</i>) | Not found | Not Found |
| Extra (<i>GPA</i>) | Not found | Not found |
| GPA (<i>GPA</i>) | Not found | Not found |
| Harry's (<i>Via Veneto</i>) | Not found | Not Found |
| Individual (<i>Restoque SA</i>) | Not found | Not Found |
| IZOD (<i>PVH</i>) | Yes | Link to Report |
| John John (<i>Restoque SA</i>) | Not found | Not Found |
| Kanui | Not found | Not Found |
| Le Lis Blanc (<i>Restoque SA</i>) | Not found | Not Found |
| Marisa | Yes | Link to Report |
| Maxxi Atacado (<i>Grupo Big</i>) | Not found | Not Found |
| Nacional (<i>Grupo Big</i>) | Not found | Not Found |
| Netshoes | Not found | Not Found |
| Pernambucanas | Yes | Link to Report |
| Renner (<i>Renner</i>) | Yes | Link to Report |
| Reserva | Not found | Not Found |
| Reserva Mini | Not found | Not Found |
| Rchlo Riachuelo | Yes | Link to Report |
| Rosa Cha (<i>Restoque SA</i>) | Not found | Not Found |
| Sam's Club (<i>Grupo Big</i>) | Not found | Not Found |
| Super Bompreco (<i>Grupo Big</i>) | Not found | Not Found |
| Todo Dia (<i>Grupo Big</i>) | Not found | Not Found |
| Van Heusen (<i>PVH</i>) | Yes | Link to Report |
| Via Veneto (<i>Via Veneto</i>) | Not Found | Not Found |
| YOUCOM (<i>Renner</i>) | Yes | Link to Report |
| Zara (<i>Inditex</i>) | Not Found | Not Found |

Source: Columbia SIPA Research Team, 2020.

6.3 Traditional Compliance Approach vs. Capacity Building Approach

A lack of worker representation and limited transparency are two fundamental criticisms of early auditing-based programs, and these critiques have informed the growth and evolution of the compliance industry from adopting the traditional compliance approach to the more comprehensive, transformational capacity-building approach. Scholars and practitioners argue that issues of non-compliance in garment factories throughout the developing world are due to a lack of “resources, technical expertise, and management systems necessary to address the root causes of compliance failures.”¹¹⁸

Nevertheless, **traditional compliance models** have only “sought to deter violations by policing and penalizing factories,” and such an approach tends to **fail to address the fundamental causes of non-compliance**.¹¹⁹ Scholars and practitioners believe that to promote complete behavioral changes in garment factories, it is necessary to provide “the skills, technology, and organizational capabilities that enable factories to enforce labor standards on their own.”¹²⁰

Furthermore, **the capacity-building approach also incorporates a “mutually reinforcing cycle”** in which investment in ensuring the rights of workers increases their efficiency and results in better quality products for the firms.¹²¹ Many international certification programs including SA8000 (*discussed in Section 7.2 Research Design: Benchmarking*) have started to integrate capability-building elements into their requirements and procedures (i.e., in the case of SA800, the management system in their Audit Manual).

Definition 4. Management System

Management System

“A management system is the way in which an organization manages the interrelated parts of its business in order to achieve its objectives. These objectives can relate to a number of different topics, including product or service quality, operational efficiency, environmental performance, health and safety in the workplace and many more.”¹²²

Unlike other more traditional compliance programs and auditing processes, which only determine if the standards, documentation and monitoring are in place, **SA8000 Auditing Manual** (*discussed in Section 7.2 Research Design: Benchmarking*) **demands the factory’s management take additional steps “regarding corrective actions, preventative measures, policies and documentation.”**¹²³ One of the most prominent features of **SA8000** certification is the requirement to build a Social Performance Team, an internal monitoring group made up by factory workers and managers that oversees the implementation of the standard, and identifies and assesses risks within the facility.¹²⁴ Additionally, the mechanism not only asks factory management for evidence of “document conformance and implementation of the standard,” but also “a written grievance procedure that is confidential and non-retaliatory.”¹²⁵ **These requirements**

¹¹⁸ Locke, Richard. “The Promise and Limits of Private Power : Promoting Labor Standards in a Global Economy,” 2013. New York: Cambridge University Press.

¹¹⁹ Ibid.

¹²⁰ Ibid.

¹²¹ Ibid.

¹²² ISO. “ISO Management system standards,” 2020. <https://www.iso.org/management-system-standards.html>. Accessed 06/14/2020.

¹²³ Niggel, John. “9 Requirements of an SA8000 Social Compliance Audit Checklist,” 2019. <https://www.intouch-quality.com/blog/9-requirements-of-an-sa8000-social-compliance-audit>. Accessed 06/14/2020.

¹²⁴ Ibid.

¹²⁵ Ibid.

demonstrate a true commitment to building proactive processes with regular monitoring and feedback loops that genuinely advance the actual outcomes and performance.

There has been a parallel, and somewhat related, trend in efforts to develop initiatives that do not measure compliance but instead **seek to promote the adoption of management systems of information-collection, record-keeping, and feedback learning loops**, whereby standard operating procedures (SOPs) are altered so that labor compliance-promoting SOPs are adopted. The International Organization for Standardization's (ISO) "Technical and Quality Management Protocols" provides a good example of a management system approach outside the social compliance standards realm that has influenced the adaptation of a labor standards-promoting management systems approach in some initiatives.

The **ISO's Management System Standards** intends to set out guidance and repeatable steps that can assist organizations in consciously managing policies and processes to improve their performance and achieve their objectives.¹²⁶ In case of guidance on social responsibility, ISO 26000:2010 specifies "the background, trends, and characteristics of social responsibility; the principles and practices relating to social responsibility; the core subjects and issues of social responsibility; integrating."¹²⁷ The guidance intends not only to encourage organizations to implement and promote "socially responsible behavior throughout the organization," but also to encourage the organizations to "go beyond legal compliance, recognizing that compliance with the law is a fundamental duty of any organization and an essential part of their social responsibility."¹²⁸ By assisting organizations in managing their policies and processes, the ISO proposes to "to create an organizational culture that reflexively engages in a continuous cycle of self-evaluation, correction, and improvement of operations and processes through heightened employee awareness and management leadership and commitment."¹²⁹ Hence, one striking feature of ISO's Management System Standards is that they create processes and information loops within the organization, and do not require any certification or monitoring for the organizations to benefit from implementing the management system standards.¹³⁰

An example of a management systems approach is **Verité's "CUMULUS Forced Labor Screen"** for firms at the top of supply chains.¹³¹ The CUMULUS program "provides member companies with shared access to a secure, online platform where they can cost-effectively map the labor supply chains of their suppliers and analyze, assess, and prioritize forced labor risks introduced by the recruitment practices of their suppliers, and their recruitment agents, in both receiving and sending countries."¹³² Besides this, Verité's member companies can also employ "previously unavailable, actionable, data-driven information from multiple sources and recommended preventive measures" to further "monitor and reduce the risks of forced labor to workers in their supply chains and support a marketplace for ethical recruitment."¹³³

Capacity building typically includes the idea of management systems as having the right processes, information collection, and information feedback loops in place, but also requires sharing technical assistance, building managerial capacity and tying its actual performance measurements in terms of

¹²⁶ ISO. "ISO Management system standards," 2020. <https://www.iso.org/management-system-standards.html>. Accessed 06/14/2020.

¹²⁷ ISO. "ISO 26000:2010 Guidance on Social Responsibility," 2017. <https://www.iso.org/standard/42546.html>

¹²⁸ Ibid.

¹²⁹ ISO. "ISO Management system standards," 2020. <https://www.iso.org/management-system-standards.html>. Accessed 06/14/2020.

¹³⁰ Ibid.

¹³¹ Verité. "Introducing CUMULUS Forced Labor Screen," 2018. <https://www.verite.org/cumulus-forced-labor-screen/>. Accessed 06/14/2020.

¹³² Ibid.

¹³³ Ibid.

compliance and upgrading of labor standards. Overall, the management system approaches employed by SA8000, ISO, and Verité set up useful capacity-building examples for ABVTEX to further improve its program performance.

6.4 Audit Fatigue

In the past two decades, the recognition of corporate social responsibility has encouraged the establishment of a number of different certification systems within the apparel industry. Nevertheless, the different certification systems tend to have a range of overlapping and sometimes even competing codes of conduct. Therefore, supplier firms often get audited multiple times on the same issues even if it is only working with one or very few brands.¹³⁴ The lack of consistency in codes of conduct has led to the burgeoning of audit duplication, which has resulted in audit fatigue and in turn has compromised the improvement of the social performance of factories.¹³⁵ The **Social Labor Compliance Program (SLCP, discussed in Section 7.2 Research Design: Benchmarking)** is one initiative trying to lead the integration of certification systems worldwide to share data, improve transparency, reduce redundant audits and promote efficiency. SLCP proposes “the Converged Assessment Framework (CAF) to collect social and labor data that can replace all current audit methodologies.”¹³⁶ This framework “consists of a Data Collection Tool and verification methodology: together, they provide the tools to produce a set of verified data on social and labor conditions in facilities.”¹³⁷ ABVTEX is currently partnering with SLCP to build the Converged Assessment Framework, and both organizations are committed to eliminate audit fatigue, promote data comparison, and free up resources for other needed improvements.

¹³⁴Mckinnon, J. “Sustainability Assessment: A Pathway to Reducing Audit Fatigue?,” 2012. <https://lup.lub.lu.se/student-papers/search/publication/3131245>. Accessed 06/14/2020.

¹³⁵ Ibid.

¹³⁶ SLCP. “What does the Social and Labor Convergence Program (SLCP) aim to achieve? What is the value of SLCP?,” 2020. <https://slcp.zendesk.com/hc/en-us/articles/360010437913-What-does-the-Social-and-Labor-Convergence-Program-SLCP-aim-to-achieve-What-is-the-value-of-SLCP>. Accessed 06/14/2020/

¹³⁷ Ibid.

7. Methodology: A multi-methods approach

In order to determine the extent to which the ABVTEX Program's Audit Manual, procedures, and current operation practices converge on international best practices in social and labor standards' monitoring and auditing schemes, the SIPA team based its research design on the elaboration of a careful benchmarking of this Program against five international certification and auditing programs. This benchmarking involved gathering data and information about the requirements on social and labor standards and procedures and operations of these certification programs, through multiple qualitative and quantitative methods and techniques such as **desk research** and **semi-structured interviews**.

The information collected for the benchmarking analysis contributed to the design of **surveys** and additional **semi-structured interviews** aimed at capturing the perceptions of ABVTEX's retailers, suppliers, and the Program's auditing firms, as well as insights of Brazilian and international academic/scholars with expertise in the field of social auditing, corporate social responsibility and labor standards. The variety of methods applied allowed the SIPA team to gain a more granular vision of how the ABVTEX Program works in practice, understand its structure and operation, how it engages different stakeholders, and the impact and influence it has and could potentially have in the garment industry in Brazil.

Before exploring the research design and methodology in detail, the team must acknowledge certain limitations and difficulties faced by our research.

7.1 Limitations & Critical Review

COVID-19 & Research Impacts

The COVID-19 pandemic represented an unprecedented and very unexpected limitation with regard to our team's ability to carry out this project. The majority of our research was to cumulate in a 10-day long trip to São Paulo, Brazil, where we hoped to conduct a series of in-person interviews and possible focus groups with a variety of stakeholders, including workers, suppliers, auditors, subcontractors, civil society organizations, and more. This trip was to have occurred approximately two months before our final report was due.

In early March, approximately one week before our planned field work, we learned that our trip had been unfortunately cancelled due to concerns about the spread of COVID-19. The last-minute nature of the cancellation, and its proximity to our final report deadline, forced us to think quickly about means to gather necessary information, albeit in a less than ideal way.

With our inability to conduct in-person interviews and meetings, the team was forced to rely more on other tools to support our research, namely surveys and remote interviews. A number of these had already been planned to feed our research, supplementing our field work, and others were added in the days following our trip cancellation. Despite our attempts to expand our survey and interview outreach over the last two months, our results were still limited given the change in regular business operations and activity priorities of stakeholders in Brazil due to the COVID-19 crisis. This critical situation, along with the team's language barrier with Portuguese, made it difficult to conduct individual remote interviews with local stakeholders without a translator present.

Research Response Bias

While the team worked to include varying opinions and stakeholders, there are certain stakeholders whose opinions are integral to these findings but who we were unfortunately unable to speak with, especially in light of COVID-19. These include: workers, labor unions, subcontractors, more retailers, government officials and key civil society organizations, all of whom we were unable to reach through surveys or phone remote interviews. We also only reached a very limited number of retailers through surveys. The team hopes that the opinions of these stakeholders are taken into account during the implementation of the suggested recommendations in this report.

Additionally, the team must acknowledge that the majority of our academic expert and literature review comes from US-based practitioners and academics often with expertise on other countries or regions outside Brazil and with U.S.- or Europe-based global social compliance initiatives, though this is complemented by the expertise of two in-country academic experts familiar with CSR and ABVTEX in particular. While this was partially the result of the team being based in the United States, it also reflected where much of the accumulated expertise and research on global social compliance that is relevant to international benchmarking resides (in addition to Western Europe).

We also want to acknowledge a possible bias with regard to Brazil's place within social responsibility (CSR) movement. While CSR first became more commonly articulated and practiced in the global North in the latter decade of the 20th century, Brazil led the way as the CSR movement become felt in Latin American in the following decade¹³⁸ A series of large national companies and multinational companies with operations in Brazil sought to introduce annual sustainability reporting and international best practices on social responsibility before counterparts across Latin America caught on. Over the years, a series of local social and environmental responsibility organizations and programs were created in Brazil, including organizations like ABVTEX. The primary focus on activities in Brazil, and in the case of garments directed toward the domestic market¹³⁹ contrasted with the more well-known and international organizations such as FLA and WRAP with their focus instead on globalized, exported-oriented apparel and other light consumer goods manufacturing in developing countries and for developed country markets. As a result of Brazil's lighter footprint in light consumer goods exporting, to this day, many of these organizations have limited operations in Brazil. WRAP, for example, does not appear to have any certified facilities in the country.¹⁴⁰ This means that in looking to benchmark internationally-recognized certification and auditing organizations, their lack of experience in Brazil and the consequent need to adapt to different conditions in Brazil—such as production for the domestic market and more active state enforcement—must be considered. That having been said, ABVTEX was quite cognizant of these issues in calling for a benchmarking study to foster greater international convergence, and, we believe a number of the best practices we garnered from these organizations are applicable within the Brazilian context, albeit with a local lens.

138 Americas Quarterly. "Why Brazil Leads The Region in CSR," 2009. <https://www.americasquarterly.org/why-brazil-leads-the-region-in-csr/>. Accessed 06/14/2020.

139 In the agriculture and extractives sectors there were homegrown initiatives but related to mostly or partially exported commodities.

140 Worldwide Responsible Accredited Program. "WRAP Certified Facility List," 2020. <http://www.wrapcompliance.org/wrap-facilities-worldwide>. Accessed 06/14/2020.

Findings and the implementation of recommendations

The team must also acknowledge the limitations facing our proposed recommendations in light of COVID-19. The tools and recommendations presented in this report originally took shape without a global pandemic in mind. We recognize ABVTEX and the greater textile industry in Brazil is facing tremendous difficulties due to the pandemic, which include but are not limited to factory shutdowns, limited ability to conduct due diligence and supply chain management. The COVID-19 crisis has also highlighted a series of issues facing this industry, specific to worker rights and protections, from unemployment benefits and healthcare, to the ability to return to work with the correct precautions and materials to keep workers safe. Although the current situation facing the world is not directly discussed in our recommendations, our conversations with ABVTEX and subject matter experts suggest that the ABVTEX Program would seek to address these considerations, and ensure suppliers are complying with regulations to protect workers amidst a worldwide economic downturn. Doing so is integral to ABVTEX's credibility as a respected, comprehensive, social auditing organization.

The aforementioned efforts, however, did not limit our ability to still conduct substantive research based on the research design and through the methods described below.

7.2 Research Design: Benchmarking

As part of the benchmarking analysis, the team conducted a stakeholder analysis, which was necessary to better understand ABVTEX Program through its stakeholders. The purpose of the stakeholder analysis was to identify how the main stakeholders can benefit the ABVTEX Program, how they are impacted by and engage with it, and what improvements those stakeholders could potentially bring to the greater goal of updating and improving the Program and converging on international best practices. Additionally, the stakeholder analysis was a necessary part of the overall analysis, in order to identify main stakeholders, including experts and scholars in the field, for further interviewing phases.

First, the team analyzed ABVTEX stakeholders with a specific focus on its **auditing bodies**, namely **SGS, Intertek, DNV DL, Bureau Veritas** and **ABNT** (See Appendix 15- Attached file). Overall, the team identified and characterized 30 main stakeholders, which represented the **public sector** (COETRAE, CONATRAE, Ministry of Labor, etc.), **civil society organizations** (Sindicato das Costureiras, InPACTO, Instituto Ethos, SOMO, etc.) **international organizations** (ILO) as well as the private sector (ABIT, COMTEXTIL, suppliers and retailers). In the process of methodologically designing the benchmarking tool to analyze the extent to which the ABVTEX Program converges on international good practices, and of understanding the field of international certification programs promoting sustainability standards, the SIPA team noticed the existence of a wide range of organizations that perform social auditing and certification services for different industries. For the purposes of this analysis, **social audits** are considered “private self-voluntary regulation” procedures, through which information is collected at factories’ workplaces, for non-governmental organizations, business associations and corporations to address and improve working conditions in these environments that are involved in a specific industry’s supply chain.¹⁴¹

¹⁴¹ Locke, Richard. “The Promise and Limits of Private Power : Promoting Labor Standards in a Global Economy,” 2013. New York: Cambridge University Press. Pg. 24.

Definition 5. Social Audit

Social Audit

It is a “private self-voluntary regulation” procedure conducted by an auditing and certification organization, through which information is collected at factories’ workplaces, for nongovernmental organizations, business associations and corporations to address and improve working conditions in these environments that are involved in a specific industry’s supply chain.¹⁴²

The creation of social auditing and certification initiatives has gone hand in hand with the development and compilation of social and labor guidelines from international organizations like the **ILO** and the **Organisation for Economic Cooperation and Development (OECD)**.¹⁴³ In particular, certification mechanisms that audit working conditions in supply chains tend to state in their regulation manuals and official sites, that their requirements are based on *the ILO Conventions and Core Labor Standards*.¹⁴⁴ In this way, social auditing and certification programs have become a form to operationalize legal regulations and norms aimed at protecting labor rights.

Also, the growth of social auditing and certification organizations has coincided with multinational corporations’ increasing adoption of their services to identify, manage and mitigate social risks in their operations. Indeed, multinational corporations were estimated to have spent \$50 billion on auditing and certification mechanisms in 2018.¹⁴⁵

These organizations have continued to evolve considerably over the last three decades, covering different industries, compliance requirements, geographies, and stakeholders. They also differ in terms of their governance and formation. Some organizations, like **Social Accountability International**, contain a multi-stakeholder approach, bringing together regulatory representatives, workers, and businesses to develop standards and monitor suppliers. Others act as liaisons between corporations and auditors, but forego worker representation.

Similarly, there are differences in terms of audit manuals and procedures. Certain organizations act as certifying bodies, checking for compliance with a previously agreed upon set of standards. Others take it a step further by not only identifying a lack of compliance, but working directly with companies to correct behavior and build capacity to enable future compliance, and enhance business overall.

However, the trends of operation of these “private voluntary self-regulatory” schemes vary in each context, market, and industry. In the case of Brazil, the garment industry market has been primarily domestic, which explains the prevalence of nationally focused governance mechanisms both through public mandatory regulation and inspection, and private voluntary self-regulation. This means that the prior dozen or so years of experience with social auditing and certification programs in global garment

¹⁴² Ibid.

¹⁴³ The OECD has a work stream on Corporate Governance, which addresses areas such as responsible business conduct and due diligence guidance for enterprises. Within the latter, the OECD has developed sector-specific due diligence guides, such as the *OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector*. This Guidance document is available in: https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector_9789264290587-en

¹⁴⁴ This is the case of international certification, accreditation and social auditing programs such as Worldwide Responsible Accredited Production, Sedex, Fair Labor Association, and Social Accountability International. Also, ABVTEX refers to some ILO Conventions and standards in its Program’s Audit Manual.

¹⁴⁵ Worker-Driven Social Responsibility Network. “What Is WSR?,” 2020. Worker-Driven Social Responsibility Network. <https://wsr-network.org>. Accessed 06/14/2020.

sectors—dating back to the 1990s— has been somewhat distant from the everyday reality of the Brazilian garment supply chain.

For this project, the SIPA team, in consultation with ABVTEX, initially identified more than a dozen international auditing, assessment and certification mechanisms and programs focused on monitoring labor and social conditions across different industries including the garment sector. These are the following:

- SA8000 Standard, by Social Accountability International.
- Worldwide Responsible Accredited Production (WRAP)
- Business Social Compliance Initiative (BSCI)
- Sedex
- Ethical Trade Initiative (ETI)
- Fairwear Foundation
- Fair Labor Association (FLA)
- Fair World Project: Guide to Fair Trade Labels
- Fairtrade-Textile Standards
- Better Cotton Initiative (BCI)
- ILO Better Work Program
- Certificação de Sustentabilidade do Couro Brasileiro (CSCB)
- Social & Labor Convergence Project (SLCP)
- The Higg Index, developed by the Sustainable Apparel Coalition
- Worker Rights Consortium
- Worker Driven Social Responsibility Network

Based on previous knowledge about the robustness of some of these international mechanisms as well as to have a diversity of schemes in our approach to social and labor issues in the garment industry, in conjunction with ABVTEX, a decision was made to prioritize: **Social Accountability International - SA8000, Sedex, SLCP, WRAP, and FLA.**

International Certification or Monitoring Mechanisms



Table 7. International Certification, Accreditation and/or Assessment Mechanisms

| Certification, accreditation or assessment programs / Criteria | Social Accountability International - SA8000 ⁱ | Sedex ⁱⁱ | Social and Labor Convergence (SLCP) ⁱⁱⁱ | Worldwide Responsible Accredited Production (WRAP) ^{iv} | Fair Labor Association (FLA) ^v |
|--|--|---|---|--|--|
| Type of certification / assessment program | Social certification program | Social certification program | Converged assessment and social certification program | Social certification program | Multi-stakeholder social certification program |
| Date of foundation | 1997 | 2005 | 2016 | 2000 | 1999 |
| Target organizations the program aims to audit | Global organizations in any industry | Global organizations across 35 industry sectors | Global apparel industry organizations | Global facilities across all industries | Global organizations in any industry |
| Nature of governing body and participation makeup | Multi-stakeholder Board of Directors, and multi-stakeholder Advisory Board (which include representatives from different industries, businesses, and academics). | Multi-stakeholder Board of Directors that comprises up to 14 directors. Nine are elected Member Directors, four are independent Non-Executive Directors and one is an Executive Director. | Multi-stakeholder Council but mainly industry-led initiative. ^{vi} | Non-industry affiliated Board of Directors | Multi-stakeholder initiative involving companies, NGOs representing workers, civil society organizations, colleges and universities ^{vii} |
| Certification history in Brazil (Organizations certified) | 17 certified organizations (as of 2018) ^{viii} | 4,264 organizations have been certified in Latin America (as of 2014). ^{ix} However, information by country is not publicly available. | 2 organizations ^x | None currently ^{xi} | None currently ^{xii} |

Source: Columbia SIPA Research Team, 2020, based on information of the mentioned International Certification, Accreditation and/or Assessment Mechanisms.

**Note: Additional information of each of this international certification mechanism can be found in Appendix 13.*

ⁱ Social Accountability International. "Guidance Document for Social Accountability 8000 (SA8000®:2014)," May 2016, 138. <https://sa-intl.org/wp-content/uploads/2020/02/SA8000-2014-Guidance-Document.pdf>. Accessed 06/14/2020.

ⁱⁱ Sedex. "Sedex Members Ethical Trade Audit," 2020. <https://www.sedexglobal.com/smeta-audit/>. Accessed 06/14/2020.

ⁱⁱⁱ Social and Labor Convergence Project. "Data Collection and Verification Tool," 2020. <http://slconvergence.org/wp-content/uploads/2017/11/SLCP-Proto2-All-questions-displayed-1.-Data-Collection-and-Verification-Tool.pdf>. Accessed 06/14/2020.

^{iv} Worldwide Responsible Accredited Production. "Certification Program," 2020. <http://www.wrapcompliance.org/en/certification>. Accessed on 06/14/2020.

^v Fair Labor Association. "FLA Workplace Code of Conduct. <https://www.fairlabor.org/our-work/labor-standards>

^{vi} SLCP is an industry-led initiative, as its unified assessment framework for labor conditions in the garment and footwear sector was collectively developed by over 100 brands. Source:

Alexander, Rachel, Sarah Ashwin, Nora Lohmeyer, and Elke Schüßler. "Analysing the Evolving Texture of Transnational Industrial Relations: Opening the Black Box of Interfirm and Firm-Union Relationships in the Global Garment Industry," June 2017.

https://www.researchgate.net/publication/319490350_Analysing_the_Evolving_Texture_of_Transnational_Industrial_Relations_Opening_the_Black_Box_of_Interfirm_and_Firm-Union_Relationships_in_the_Global_Garment_Industry/citations. Accessed 06/14/2020.

^{vii} As opposed to SLCP, FLA is a society-led initiative since labor unions are counted as members and these have decision-making power in the governance structure. FLA's Board of Directors of the Association, which has decision-making power, consists of an even distribution (six each) of representatives from businesses, labor unions and NGOs, and college and university representatives. Sources: Alexander, Rachel, Sarah Ashwin, Nora Lohmeyer, and Elke Schüßler. "Analysing the Evolving Texture of Transnational Industrial Relations: Opening the Black Box of Interfirm and Firm-Union Relationships in the Global Garment Industry," June 2017.

https://www.researchgate.net/publication/319490350_Analysing_the_Evolving_Texture_of_Transnational_Industrial_Relations_Opening_the_Black_Box_of_Interfirm_and_Firm-Union_Relationships_in_the_Global_Garment_Industry/citations. Accessed 06/14/2020.

^{viii} Social Accountability Accreditation Services. "SA8000 Certified Organizations," 2020.

http://www.saasaccreditation.org/sa8000_certified_organisations_pie_chart_by_country. Accessed 06/14/2020.

^{ix} Sedex. "Latin America Briefing: January 2014," 2014. <https://www.sedex.com/wp-content/uploads/2016/09/Sedex-Briefing-Latin-America.pdf>. Accessed 06/14/2020.

^x SLCP. "Signatories list," 2018. <https://slconvergence.org/signatories/>. Accessed 06/14/2020.

^{xi} Worldwide Responsible accredited Program. "Certified Facility List," 2020. <http://www.wrapcompliance.org/wrap-facilities-worldwide>. Accessed 06/14/2020.

^{xii} Fair Labor Association. (2019). "Participating Companies and Suppliers," 2020.

<https://www.fairlabor.org/affiliates/participating-companies>. Accessed 06/14/2020.

In addition to selecting the international certification, accreditation and/or assessment mechanisms against which the ABVTEX Program was going to be benchmarked, the SIPA team designed a matrix to conduct the benchmarking analysis (see Appendix 15 – Attached file). This matrix has two sections or dimensions of analysis: 1) The compliance criteria included in the manuals and guidelines of each mechanism, and the means to verify these; and 2) The operations and procedures of each mechanism, which refers to how the mechanisms function and how they are structured. Each section includes a set of criteria categories that was analyzed across the five international certification and/or assessment mechanisms and the ABVTEX Program. Where possible, the examination of what was publicly available on the websites of these organizations was supplemented with interview insights from unaffiliated experts and current or former staff of these organizations as well as any specific discussions or critiques in the literature. The categories of the criteria for each section of analysis were the following:

Table 8. Criteria Analyzed in Benchmarking

| Compliance criteria | Operations and procedures of each mechanism |
|---|--|
| <ul style="list-style-type: none"> ● Legal registration of the company ● Recruitment and hiring practices ● Working conditions <ul style="list-style-type: none"> ○ Training provided to employees ○ Wages and additional benefits ○ Harassment and abusive treatment ○ Forced labor ○ Child labor ○ Migrant labor ○ Discrimination ○ Freedom of association and collective bargaining rights ○ Working hours ○ Occupational health and safety ○ Communications between supplier and employees ● Supply chain monitoring and subcontracting ● Transparency and anticorruption ● Policies and procedures to monitor compliance with codes of conducts or certification standards ● Grievances and complaints mechanisms | <ul style="list-style-type: none"> ● Type of organization that owns the certification program ● Location of operation ● Auditing/verification entity ● Validity period of the certification ● Time-frame/stages to obtain the certification/accreditation ● Target organizations to be audited ● Rating system ● Risk assessment mechanisms ● Punishments for non-compliance ● Scheduling of audits ● Interviews and visits to facilities ● Auditors’ qualifications and training ● Cost of the certification ● Transparency ● Governance |

Source: Columbia SIPA Research Team, 2020.

Once the SIPA team collected the information on each criteria category for each of the certification and/or assessment mechanisms -including the ABVTEX Program- and included it in the benchmarking matrix, we conducted a cross-mechanism comparison between the content of each criteria. Based on this comparison, the SIPA team proposed key recommendations regarding specific items that ABVTEX could consider including and/or addressing in their Program, for it to converge on international good practices regarding the protection of social and labor standards.

7.3 Interviews

The Columbia SIPA team initially planned to interview representatives from three main categories, whose insights and inputs were and are considered relevant for the evolution of the ABVTEX Program (See table 9).

Table 9. Three Main Categories of Interviewees

| DIRECT PARTICIPANTS IN THE ABVTEX PROGRAM | ABVTEX STAKEHOLDERS | ACADEMIC SCHOLARS, ANALYSTS, PRACTITIONERS |
|--|--|--|
| <ul style="list-style-type: none"> ● ABVTEX management team ● ABVTEX member retailers ● Suppliers and subcontractors of ABVTEX member retailers ● Program’s auditing firms | <p>Organizations who currently participate in the ABVTEX Consultative Council or who could participate in it, such as:</p> <ul style="list-style-type: none"> ● Other industry-specific business associations. ● Labor unions ● ILO ● Relevant NGOs ● Academic institutions, etc. ● Government institutions. | <ul style="list-style-type: none"> ● Scholars, analysts and practitioners or former practitioners in the field of CSR, enterprise voluntary regulation frameworks, and in the international and Brazilian garment industry. |

Source: Columbia SIPA Research Team, 2020.

The process of design and application of interviews included three main parts:

- 1. Design of semi-structured interview guides:** Based on the three main categories of interviewees, the SIPA team initially designed semi-structured interview guides for ten different groups of actors: **1)** ABVTEX management team (See appendix 5); **2)** ABVTEX member retailers (See appendix 6); **3)** Auditing firms that audit the compliance with the ABVTEX Program’s Manual (See appendix 7); **4)** International Certification Mechanisms (See appendix 8); **5)** International and Brazilian academic scholars and analysts with expertise in the field of CSR, enterprise voluntary regulation frameworks, and on the international and Brazilian garment industry (See appendix 9); **6)** Other civil society organizations such as business associations and NGOs (See appendix 10); **7)** Suppliers of ABVTEX member retailers (See appendix 11); **8)** Subcontractors of ABVTEX member retailers and suppliers (See appendix 12); **9)** Public sector institutions (See appendix 13); and, **10)** Labor unions (See appendix 14). However, due to the limitations mentioned above, in the end the SIPA team was able to interview representatives only from the first six groups. The final interview questionnaires were tailored to the nature of each actor and its length depended on the time each interviewee had available. Despite not being able to interview suppliers, subcontractors, public sector officials, and labor union representatives, the team included the guides designed to interview these four groups of stakeholders in appendices 11-14, as these could be useful for future assessments of the ABVTEX Program.

2. Collection of information: The SIPA team conducted interviews of the following 22 individuals:

Table 10. List of Interviewees

| INTERVIEWEES IN BRAZIL | INTERVIEWEES LOCATED INTERNATIONALLY |
|--|--|
| <p>ABVTEX Management team:</p> <ul style="list-style-type: none"> • Edmundo Lima, ABVTEX Executive Director, São Paulo • Angela Bozzon, ABVTEX Program Manager, São Paulo <p>ABVTEX MEMBER Retailers:</p> <ul style="list-style-type: none"> • Pernambucanas, member retailer of ABVTEX, Recife, State of Pernambuco <p>ABVTEX Program’s auditing firms:</p> <ul style="list-style-type: none"> • Tatiane Nunes, INTERTEK, (multinational auditing company with operations in Brazil) • Gustavo Queiroz, SGS (multinational auditing company with operations in Brazil). <p>Academics and practitioners:</p> <ul style="list-style-type: none"> • João Paulo Cândia Veiga, Universidad de São Paulo • Fernanda Gabriela Borger, Universidad de São Paulo • Kátiuscia Galhera, Universidade Federal da Grande Dourados <p>Business associations:</p> <ul style="list-style-type: none"> • Camila Zelezoglo, Brazilian Textile and Apparel Industry Association - ABIT | <p>Academics and practitioners</p> <ul style="list-style-type: none"> • Deborah Leipziger, Director for Social Accountability International • Natasja Sheriff, Senior Program Manager at NYU Stern Center for Business & Human Rights • Richard Locke, Schreiber Family Professor of Political Science and International and Public Affairs, Brown University • Mark Anner, Associate Professor of Labor and Employment Relations and Political Science, Pennsylvania State University. • Shareen Hertel, Professor in the Department of Political Science, University of Connecticut • Joanne Bauer, Adjunct Professor at the School of International and Public Affairs, Columbia SIPA • Auret van Heerden, Senior Advisor at the NYU Stern Center for Business and Human Rights, former FLA president. <p>Current and former representatives of international certification programs, monitoring mechanisms, and accreditation organizations:</p> <ul style="list-style-type: none"> • Marco Perez, Accredited Auditor, BSD Consulting / Social Accountability Accreditation Services (SAAS) • Holly Menezes, Senior Communications & Stakeholder Engagement Manager, Social Labor Convergence Program (SLCP) • Christopher Lamoureux Manager and Policy and Stakeholder Engagement, SA8000 • Clay E. Hickson, Senior Vice President, Worldwide Responsible Accredited Production (WRAP) |

Source: Columbia SIPA Research Team, 2020.

3. Thematic Coding and analysis: The Columbia SIPA team analyzed the interviewees responses through conducting a thematic coding based on key categories and terms that interviewees referred to the most in their discourse. Some of these key coding categories where the following:

- Auditing mechanisms
- Labor regulations
- Governance
- Transparency
- Public Private synergy
- Multi-stakeholder
- Retailers and suppliers
- Workers
- Buyers
- Compliance
- Checklist and capacity-building approach
- Social auditing
- Certification
- Corporate social responsibility

7.4 Surveys

The Columbia SIPA team created anonymous online surveys in Portuguese designated for three different groups of participants in the ABVTEX Program: member retailers, suppliers and the Program's auditing firms. Each survey was designed to gain a better understanding of the participants' perceptions about how the ABVTEX Program functions in practice, its impacts, and areas for potential improvement.

A portion of the survey questions were adapted from a **2016 supplier survey developed by Rita Moro** at the Universidade de São Paulo as part of her own research on CSR in the garment value chain.¹⁴⁶ Moro's survey included detailed questions about the ABVTEX Program with a focus on auditing procedures and retailer familiarity with compliance criteria, among other topics.¹⁴⁷

The team's surveys covered a wide range of topics with the goal of understanding the relationships between the ABVTEX Program, auditors, retailers, suppliers, and subcontractors. The surveys were developed in English and later revised and translated to Portuguese with the help of Professors Martin, Veiga, and Borger. The edited and translated surveys were input into Qualtrics, a data gathering and survey platform through which respondents filled out the survey. All surveys were made anonymous and without firm identifiers to maximize respondent openness and comfort when discussing sensitive topics. The link to the surveys was sent by ABVTEX directly to all the retailers, suppliers and auditors in their database.

We recognize that the number of our replies might have been affected by the impact of the global pandemic, and we are therefore particularly content with the response rate of auditors and suppliers. We also must acknowledge that due to the surveys being sent through ABVTEX's internal email communication tool, combined with the anonymization of the survey, we are unable to determine if certain firms replied more than once. For the five auditing firms, who responded, however, the data captures responses from both firm executives/managers as well as in-house or consultant auditors, who self-identify into these respective categories.

¹⁴⁶ **Please see full report:** Moro, Rita de Cássia Lopes. "Responsabilidade social na cadeia de fornecedores do varejo de vestuário de moda: estudo de múltiplos casos." Text, Universidade de São Paulo, 2016. <https://doi.org/10.11606/D.100.2016.tde-26112016-204057>. Accessed 06/14/20.

¹⁴⁷ Ibid.

- The **Suppliers Survey** consisted of 59 questions with the aim to understand how suppliers view the ABVTEX Program and auditing procedures - how they relate to ABVTEX and the impact of ABVTEX on their businesses (See Appendix 2). The survey included profile questions, program impact assessment questions as well as questions related to the evaluation of the ABVTEX Program. The team was able to collect **119 responses from suppliers**, which demonstrated the highest nominal response rate among the total survey respondents.
- The **Retailers Survey** consisted of 48 questions with the similar aim to understand how retailers view the ABVTEX Program and auditing procedures - how they relate to ABVTEX, their understanding of the ABVTEX criteria, and the impact of ABVTEX on their business. The final response rate was quite low, with only four retailers who participated in the survey (See Appendix 3). The responses here must be treated as qualitative inputs along with the retailer semi-structured interview the team conducted.
- The **Auditors Survey** was more in-depth, thanks, in part, to our prior interviews with two ABVTEX auditing bodies. The team developed this 36-question survey to understand how audit firms view the ABVTEX auditing procedures, and their understanding and perception of effectiveness in deploying these procedures as laid out by the Auditing Manual (See Appendix 4). The survey paid particular attention to auditors' views on training provided by ABVTEX, and identified the potential gaps or lack of convergence in the training program. The team was able to collect **46 responses** from the auditors and audit company managers, spanning most or all the five organizations.

8. Findings

As mentioned in the methodology section, multiple methods were applied to assess the ABVTEX Program, including surveys to retailers, suppliers and auditing firms, interviews with key stakeholders, and desk research. Based on these, four categories of analysis were identified: **Criteria and requirements for compliance, Operations and procedures, Stakeholder engagement**. The definitions of these four categories and a broad overview of the main findings for each of them are provided below, which is then followed by a more detailed explanation of the findings for each category:

- I. **Criteria and requirements for compliance:** This category refers to the specific requirements that companies should comply with regarding a set of criteria categories about working conditions, supply chain monitoring, grievance mechanisms, occupational health and safety, among others. In the case of the ABVTEX Program these criteria are included in the Audit Manual,¹⁴⁸ and also in the checklist,¹⁴⁹ that ABVTEX provides to auditing firms. As indicated above, the level of compliance with these requirements is what determines whether a company is certified by a certification mechanism. Besides the specific requirements, this category also refers to the means of verification that auditing firms or assessment bodies employ to verify the compliance of companies with the specific requirements.

ABVTEX's Audit Manual's categories generally align with the international certification mechanisms. Compared to other international certification standards, the ABVTEX Program stands out with its firm commitment to ending the forced labor condition in the garment supply chain. Nevertheless, while other international certification standards address the overtime work, remunerations, discrimination and harassment issues in greater detail -- paying attention to workers' psychology during the auditing procedures, and integrating training, capacity-building and management system approach as requirements for compliance -- the ABVTEX certification criteria seem to remain on the check-list level. In other words, there is **insufficient emphasis on nurturing an organizational culture that encourages the firms to spontaneously implement the social responsibility and address organizational or managerial shortcomings that may be underlying causes of weak or non-compliance, including weak mechanisms for worker voice**.

- II. **Operations and procedures:** This category refers to how the certification or assessment program is structured, how it functions and what are its broad procedural characteristics.

Like many other CSR initiatives, ABVTEX attempts to adopt multi-stakeholder principles by creating the Consultative Council, which includes non-industry and non-business representatives on its governing body. The Consultative Council is an excellent channel for retailers to hear the opinions of suppliers, NGOs, civil society, and the public sector. These stakeholders, however, do not have any decision-making power within the Program and have a strictly advisory or outreach function, so several experts question **whether the existing governance structure is inclusive enough**. Some interviewees also expressed **concerns over potential conflicting interests, with the lack of alignment between social compliance expectations of suppliers and the purchasing practices of brands, and the cost-burden distribution of social compliance programs in general**. The stated concerns may run the risk of eroding the independence and transparency of the ABVTEX Program.

¹⁴⁸ ABVTEX. "Audit Manual: ABVTEX Program," July 2019. Version 3.0.

¹⁴⁹ ABVTEX. "Checklist Aplicável ao Fornecedor ou Subcontratado," 2019 Versão 3.02. <https://www.abvtex.org.br/checklist/>. Accessed 06/14/2020.

- III. **Stakeholder engagement:** This category refers to the capacity of the certification program or assessment to involve other stakeholders in its governance structure, their participation in consultations to improve the program, and their awareness with regards to the principles and the standards the Program aims to promote.

As mentioned previously, ABVTEX has already established a multi-stakeholder governance body to engage with more non-industry leaders, although no external stakeholders have decision-making power. Since its establishment, ABVTEX has been facilitating public-private partnerships, actively promoting conversation and participation between internal participants and external stakeholders, and raising public awareness about ethical fashion practices. However, despite the critical importance of workers' voices to ensure the protections of their rights, **the existing ABVTEX Program does not have a formal mechanism to represent workers beyond through the participation of labor unions and civil society organizations in the Consultative Council.** In terms of compliance and auditing processes, experts suggest that the involvement of workers should go beyond participation in standard interviews, and that **they should be encouraged to participate in the development of remediation plans, joint problem-solving mechanisms, and other program components.**

- IV. **Influence and impact on the apparel industry:** This category refers to the capacity that ABVTEX and the Program have to effectively impact the apparel industry in terms of effectively addressing labor and social issues. Also, this category includes challenges in the industry that may affect ABVTEX's capacity to expand and use their influence to address labor and social issues.

ABVTEX represents a significant percentage of the apparel market and supply chains. The Program has generated positive business impacts on both retailers and suppliers, and it maintains considerable influence on promoting standards of responsible conduct in the industry's supply chains. Nevertheless, there are opportunities for ABVTEX to improve and simplify its cost-sharing structure for suppliers. Furthermore, external factors such as the significant geographical divergence of garment factories and the current political climate in Brazil may all pose challenges for ABVTEX to expand its influence further.

In summary, although ABVTEX is a longtime leader in ethical fashion practices in the Brazilian garment industry, **existing power inequalities between workers, suppliers and retailers could be better addressed to gain greater international recognition.** It is important to note that these findings should be considered as descriptive insights, as some of the data collected is not statistically robust in terms of the representativeness of the sample and other limitations explained in the methodology section.

8.1 Criteria and Requirements for Compliance

The ABVTEX Program has proved to be a structured and formal initiative. The Program has formal documentation containing general regulations,¹⁵⁰ an Audit Manual,¹⁵¹ and a *code of conduct*,¹⁵² all of which were made available for this research. Our review of criteria and requirements pertains most squarely to ABVTEX's Audit Manual, in which compliance criteria and verification mechanisms are listed under thematic headings. Our analysis for this category relies most heavily on our benchmarking of the

¹⁵⁰ ABVTEX. "General Regulations of the ABVTEX Program," August 2019. Version 3.0.

¹⁵¹ ABVTEX. "Audit Manual: ABVTEX Program," July 2019. Version 3.0.

¹⁵² ABVTEX. "Código de Conducta" 2020. <https://www.abvtex.org.br/codigo-de-conduta/>. Accessed 06/14/2020.

ABVTEX Program against **SA8000, Sedex, SLCP, WRAP** and **FLA** certification programs, and also to some extent on standards and guidelines set by the **ILO** and **OECD**.

The ABVTEX Program Manual's definition for certain criteria is generally in line with both international standards, and that of the benchmarked organizations. However, there are **still many opportunities to improve the robustness of requirements and means of verification to better prevent, identify, sanction and remediate potential labor and social risks throughout garment supply chains**. This conclusion was reached based on some significant differences identified regarding requirements and means of verifying compliance within certain criteria between the ABVTEX Program and relevant international good practices, and existing Brazilian labor regulations excluded from the Program's Manual. It is important for ABVTEX to keep in mind that in cases in which national legislation is less stringent than international standards, companies should uphold international standards, and in cases in which national legislation is more stringent than international standards, companies should defer to national law.¹⁵³

That being said, our key findings with regard to these criteria categories and means of verifying companies' compliance with them are presented below, under thematic headings commonly found across the benchmarked certification programs.

A) *Company Formalization*

- **Legal Registration**

ABVTEX is in line with the international certification mechanisms with regard to the compliance requirements about companies' formal constitution and legal registration in the location where they operate. Companies should be registered and legally constituted in accordance with the local regulations and laws. In terms of the means to verify companies' compliance with this item, the ABVTEX Program is strict in requesting from suppliers a set of official documents to verify the legal condition of the company, such as corporate taxpayer identification, commercial registry confirmation, and possession of a valid municipal license. However, Sedex pays particular attention to verifying the audited company's compliance with this requirement, through legal documents related to land rights, such as the company's ownership or rental (lease) of land.

Despite this requirement being seen as a potential incentive for informal businesses and workshops to become legally formal in order to be certified by ABVTEX, the Association could consider implementing actions that go beyond a checklist approach, to address the issue of business informality in the garment industry. Business informality exacerbates the risks of human rights and labor abuses across supply chains - particularly when it refers to home work activity¹⁵⁴ and "[l]egal identity and recognition of 'worker status' and/or 'entrepreneur status' are often necessary first steps for the formalization of workers in the industry."¹⁵⁵ To that point, the SIPA team outlines some recommendations in this regard in section nine of this report, which could increase ABVTEX's impact in promoting sustainable and formal supply chains by adopting a capacity-building approach as opposed to an exclusively checklist approach in its intervention.

¹⁵³ Organisation for Economic Cooperation and Development. "OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector," 2018. https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector_9789264290587-en. Accessed 06/14/2020.

¹⁵⁴ Ibid.

¹⁵⁵ Ibid.

B) Working Conditions

● Wages and Additional Benefits

The ABVTEX Program monitors wages paid to suppliers' workers to ensure they are appropriate based on their position and working hours in accordance with the minimum wage established by law, or as defined in **Collective Labor Agreements** or **Collective Bargaining Agreements**. ABVTEX relies predominantly on payroll receipts to monitor this. Other certification programs also have certain standards requiring employees be told of their rights to minimum compensation, and employ additional monitoring standards including visually checking to see when workers arrive and leave their place of work. Additionally, the Program does not appear to have a requirement that firms share their annual revenues (results) and/or profits with their workers (known as *participação nos lucros e resultados* or PLR in Brazil), and the mechanism to determine the overall amount of gainsharing/profit-sharing payments per category of employee, which is required by the Brazilian law.¹⁵⁶

SA8000 and Sedex pay more attention to different methods used to determine payments to workers (hourly vs. piecework) to ensure that suppliers are truly meeting legal minimum wage and overtime payment requirements, which ABVTEX does not. Lastly, four out of the benchmarked five certification programs (SA8000, Sedex, SLCP, and FLA) include requirements to ensure that **workers not only earn a minimum legal wage but also a living wage** in the sense that compensation should be sufficient to meet workers' basic needs and provide some discretionary income. FLA even provides assistance to help suppliers take appropriate actions that seek to progressively realize a level of compensation that accomplishes these goals. FLA has a detailed **Fair Compensation Strategy** and toolkit that outlines a methodology for wage calculation based on workers' needs that goes beyond relying upon the national minimum wage.¹⁵⁷ The **OECD** also mentions living wage guidelines in its **Due Diligence Guidelines for Responsible Supply Chains in the Garment Industry**.¹⁵⁸ At the domestic level, the requirement to set the legal minimum wage based on such criteria is prescribed in **article 7 Num. 4 of the Federal Constitution**,¹⁵⁹ and in **articles 76 and 81 of the Brazilian Labor Code**.¹⁶⁰ In the case of the ABVTEX Program, the Manual requirement refers to the suppliers' and subcontractors' obligation to pay the minimum legal wage, but it does not specify that it should be a living wage. Based on this legal framework, and given that according to the **Inter-Union Statistics and Socioeconomic Studies Agency (Departamento Intersindical de Estatística e Estudos Socioeconômicos)** the current minimum wage (as it stood in November 2019) is less

¹⁵⁶ Presidência da República. Casa Civil. Subchefia para Assuntos Jurídicos. Law 10.101, 2000 "Prescribes the participation of workers in the profits or results of the company and additional provisions."
http://www.planalto.gov.br/ccivil_03/leis/l10101.htm. Accessed 06/14/2020.

¹⁵⁷ Fair Labor Association. "The Fair Labor's Association 2020 Fair Compensation Strategy," 2020.
https://www.fairlabor.org/sites/default/files/documents/reports/fair_comp_strategy_2020.pdf. Accessed 06/14/2020.

¹⁵⁸ Organisation for Economic Cooperation and Development. "OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector," 2018. https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector_9789264290587-en. Accessed 06/14/2020.

¹⁵⁹ According to article 7 Num. 4 of the 1988 Federal Constitution "The following are rights of urban and rural workers, among others that aim to improve their social conditions: (...) 4. nationally unified **minimum wage**, established by law, capable of **satisfying their basic living needs and those of their families** with housing, food, education, health, leisure, clothing, hygiene, transportation and social security, with periodical adjustments to maintain its purchasing power, it being forbidden to use it as an index for any purpose."

¹⁶⁰ Article 76 of the Brazilian Labor Code prescribes "Minimum wage is the minimum compensation due and paid directly by the employer to every worker, including rural workers, regardless of sex, for a normal day of service, and **capable of satisfying, at a certain time and region of the country, the normal needs of food, housing, clothing, hygiene and transportation**. Article 81 of this same Code prescribes "The minimum wage will be determined by the formula $S_m = a + b + c + d + e$, in which "a", "b", "c", "d" and "e" represent, respectively, **the value of daily expenses such as food, housing, clothing, hygiene and transportation necessary for the life of an adult worker.**"

than 25% of what it takes to buy a basic basket of food items,¹⁶¹ it would be important for ABVTEX to consider including in the Program's requirements these two characteristics of wages.

Finally, regarding social benefits and allowances, international certification programs such as Sedex and FLA include in their verification criteria workers' awareness of the maternity and paternity leaves benefits and also employers' obligation to abide by all protective provisions concerning these rights. From the national perspective, *the 1988 Federal Constitution of Brazil* and the *Labor Code* set forth maternity and paternity leaves, as well as established paid breaks and time off for healthcare for expectant mothers and lactation purposes.¹⁶² Nevertheless, although the Program's Manual includes in the means of verification of eventual discrimination the analysis of records of women under maternity leave and lactation period, and interviews with pregnant and lactating women to monitor how they are being treated, the Manual does not define maternity and paternity leaves as social benefits and rights of all workers. Instead, the Manual refers to these benefits in a general way. Thus, the detailed verification of the extent to which the supplier/subcontractor complies with all the specific workers' social benefits and allowances relies on the auditor's judgment and knowledge of all labor rights and obligations.

Besides the aforementioned social benefits, the ABVTEX Program looks at the companies' procedures with regard to their obligation to pay the severance allowance to workers - equivalent to 8% of each employee's monthly compensation- through their *Guarantee Fund for Length of Service (FGTS)*, in accordance with the *Federal Constitution, Law 8.036 of 1990 and Decree No. 99.684 of 1990*.¹⁶³ Thus, the Program's Manual is partially in line with the benchmarked international certification programs, as it monitors some compensation requirements established by the local law in terms of wages (minimum legal wage) and certain allowances and social benefits. However, the Manual could specify more other allowances and benefits, or at least make sure that auditing firms know the detailed labor obligations and procedures that employers have to comply with in this regard.

- **Harassment and Abusive Treatment**

ABVTEX's harassment definition is broken down into three categories: general abusive conduct, sexual harassment, and moral harassment.¹⁶⁴ ABVTEX's requirement regarding the general prohibition of physical, verbal and psychological abuse and harassment at workplaces is also set forth by the other benchmarked certification programs. However, in comparison to these benchmarked programs, ABVTEX includes more detailed definitions of what constitutes harassment in the workplace, sexual harassment, and moral harassment.¹⁶⁵

Sexual harassment is the only type of harassment cited in the Program's Manual that includes a legal basis (**article 216-A of the Brazilian Criminal Code**), whereas moral harassment and the general concept of

¹⁶¹ Departamento Intersindical de Estatística e Estudos Socioeconômicos -DIEESE. "Análise Cesta Básica - Salário Mínimo Nominal e Necessário," Novembro/2019. <https://www.dieese.org.br/analisecestabasicas/salarioMinimo.html>. Accessed 06/14/2020.

¹⁶² Article 7 of the 1988 of the Federal Constitution of Brazil elevates rights of maternity and paternity leaves to the constitutional level. These rights are specified in detail in articles 391 to 400 of the Brazilian Labor Code covering the protection of pregnant women, the right to maternity leave and lactation legal dispositions.

¹⁶³ The right to severance allowance is set forth in Article 7 Num. 1 and 3 of the 1988 Federal Constitution, and article 3 of the Decree No.99.684 of 1990, which consolidates the regulations of the Guarantee Fund for Length of Service (FGTS). Law 8.036 of 1990 regulates the Guarantee Fund for Length of Service (FGTS) and prescribes additional provisions.

¹⁶⁴ Moral harassment is also known as psychological harassment. In Brazil it is known as "assédio moral."

¹⁶⁵ ABVTEX. "Audit Manual: ABVTEX Program," July 2019. Version 3.0. Pg. 37 & ABVTEX. "Regulamento e Políticas," 2017. Pg. 37.

harassment are defined by ABVTEX without including any legal or technical reference. In practice, labor prosecutors in filing lawsuits (*Ações Cíveis Públicas*, or ACPs) and labor courts in rulings have interpreted the legal concept broadly to encompass workplace behaviors (not restricted just to supervisors against subordinates) such as overloading a subordinate with tasks, ignoring employees, spreading rumors or using demeaning nicknames, denying bathroom breaks, and forcing employees to engage in humiliating rituals unrelated to work such as group cheers.¹⁶⁶ Despite the referenced domestic legal basis, the concrete legal definition of sexual harassment in Brazil is still limited with regard to the scenarios of possible individuals' relationships in which this conduct can occur. According to *the article 216-A of the Brazilian Criminal Code*, sexual harassment only occurs when an individual who has a superior hierarchical or influential position, uses this condition as an advantage to obtain sexual favors from subordinates or dependents. However, beyond what *the Criminal Code* states, and based on the criteria of the benchmarked certification programs, harassment and abusive treatment are behaviors that can occur between individuals that have any type of relationship: subordinated (vertical) or unsubordinated (horizontal). For instance, according to WRAP, harassment and abusive treatment can be a supervisor or co-worker behavior.

The ILO and OECD conceptual definitions of harassment and violence within the workplace are also in line with this more broadened characteristic of the individuals' relationships in which harassment and abusive treatment can occur.¹⁶⁷ According to *article 1.a of the ILO Violence and Harassment Convention (No. 190)*,¹⁶⁸ the terms violence and harassment in the world of work refer to a range of unacceptable behaviors and practices, or threats thereof, whether a single occurrence or repeated, that aim at, result in, or are likely to result in physical, psychological, sexual or economic harm, and includes gender-based violence and harassment.¹⁶⁹ This convention refers to these conducts "occurring in the course of, linked with or arising out of work: (a) in the workplace, including public and private spaces where they are a place of work; (b) in places where the worker is paid, takes a rest break or a meal, or uses sanitary, washing and changing facilities; (c) during work-related trips, travel, training, events or social activities; (d) through work-related communications, including those enabled by information and communication technologies; (e) in employer-provided accommodation; and (f) when commuting to and from work."¹⁷⁰ Therefore, there is a clear opportunity for ABVTEX to update its Manual's harassment and abusive treatment thematic block in accordance to international standards and good practices from other certification programs and guidelines.

Another key finding regarding this harassment and abusive treatment compliance criteria is that ABVTEX only includes in its Manual requirements and means of verification for the auditor to identify whether harassment or abusive disciplinary practices have occurred or if complaints of these conducts have been filed. However, the *OECD Guidelines* and other benchmarked certification programs also include

166 See, for instance, Nogueira e Beck Advogados. "Sete Principais Dúvidas sobre o Assédio Moral no Ambiente de Trabalho," 2017. <https://nobeadvogados.jusbrasil.com.br/artigos/511045295/7-principais-duvidas-sobre-o-assedio-moral-no-ambiente-de-trabalho>, accessed June 18, 2020.

167 Organisation for Economic Cooperation and Development. "OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector," 2018. https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector_9789264290587-en. Accessed 06/14/2020.

168 This Convention was adopted by the ILO in June, 2019 and has not yet been ratified by Brazil. However, the SIPA team encourages ABVTEX to follow and base its Program's requirements on the most protective, and stringent labor and human rights standards, including those set forth by the ILO that Brazil has not yet incorporated to the national legal system.

169 International Labour Organization (ILO). "Violence and Harassment Convention (No. 190)," 2019. https://www.ilo.org/dyn/normlex/en/f?p=1000:12100:0::NO::P12100_INSTRUMENT_ID,P12100_LANG_CODE:3999810,es:NO. Accessed 06/14/2020.

170 International Labour Organization (ILO). "Violence and Harassment Convention (No. 190)," 2019. Article 3.

requirements and means of verification to prevent, mitigate, and track (verify and monitor) the potential occurrence of harassment and abusive treatment, and provide or co-operate in the development of remediation measures where possible.¹⁷¹ WRAP, for example, includes a standard requiring evidence that anti-harassment and abuse policies be communicated to workers, and the encouragement for workers to report instances of abuse without fear of retribution. Sedex, for instance, verifies that companies have legally required types of internal committees to address sexual harassment, and health and safety, among other issues.

- **Discrimination**

The definition of discrimination included in the Program’s Manual is based on the *ILO Standards (Convention No.111)*,¹⁷² and it is also in line with *Articles 5 and 7 of the Federal Constitution of Brazil*, as well as *article 373-A of the Labor Code*. However, among the benchmarked certification programs, Sedex goes a bit beyond these ILO and domestic law standards, as it includes other categories based upon which discrimination could happen, such as marital status and type of employment contract. The latter is relevant given the range of non-standard types of contracts allowed by the 2018 labor law reform, such as part-time, fixed-term, and “intermittent” (zero hours or casual).

ABVTEX understands that discrimination can be a crosscutting issue that occurs across different areas and procedures of companies. However, ABVTEX’s approach is mostly focused on the identification of potential occurrence of discrimination, and not on the possible measures companies could implement to prevent and mitigate discrimination (i.e. the adoption of policies, training, protocols to avoid discrimination in diverse organizational procedures, etc.). In this sense, the ILO and OECD emphasize the importance of assessing the company’s actions to prevent direct or indirect discrimination, including companies’ obligation to have anti-discrimination policies that are accessible and available to workers, as well as grievance mechanisms through which workers can report discrimination cases.¹⁷³ Also, the benchmarked certification programs include some specific means of verification to identify potential risks of certain types of discrimination that are more rigorous. They include, for example, verifying if there are age requirements in job postings and position descriptions, which can suggest a potential risk of age discrimination, as well as the verification of workplaces’ accessibility for persons with disabilities.

¹⁷¹ Organisation for Economic Cooperation and Development. “OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector,” 2018. https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector_9789264290587-en. Accessed 06/14/2020.

¹⁷² The ABVTEX Manual explicitly cites the definition of “discrimination” set forth in article 1 of the ILO Convention on Discrimination (Employment and Occupation) (No. 111) which is the following: “(a) any distinction, exclusion or preference made on the basis of race, color, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation (...)” Source: International Labour Organization (ILO). “Convention on Discrimination (Employment and Occupation) (No. 111),” 1958. https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312256:NO. Accessed 06/14/2020.

¹⁷³ Organisation for Economic Cooperation and Development. “OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector,” 2018. https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector_9789264290587-en. Accessed 06/14/2020.

- **Working Time**

In Brazil, according to **article 7 Num. 13 and Num. 16 of the Federal Constitution**, the legal workweek is 44 hours, with overtime allowed as long as wage requirements are met.¹⁷⁴ Beyond the max workweek, Brazil allows a flexible scheduling mechanism known as the hours bank if negotiated with the union as part of the Collective Bargaining Agreement.¹⁷⁵ The ABVTEX Program's Manual requires suppliers and subcontractors to pay working hours in accordance with national law or, where higher, the collective bargaining agreements. According to the Manual, working hours should be specified in employment agreements, and also participant companies should have a policy in this regard. In this sense, ABVTEX is in line with benchmarked organizations regarding the requirement that working hours must comply with national laws, and collective bargaining agreements. Also, with regards that this information must be specified in employment agreements, and that overtime work shall be consensual between workers and employers, and shall not exceed the limit of hours established by law.

In terms of means of verification, the Program utilizes similar means to verify working hours, such as time cards, and/or company's other official method to register hours worked by each employee. Additional means of verification that ABVTEX uses to audit working hours, but that other benchmarked organizations do not use, are auditors' observation of whether employees appear to take breaks during the work day as it is regulated by law. However, other means of verification that benchmarked certification programs use, but ABVTEX does not, include the following:

SA8000:

- Conducting in-depth worker interviews to determine if and when off-book overtime is occurring.
- Guidance for auditors to watch for possible keeping of two sets of timekeeping records, the hidden, accurate version of which is kept internal.
- Investigation of the extent to which workers may be taking piecework home, thus extending their hours beyond the allowable limit.

SLCP:

- Review of policies for rest day and holiday entitlement.

WRAP:

- Verification of other attendance records, wages, production records, and/or security cameras records.
- Requirement of a written, rational and well communicated policy (in language(s) understood by all the staff) defining "urgent business needs," limited to delays/interruptions in production caused by unforeseen circumstances beyond the employer's control, as a way to regulate overtime working hours.

Additionally, Mark Anner, Associate Professor of Pennsylvania State University, and Director of Labor and Employment Relations of the Center for Global Workers' Rights, commented in his interview that auditing

¹⁷⁴ International Comparative Legal Guides. "International Comparative Legal Guides International Business Report." Global Legal Group, 2020. United Kingdom. <https://iclg.com/practice-areas/employment-and-labour-laws-and-regulations/brazil>. Accessed 06/14/2020.

¹⁷⁵ Article 59, Num. 2, Labor Code of Brazil. Presidência da República - Casa Civil Subchefia para Assuntos Jurídicos. Decree Law No. 5.452, 1943 "Approves the Consolidation of Labor Laws." http://www.planalto.gov.br/ccivil_03/Decreto-Lei/De15452compilado.htm. Accessed 06/14/2020.

bodies of social certification programs should also go beyond reviewing timecards and payroll receipts and conducting interviews within the companies' facilities, when auditing working time shifts.¹⁷⁶ The reason for this is because in some cases reality contrasts with what official payroll of timecards documents state or even with what workers unfortunately are "coached" to say in audits. Some of the complementary auditing practices that he suggests include off-site workplace observation outside the factory or workshop gates to have a better sense of the time workers are actually entering and leaving the facilities.¹⁷⁷ Anner also suggests conducting interviews with workers regarding labor conditions outside the facilities, where employees could express themselves more freely. ABVTEX could consider these additional auditing practices to monitor working hours.¹⁷⁸

- **Piecework (Intersection of working time and wages criteria)**

ABVTEX prohibits overtime work for any apprentices, in conjunction with Brazilian law.¹⁷⁹ Other workers are permitted to work overtime provided it is voluntary and appropriately compensated. ABVTEX does not specify any policies specific to piecework, that is, work that is performed outside of designated facilities, or taken home, or alternatively payment per unit of output for work within the production facility regardless of the time taken to produce it. SA8000, by contrast, includes criteria that mandate policies for piece work, and most notably, relevant piece rates for work performed outside the factory/facility that comply with minimum wage requirements. In its manual, SA8000 goes into great detail as to the compliance issues surrounding piecework, especially when production quotas are unreasonably high, requiring excessive overtime.¹⁸⁰ They then, in turn, expect their auditors to investigate whether excessive overtime and lack of appropriate wages for piecework occurs.¹⁸¹ While ABVTEX does include compliance criteria specifically related to overtime, the lack of mention of piecework, requirements on monitoring home working conditions of suppliers and subcontractors, and checking for payment of appropriate wages, could be addressed.¹⁸²

C) Labor Type

- **Forced Labor**

The definition that ABVTEX uses for forced labor in the Program's Manual is the one set forth in **Article 2 of the ILO Forced Labour Convention (No. 29)**.¹⁸³ ABVTEX also refers to the domestic law provisions on

¹⁷⁶ Anner, Mark. SIPA EPD Workshop Research Team's Interview with Mark Anner, Associate Professor of Pennsylvania State University, and Director of Labor and Employment Relations of the Center for Global Workers' Rights. Skype, March 24, 2020.

¹⁷⁷ Ibid

¹⁷⁸ Ibid

¹⁷⁹ ABVTEX. "Regulamento e Políticas," 2020. Pg. 41. <https://www.abvtex.org.br/regulamento-e-politicas/>. Accessed 06/14/2020.

¹⁸⁰ Social Accountability International. "Guidance Document for Social Accountability 8000 (SA8000®:2014)," May 2016, 138. <https://sa-intl.org/wp-content/uploads/2020/02/SA8000-2014-Guidance-Document.pdf>. Accessed 06/14/2020.

¹⁸¹ Ibid.

¹⁸² The ILO Home Work Convention (No. 177), refers to the rights of homeworkers. Even though this convention is not ratified by Brazil, it sets forth relevant standards on the treatment of this type of workers. Source: International Labour Organization (ILO). (1996). Home Work Convention (No. 177). https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312322. Accessed 06/14/2020.

¹⁸³ According to article 2 of this Convention, forced labor is "forced or compulsory labour shall mean all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily."

forced labor that are set forth in **Articles 5. III,¹⁸⁴ and 5. XLVII of the Federal Constitution,¹⁸⁵** which refers to the general prohibition of forced labor. Specifically, **article 149** of the **Brazilian Criminal Code (BCC)** typifies the crime of reducing someone to a condition analogous to slavery “whether by submitting the person to [1] forced labor or [2] exhausting workday, or [3] to demeaning labor conditions, or [4] restricting, by any means, their locomotion because of debts contracted with employers or agents.” There are however, some articles in the BCC that define other crimes that could be charged against a person who reduces someone to slave-like labor that are not currently specified in the ABVTEX’s Manual. These include those linked to exposing the life or health of a person to direct or imminent danger (**Article 132 of the BCC**), illegal containment restricting the freedom of workers (**Article 197 of the BCC**), “frustration ‘by means of fraud or violence’ the rights assured by the labor legislation” (**Article 203 of the BCC**), and recruitment for emigration and internal migration by means of fraud (**Articles 206 and 207 of the BCC** respectively).¹⁸⁶

Overall, the domestic legal basis of “work analogous to slavery” set forth in **the Brazilian Criminal Code** “has a broader conception than the forced labor concept established by the ILO International Labour Standards on the issue.”¹⁸⁷ According to the ILO, the forced labor concept defined by **the Brazilian Criminal Code** refers to “work in degrading conditions and exhaustive workdays, even when there is no evidence of restriction of freedom” while the *restriction of freedom* is seen as a key component of the definition set forth in the **ILO Forced Labor Convention**.¹⁸⁸ Given that the ILO has not expressed criticism or disagreement with the more expansive concept of forced labor that is codified in Brazil, and that the latter is more employee-protective than the ILO’s concept, ABVTEX could exclusively adopt the Brazilian Criminal Code definition of forced labor. A practical consequence of explicitly adopting the broader Brazilian concept would be that overtime abuse way beyond the legal workout or extremely degrading conditions would have to be treated as forced labor, and hence as a “zero-tolerance” issue instead of a non-compliance issue subject to corrective action. Effectively clarifying what forced labor and degrading conditions entail is essential for suppliers and subcontractors to understand the specific characteristics of these terrible practices and their consequences within the Program. It is also important that ABVTEX specifies the legal basis source (norm or jurisprudence) of the characteristics of forced labor and degrading conditions that are included in the Program’s Audit Manual in order to remove any ambiguity, and to make explicit alignment with Brazilian legal concepts of forced labor.

Due to this more detailed description of forced labor in the Manual, the team considers ABVTEX’s definition of this conduct to be comprehensive when compared to that of other benchmarked organizations. However, some benchmarked certification programs make particular reference to prison

¹⁸⁴ Article 5. III of the Federal Constitution sets forth that “All persons are equal before the law, without any distinction whatsoever, Brazilians and foreigners residing in the country being ensured of inviolability of the right to life, to liberty, to equality, to security and to property, on the following terms: (...) III. no one shall be submitted to torture or to inhuman or degrading treatment;”

¹⁸⁵ According to Article 5. XLVII of the Federal Constitution, “All persons are equal before the law, without any distinction whatsoever, Brazilians and foreigners residing in the country being ensured of inviolability of the right to life, to liberty, to equality, to security and to property, on the following terms: (...) XLVII. there shall be no punishment: 1. of death, save in case of declared war under the terms of article 84, MX; 2. of life imprisonment; 3. of forced labour; 4. of banishment; 5. which is cruel.”

¹⁸⁶ International Labour Organization (ILO). “The Good Practices of Labour Inspection in Brazil,” 2010.

https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_155946.pdf. Accessed 06/14/2020/.

¹⁸⁷ Ibid.

¹⁸⁸ Ibid.

labor, whereas ABVTEX does not. (Prisoner labor is commonly used in Brazil for maintenance of prisons as well as for making some commercial goods.)¹⁸⁹ For example, SA8000, explicitly prohibits all prison labor, and Sedex prohibits involuntary prison labor. Certain initiatives have more specific guidelines than others when it comes to detecting violations and promoting compliance standards. FLA, for example, has extensive guidance on forced labor in supply chains. In their publication, **“Forced Labor in Supply Chains: Addressing Risks and Safeguarding Freedoms,”** FLA aligns each ILO forced labor indicator with their own *code of conduct* criteria, and breaks down their forced labor inspection protocols to include recruitment fees and wage advances, control of employee documents, mandatory overtime, unrealistic production goals, debt bondage, and more.¹⁹⁰

ABVTEX has significant means for verification, including ensuring proper paperwork is in place for all employees, such as employment contracts and amendments, employees’ registration forms, and applicable collective bargaining agreements. ABVTEX also requires that all employment contracts should be signed by both parties (employer and employee) and that any specification on working hours, compensation, and breaks as well as changes to these should be confirmed in a contractual agreement and in accordance with the **Brazilian Labor Code**. Additionally, ABVTEX requires auditors to conduct site visits to check working conditions of employees, the conditions of the company based on the **“Manual of the Ministry of Labor and Employment”** to verify slave-like labor (source not specified in the Program’s Manual), whether the company prevents the free circulation and/or exit of employees or uses any device for these purposes, and the conditions of locations such as cafeteria or dining rooms and restrooms.

However, ABVTEX’s approach is not quite as extensive as that of FLA. ABVTEX appears to have less of a focus on interviews with workers as a means of verification, and instead there appears to be a heavy reliance on facility managers to distribute information, including written procedures, to condemn any forms of voluntary unpaid labor. Despite defining forced labor, and focusing the means of verification towards identifying potential cases of this conduct, the ABVTEX Program’s Audit Manual does not require suppliers or subcontractors to display proof of the implementation of specific measures to prevent forced labor from occurring. For instance, the Manual requires participants to have their own policies on forced labor, and other themes (Thematic Block 6 of the Audit Manual, Checklist completion item 6.4), but the Manual and Program’s regulations are not clear on what effective actions could be implemented in this regard as part of a corporate policy.

- **Child Labor**

ABVTEX includes a comprehensive definition of child labor in the Program’s Manual, which is partially in line with the definition set forth by the ***ILO Worst Forms of Child Labour Convention (No. 182)***, follows what Brazil is committed to through the ratification of the ***ILO Minimum Age Convention (No. 138)***, and is similar to the definition used by other benchmarked organizations.

As mentioned in chapter 4 of this report, the key international standards on child labor and legally binding instruments that Brazil has committed to are the ***ILO Conventions on the Minimum Age (No. 138)***, ***Worst Forms of Child Labour Convention (No. 182)*** and the ***UN Convention of the Rights of the Child***. Brazil has incorporated this international legal framework in the national legal system, through domestic law

¹⁸⁹Teixeira, Fabio. “Exclusive: Rio de Janeiro expands unpaid prison labor program.” *Reuters*, June 26, 2019. <https://www.reuters.com/article/us-brazil-trafficking-prison-exclusive-iduskcn1tr34r>. accessed 06/14/2020.

¹⁹⁰ Fair Labor Association. “forced labor in supply chains: addressing risks and safeguarding freedoms,” 2019. pg. 5-9. https://www.fairlabor.org/sites/default/files/documents/reports/forced_labor_guidance_update_july-2019.pdf. accessed 06/14/2020.

instruments such as **1988 Federal Constitution, Statute of Children and Adolescents (Law No. 8069 of 1990)**, the **Brazilian Labor Code**, and **Decree No. 6481 of 2008**. Through these national legal sources, Brazil complies with the ILO Convention provision about the specification of a minimum age for admission to employment or work within its territory,¹⁹¹ and the regulations it should set regarding the types of work children between 13 and 18 years old are allowed to undertake.¹⁹²

In this sense, the ABVTEX Manual refers to the **Article 227 of the Federal Constitution**, which prescribes family, society and the State's obligation to protect children and adolescents "from all forms of negligence, discrimination, exploitation, violence, cruelty and oppression."¹⁹³ The Manual also includes the same definitions for child and adolescent that is established in the **Brazilian Statute of the Child and Adolescent (Law No. 8069 of 1990)**, which define a child as a person up to 12 years old, and an adolescent as a person between 12 to 18 years old. The Manual mistakenly cites **Article 4** to mention the guarantee set forth in **Article 5** of this **Statute**, which states that "[n]o child or adolescent will be subject to any form of negligence, discrimination, exploitation, violence, cruelty and oppression, and any violation of their fundamental rights, either by act or omission, will be punished according to the terms of the Law."¹⁹⁴ Based on this constitutional guarantee, **paragraph 3 of Article 227 of the Federal Constitution**, and **article 403** of the **Brazilian Labor Code** forbid the employment of any child under the age of 16 unless they are hired as an apprentice, which allows children over the age of 14 to work under this modality. Therefore, based on the domestic law, child labor in Brazil is totally prohibited and only adolescents between 14 and 16 years old are allowed to work under an apprenticeship mode. However, according to **article 404** of the **Brazilian Labour Code**, persons under 18 years of age are not allowed to work during night hours (time frame between 10:00pm and 5:00 am).

Additionally, the ABVTEX Program's Manual makes reference to all of the worst forms of child labor set forth by the **ILO Convention No. 182**,¹⁹⁵ except the one regarding "(c) the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties."¹⁹⁶ The Program's Manual also refers to the **Decree No. 6481 of 2008**, which in

¹⁹¹ According to article 2 of the ILO Minimum Age Convention, "1. Each Member which ratifies this Convention shall specify, in a declaration appended to its ratification, a minimum age for admission to employment or work within its territory and on means of transport registered in its territory; (...)" 3. The minimum age specified in pursuance of paragraph 1 of this Article shall not be less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years. 4. Notwithstanding the provisions of paragraph 3 of this Article, a Member whose economy and educational facility are insufficiently developed may, after consultation with the organizations of employers and workers concerned, where such exist, initially specify a minimum age of 14 years."

Source: International Labour Organization (ILO). "Minimum Age Convention (No. 138)," 1973. https://www.ilo.org/dyn/normlex/en/f?p=1000:12100:0::NO::P12100_INSTRUMENT_ID,P12100_LANG_CODE:312283,en:NO. Accessed 06/14/2020.

¹⁹² The ILO Convention on the Minimum Age specifies, in particular in articles 2,3,6,7, 9 and 10, the types of work and employment that children between 13 and 18 years old are allowed to undertake.

¹⁹³ Article 227 of the 1988 Federal Constitution of Brazil.

¹⁹⁴ Presidência da República. Casa Civil. Subchefia para Assuntos Jurídicos. Law No. 8.069, 1990 "Prescribes the Statute of Children and Adolescents, and prescribes other provisions". http://www.planalto.gov.br/ccivil_03/leis/18069.htm. Accessed 06/14/2020.

¹⁹⁵ According to article 3 of the ILO Convention No. 182, the worst forms of child labor are: (a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labor, including forced or compulsory recruitment of children for use in armed conflict; (b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances; (c) the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties; (d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

¹⁹⁶ Article 3 of the ILO Worst Forms of Child Labor Convention (No. 182).

accordance with **Article 4** of the **ILO Convention No. 182**,¹⁹⁷ approves a detailed list of over 90 work activities in which it is prohibited to employ persons under 18 years of age.¹⁹⁸

When comparing the ABVTEX's Program Manual with the benchmarked organizations, the team identified that the compliance requirements set by ABVTEX include significant means of verification that rely on a mixture of documentation checks, employment contracts, and in-person interviews. The majority of benchmarked certification mechanisms included in our review rely upon in-person interviews as one of the best means of verifying the presence of child labor. Our auditor survey confirmed that 45% of ABVTEX auditors rely on interviews, while 25% rely on other visual confirmation, to check for child labor. What is not clear, however, is the training auditors undergo to ensure they are adequately prepared to conduct such interviews, including selecting a safe location, appropriate questions, guidance when speaking with a potential minor, and more.

- **Migrant Labor**

The ABVTEX Manual is in line with the international standards set forth in the **ILO Convention of Migration for Employment (No.97)**, and the **International Convention on the Protection of the Rights of all Migrant Workers and members of their Families (CPRMW)**, as well as with the benchmarked certification programs regarding the definition of migrant labor, and the requirements for companies to guarantee labor rights to migrant workers. Given that Brazil has one of Latin America's largest migrant populations, facilitated, in part, by the free movement of citizens among Southern Common Market (MERCOSUL/R) State Parties and some associate members in the region,¹⁹⁹ the existence of a specific thematic block on foreign labor requirements in the Program's Manual stands-out as a good practice of ABVTEX.

Despite Brazil not being a State Party to the **CPRMW**, the ABVTEX Program Manual refers to the definition of migrant worker set forth by this international human rights instrument. According to **CPRMW**, a migrant worker is "a person who is to be engaged, is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national."²⁰⁰ However, ABVTEX does not refer to the **ILO Convention of Migration for Employment (No.97)** ratified by Brazil. **Article 11 of this Convention** defines the term "migrant for employment" which refers to "a person who migrates from one country to another with a view to being employed otherwise than on his own account and includes any person regularly

¹⁹⁷ Article 4 of the Worst Forms of Child Labor Convention (No. 182) prescribes "1. The types of work referred to under Article 3(d) shall be determined by national laws or regulations or by the competent authority, after consultation with the organizations of employers and workers concerned, taking into consideration relevant international standards, in particular Paragraphs 3 and 4 of the Worst Forms of Child Labour Recommendation, 1999. (2) The competent authority, after consultation with the organizations of employers and workers concerned, shall identify where the types of work so determined exist. (3) The list of the types of work determined under paragraph 1 of this Article shall be periodically examined and revised as necessary, in consultation with the organizations of employers and workers concerned.

¹⁹⁸ Presidência da República. Casa Civil. Subchefia para Assuntos Jurídicos. Decree No. 6.481, 2008, "Regulates the articles 3rd, paragraph d, and 4th of the 182 Convention of the International Labour Organization (ILO) on the prohibition of the worst forms of child labor and immediate action for its elimination, (...) and gives other providences." http://www.planalto.gov.br/ccivil_03/_ato2007-2010/2008/decreto/d6481.htm. Accessed 06/14/2020.

¹⁹⁹Acosta, Diego. "Free Movement in South America: An Alternative Model?", 2016. <https://www.migrationpolicy.org/article/free-movement-south-america-emergence-alternative-model>. Accessed 04/16/2020. & Mercosur. (n.d). "Circulación de Personas y Bienes". Cartilla de la Ciudadanía del Mercosur: Compilación de normas relacionadas con el ciudadano y la ciudadana del Mercosur. <http://www.cartillaciudadania.mercosur.int/categs/es/2#t1>. Accessed 04/16/2020.

²⁰⁰ Article 2 No. 1 of the International Convention on the Protection of the Rights of all Migrant Workers and members of their Families. Source: United Nations Human Rights Office of the High Commissioner. (1990). International Convention on the Protection of the Rights of all Migrant Workers and members of their Families . <https://www.ohchr.org/EN/ProfessionalInterest/Pages/CMW.aspx>. Accessed 04/16/2020.

admitted as a migrant for employment.” Based on this definition, the ILO, unlike the *CPRMW* (a convention adopted as a treaty through the General Assembly rather than the ILO), excludes from this term those migrants who undertake self-employment activities. Therefore, *CPRMW*’s definition for “migrant worker” is broader than ILO’s definition for this term.

In terms of specific compliance requirements on migrant labor, the ABVTEX Manual is in line with the mentioned *ILO Convention No. 97*, and also with *Law No. 13,445 of 2017* known as the “**Migration Law**,”²⁰¹ which prescribes the rights and duties of migrants and foreign visitors. This is particularly evident as the Program’s Manual recognizes that migrant employees have the same labor rights as Brazilian employees, which is clearly in line with *Article 6.1 of the mentioned ILO Convention*,²⁰² and *Articles 3,²⁰³ and 4 of the “Migration Law.”*²⁰⁴ Additionally, the Manual states that all foreign workers should have the valid permissions and documentation to work in Brazil, as is required by the international and domestic framework. Notwithstanding the reference to these key regulations, ABVTEX could consider adding legal provisions of the Criminal Code to the Manual that refer to crimes related to the hiring of illegal migrant labor. Some of these include the “*promotion of illegal migration*” mentioned in *Article 232-A of the Criminal Code*, which has a penalty of imprisonment from two to five years, and a fine.²⁰⁵

When comparing the ABVTEX Program Manual with the benchmarked certification programs, the team observed that ABVTEX stands out for including additional means of verification to audit and monitor the recruitment and working conditions of migrant workers, which are not present in the other benchmarked

²⁰¹ Presidência da República. Casa Civil. Subchefia para Assuntos Jurídicos. Law No. 13.445, 2017 “Prescribes the Migration Law.” http://www.planalto.gov.br/ccivil_03/_ato2015-2018/2017/lei/l13445.htm. Accessed 04/16/2020.

²⁰² According to Article 6 No. 1 of ILO Migration for Employment Convention (No. 97), “1. Each Member for which this Convention is in force undertakes to apply, without discrimination in respect of nationality, race, religion or sex, to immigrants lawfully within its territory, **treatment no less favorable than that which it applies to its own nationals in respect of the following matters:** (a) in so far as such matters are regulated by law or regulations, or are subject to the control of administrative authorities--(i) remuneration, including family allowances where these form part of remuneration, hours of work, overtime arrangements, holidays with pay, restrictions on home work, minimum age for employment, apprenticeship and training, women’s work and the work of young persons; (ii) membership of trade unions and enjoyment of the benefits of collective bargaining; (iii) accommodation. (b) social security (that is to say, legal provision in respect of employment injury, maternity, sickness, invalidity, old age, death, unemployment and family responsibilities, and any other contingency which, according to national laws or regulations, is covered by a social security scheme), subject to the following limitations: (i) there may be appropriate arrangements for the maintenance of acquired rights and rights in course of acquisition; (ii) national laws or regulations of immigration countries may prescribe special arrangements concerning benefits or portions of benefits which are payable wholly out of public funds, and concerning allowances paid to persons who do not fulfil the contribution conditions prescribed for the award of a normal pension; (c) employment taxes, dues or contributions payable in respect of the person employed; and (d) legal proceedings relating to the matters referred to in this Convention. (...)”

²⁰³ Article 3 of Law No. 13,445 of 2017 affirms that the Brazilian migration policy is governed by “X - social, labor and productive inclusion of migrants through public policies”; and “equal and free access by migrants to services, programs and social benefits, public goods, education, comprehensive public legal assistance, work, housing, banking and social security.”

²⁰⁴ According to article 4 of Law No. 13,445 of 2017, “The migrant is guaranteed in the national territory, in condition of equality with the nationals, the inviolability of the right to life, freedom, equality, security and property, as well as are ensured: “VII - right of association, including union, for lawful purposes; VIII - access to public health and social assistance services and social security, under the terms of the law, without discrimination on grounds of nationality and migratory status; (...) XI - guarantee of compliance with legal and contractual labor obligations and the application of worker protection rules, without discrimination due to nationality and migratory status; (...)”

²⁰⁵ Article 232- A of the Criminal Code of Brazil. Promotion of illegal migration- “Promote, by any means, in order to obtain an economic advantage, the illegal entry of a foreigner into national territory or of a Brazilian in a foreign country: Penalty - imprisonment, from 2 (two) to 5 (five) years, and a fine. § 1 The same penalty applies to anyone who promotes, by any means, in order to obtain an economic advantage, the departure of a foreigner from the national territory to enter the foreign country illegally. § 2 The penalty is increased from 1/6 (one sixth) to 1/3 (one third) if: I - the crime is committed with violence; o II - the victim is subjected to an inhuman or degrading condition. § 3 The penalty provided for the crime will be applied without prejudice to those corresponding to related infractions. ”

certification programs. Some of these are giving the employment contracts of migrant workers in their native languages, verifying that migrant workers have access to all the company's facilities, and whether the company retains personal documents of migrant workers. These means of verification are effective to identify potential risks associated with illegal migrant work and poor working conditions of migrant workers.

D) Freedom of Association and the Right to Collective Bargaining

The ABVTEX Program Manual is in line with the international standards, domestic law and other benchmarked certification programs with regard to the obligation of companies to respect the freedom to associate and join labor organizations without retaliation.

The international standards on these rights are set forth by the ***ILO Freedom of Association Convention and Protection of the Right to Organize Convention (No. 87)*** and the ***ILO Right to Organize and Collective Bargaining Convention (No. 98)***. The ABVTEX Program Manual refers to both of these international instruments, despite the first one not being ratified by Brazil. The former is cited to specify in the Manual what ***Article 2 of ILO Convention No. 87*** states regarding the right of all workers and employers to establish and join organizations of their own choice to promote and defend their interests, without previous authorization. ***Article 1 of Convention No. 98*** is cited to indicate that “workers shall enjoy adequate protection against acts of anti-union discrimination in respect of their employment,”²⁰⁶ and that such protection shall apply more particularly in “(a) making the employment of a worker subject to the condition that he shall not join a union or shall relinquish trade union membership; (b) cause the dismissal of or otherwise prejudice a worker by reason of union membership or because of participation in union activities outside working hours or, with the consent of the employer, within working hours.”²⁰⁷

From the domestic law perspective, as mentioned by the ABVTEX Program Manual, these international core labor standards are set forth in ***Articles 8 and 9 of the 1988 Federal Constitution***, as the former prescribes that professional or union association is free, and the latter establishes the right to strike. Additionally, ***Article 5 Num. 17 and Num. 20 of the Federal Constitution*** states that all persons residing in Brazil without any distinction have the right to life, freedom, equality, security and property. This includes the guarantee of freedom of association for lawful purposes, and that “no one shall be compelled to become associated or to remain associated.”²⁰⁸ This second specific aspect is clearly mentioned in the ABVTEX Manual as requiring auditors to interview employees for them to verify whether they have freedom to join unions, and investigate if there is “any type of coercion both for affiliation or non-affiliation” to unions.²⁰⁹ In the event that auditors find evidence of intimidation regarding the exercise of the right to freedom of association, the Program’s participant supplier or subcontractor would be rated as non-compliant and it would be considered a critical audit finding.²¹⁰ The ABVTEX Manual is also in line with ***article 543 of the Brazilian Labor Code***,²¹¹ and with ***article 2.1 of the ILO Right to Organize and***

²⁰⁶ Article 1 of the ILO Right to Organize and Collective Bargaining Convention (No. 98). https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312232:NO. Accessed 04/16/2020.

²⁰⁷ Ibid.

²⁰⁸ Articles 5 Num. 17 and 20 of the 1988 Federal Constitution of Brazil.

²⁰⁹ ABVTEX. “Audit Manual: ABVTEX Program,” July 2019. Version 3.0. Thematic Block 2.6.

²¹⁰ Ibid.

²¹¹ According to article 543 of the Brazilian Labor Code, “An employee elected to the position of union administration or professional representation, including that in a collective deliberation body, cannot be prevented from exercising his functions, nor transferred to a place or job that makes it difficult or impossible for him to perform his union duties. (...)”

Collective Bargaining Convention (No. 98),²¹² in explicitly mentioning companies' obligation to ensure that union representatives who are part of their staff, are not discriminated, harassed, intimidated and/or retaliated against by other employees and the management personnel, and also companies' obligation to allow union representatives to perform their union representation duties at their workplace.²¹³

Lastly, when comparing the ABVTEX Program against the benchmarked certification programs, the team found that beyond referring to the scope of the right to freedom of association, and establishing means of verification to identify whether there is absence of intimidation with regard to this right, the Manual could be more specific as to how to protect the right to freedom of association and comply with collective bargaining agreements. Despite requiring participant suppliers and subcontractors to adopt their own policies on freedom of association (as indicated in the Thematic block 6- Checklist Completion item 6.4 of the Manual), ABVTEX could specify in the Program's documents or through capacity-building strategies what actions companies could include in their policies. Also, in accordance with **articles 8 and 11 of the Federal Constitution** and **articles 510-A and 510-B of the Brazilian Labor Code** the Program's Manual could emphasize more the verification of worker's transparent and fair election to participate in commissions through which they express their interest and negotiate with the employers (for example, health and safety commissions (known as *Comissão Interna de Prevenção de Acidentes-CIPA*) as well as the entities, when not unions, that represent workers in determining annual profit and results sharing bonuses). Additionally, the Manual could include means to verify the extent to which these policies are enforced. SA8000, for example, uses worker interviews to check for access to information, workers' choice, and any retaliation against association members. WRAP and Sedex include interviews with management to ensure the right is upheld, and also require auditors to check whether management and unions actually negotiate, communicate and meet frequently to discuss working conditions, and whether union representatives have been given any training on negotiation.

In terms of the right to collective bargaining, ABVTEX explicitly mentions in the Program's Manual workers' and employers' right to "enter into collective bargaining with the other party, freely and without interference from the others, nor interference of the State."²¹⁴ ABVTEX typically requires auditors to consult Collective Bargaining Agreements (CBAs) or local law (whichever is more advantageous or beneficial) when it comes to verifying companies' compliance with (minimum) wage standards, protecting against forced labor and other working conditions aspects.²¹⁵ Auditors are told to enforce whichever terms are stronger. This is in line with similar criteria from SA8000. FLA uses interviews to ensure that CBAs were negotiated freely, voluntarily, and in good faith.

E) Occupational Health and Safety

ABVTEX defines occupational health and safety according to a series of legal requirements governed by **the Brazilian Labor Code (Art. 162)** and the **National Safety and Occupational Health Regulatory Rules**.

²¹² According to article 2.1 of the ILO Right to Organize and Collective Bargaining Convention (No. 98) "Workers' and employers' organizations shall enjoy adequate protection against any acts of interference by each other or each other's agents or members in their establishment, functioning or administration."

²¹³ ABVTEX. "Audit Manual: ABVTEX Program," July 2019. Version 3.0. Thematic Block 2.6.

²¹⁴ ABVTEX. "Audit Manual: ABVTEX Program," July 2019. Version 3.0. Thematic Block 2.6. Pg. 33

²¹⁵ According to article 611-A of the Brazilian Labor Code, the collective bargaining agreements prevail over the law when they include agreement on working hours (in accordance with the Federal Constitution), breaks, workers' representation in the workplace, remote work, remuneration, incentives, participation in the profits of the company, wages, among others. Article 611-B of this same Code prescribes the labor rights upon which no collective agreement could be signed in terms of their suppression or reduction, and which would constitute unlawful objects of a collective bargaining agreement, such as the deposit of the severance allowance, minimum wage, paid weekly rest and maternity and paternity leaves, among others.

This includes adherence to a series of regulations (*Normas Regulamentadoras*) on issues ranging from ergonomics, safety training, prevention of environmental risks, use of chemicals and heavy machinery, and whether or not there is freedom of movement (checking for padlocks, blocked exits, etc.).²¹⁶ **Regulation 5** (*Norma Regulamentadora 5*) includes holding worker elections of representatives and holding of regular meetings with documented minutes for a bilateral Accident Prevention Commission (CIPA).²¹⁷ The ABVTEX Manual verifies adherence to these criteria through the review of company records, in-person visits, documentation of appropriate fire and evacuation safety plans, and photo comparison of workplaces. However, the verification approaches are not detailed enough to account for specific regulations, such as Regulation 5. Other benchmarked organizations also emphasize the use of risk assessments to determine necessary measures regarding health and safety, and include additional protections for workers who allege health and safety violations.

F) *Transparency and Governance*

● Communications Between Suppliers and Employees

ABVTEX's definition of this criterion aligns with that of other benchmarked certification programs, which look for effective communication of organization's standards and principles by business owners/operators to employees. However, certain organizations like FLA maintain a greater focus on having multiple communication channels, assigning relevant human resources personnel to address these criteria, and more. FLA additionally provides guidelines for facilities on communications to the public that are related to participation in their program.

● Supply Chain Manufacturing

ABVTEX criteria are aligned with those of other benchmarked certification programs, particularly as they relate to defining subcontractors, and the applicability of standards to subcontractors. Similar to Sedex and SA8000, suppliers in the ABVTEX Program must ensure their subcontractor list is up-to-date, and that they are approved and will be subject to auditing and approval, and that criteria extend to all subcontractors working with supplier members. According to the survey, three out of the four responding retailers mentioned that the company publishes the names and locations of its suppliers on their website.

● Transparency & Anti-Corruption

According to the OECD, "bribery and corruption are gateway crimes for many other forms of wrongdoing" in the garment industry and others, including child labor, forced labor, discrimination, and violation of health and safety standards.²¹⁸ Brazil ratified the ***OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*** in 2000,²¹⁹ and as such is committed to:

²¹⁶ ABVTEX. "Regulamento e Políticas," 2020. Pg. 61. <https://www.abvtex.org.br/regulamento-e-politicas/>. Accessed 06/14/2020.

²¹⁷ Ministério da Economia. "Normas Regulamentadoras," 2019. <http://trabalho.gov.br/seguranca-e-saude-no-trabalho/normatizacao/normas-regulamentadoras>. Accessed 06/14/2020.

²¹⁸ Organisation for Economic Cooperation and Development. "OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector," 2018. https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector_9789264290587-en. Accessed 06/14/2020.

²¹⁹ Organisation for Economic Cooperation and Development. "OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions." *Journal of Public Budgeting, Accounting & Financial Management* 17, no. 3 (2018): 1–47. <https://doi.org/10.1108/JPBAFM-17-03-2005-B001>. Organisation for Economic Cooperation and Development. Accessed 06/14/2020.

1. “Establish as a criminal offence under its law for any person intentionally to offer, promise or give any undue pecuniary or other advantage, whether directly or through intermediaries, to a foreign public official, for that official or for a third party, in order that the official act or refrain from acting in relation to the performance of official duties, in order to obtain or retain business or other improper advantage in the conduct of international business.”²²⁰
2. “Take any measures necessary to establish that complicity in, including incitement, aiding and abetting, or authorization of an act of bribery of a foreign public official shall be a criminal offence. Attempt and conspiracy to bribe a foreign public official shall be criminal offences to the same extent as attempt and conspiracy to bribe a public official of that Party.”²²¹

At the domestic level, bribery and corruption are regulated under Article 333 of the **Brazilian Criminal Code (Decree Law No. 2,848 of 1940)**,²²² and the **Anti-Bribery Law (Law No. 12,846 of 2013)**. The first can only be applied to individuals, but the second realizes the **OECD Anti-Bribery Convention** and exposes private companies to liability.²²³

Despite not referring to this legal framework in the Program Manual and other documents, overall, ABVTEX Program documents address all the requirements of these laws while including additional regulations regarding bribery between private individuals and companies. ABVTEX stands out for having a more detailed anti-corruption policy than the other benchmarked certification programs, including a separate code of conduct on ethics expectations for all program participants. The Program’s **Code of Conduct** outlines the following expectations for all participants: 1) Defend ethics in negotiations, abiding by Brazilian laws and helping competent bodies strengthen good corporate practices, 2) Preserve free competition in the interests of consumers, 3) Keep an open and transparent channel with the market, so as to meet the interests shared by manufacturers, retailers, and consumers. The *Code of Conduct* also determines that participants can lose certification if they 1) fail to report irregularities, information or data that is evidenced in field assessments or verification of documents and records, 2) supply information or documents that do not reflect the truth to their best knowledge or that conceals facts. It also requires participants to avoid any investments, interests, connections or activities that may lead anyone to question their impartiality, integrity or capacity to perform their duties in relation to the Program. Giving bribes or requesting bribes is also unacceptable, and so are extortion, kickbacks and any other similar offenses. ABVTEX participants are forbidden to offer, accept or receive gifts of any kind or value, favors, participation in entertainment activities, money, any other goods or services if they could be in any way could be interpreted to create unfair advantages or influence behaviors.²²⁴

This detailed policy stands out when compared to Sedex and SA8000, for example. Although both organizations specify that they will not tolerate corruption, Sedex relies mostly on outlining business ethics expectations, and SA8000 does not explicitly mention transparency or anti-corruption as a whole.

220 *ibid.*

221 *ibid.*

222 Article 333 of the Brazilian Criminal Code (Decree Law No. 2.848,1940). http://www.planalto.gov.br/ccivil_03/decreto-lei/del2848compilado.htm. Accessed 04/16/2020.

223 Latham and Watkins. “White Collar Defense and Investigations Practice,” 2014; Brazilian Anti-corruption Law: 7 Implications and Challenges for Companies Doing Business in Brazil. <https://www.jdsupra.com/legalnews/brazilian-anti-corruption-law-7-implica-01916/>. Accessed 04/16/2020.

224 ABVTEX. “Code of Conduct of the ABVTEX Program,” 2020. <https://www.abvtex.org.br/en/code-of-conduct/>. Accessed 06/14/2020.

Finally, the ABVTEX's *Code of Conduct* is also mostly in line with the good practices for the prevention of bribery and corruption defined in Module 11 of the ***OECD's Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector***. However, ABVTEX does not include in the Program's documents clear strategies, risk assessment requirements or internal controls for the Program to ensure the prevention and detection of bribery or corruption as recommended by these guidelines.²²⁵

- **Monitoring Policies**

ABVTEX is similar to SA8000 and Sedex in emphasizing designated employees to oversee corrective actions across management systems, and for having a regular, internal audit for the purposes of updating policies and procedures and providing training. FLA is distinguished for requiring companies to submit internal monitoring plans for approval.

- **Grievance Mechanisms**

ABVTEX aligns with other benchmarked certification programs by requiring internal disciplinary procedures for non-compliance for managers and supervisors, and establishing a complaint channel for employees of companies to confidentially make claims through anonymous complaint boxes located within companies' facilities. Although the Manual asks auditors to check for accessibility of this complaint channel, there is little detail as to what this constitutes. There is similarly limited detail on checks to ensure confidentiality is maintained. Other organizations, like SLCP, have additional requirements for grievance mechanisms, including verifying any informal means of reporting misconduct or incidents and the role social dialogue plays in such contexts, as well as establishing additional verifications to ensure these channels are accessible, confidential, and communicated to workers.

- **Termination of Employment**

ABVTEX includes relatively few checks on termination of employment. Under the section of verifying work contracts, auditors must be sure that the employee is entitled to previous notice and severance pay.²²⁶ Additionally, the Manual's Thematic Block about discrimination requires auditors to ensure the companies do not support discrimination in employment termination.²²⁷ The Manual has limited guidance, however, on the right to terminate one's employment, which is addressed in detail in ***ILO Convention 158 on Termination of Employment***,²²⁸ and in ***articles 477-486 of the Brazilian Labor Code***²²⁹. We will include certain recommendations on addressing risks associated with termination of employment in the following chapter.

²²⁵ Organisation for Economic Cooperation and Development. "OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector," 2018. https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector_9789264290587-en. Accessed 06/14/2020.

²²⁶ ABVTEX. "Audit Manual: ABVTEX Program," July 2019. Version 3.0. Thematic Block 2.6. Pg. 24.

²²⁷ Ibid. Pg. 35.

²²⁸ It is worth noting that Brazil is not a current signatory to this convention - after signing in 1992, they rescinded it in 1995. Source: International Labour Organization (ILO). (n.d) Ratifications of C158 - Termination of Employment Convention, 1982 (No.158). https://www.ilo.org/dyn/normlex/en/f?p=1000:11300:0::NO:11300:P11300_INSTRUMENT_ID:312303. Accessed 06/14/2020.

²²⁹ Presidência da República - Casa Civil Subchefia para Assuntos Jurídicos. Decree Law No. 5.452, 1943, "Approves the Consolidation of Labor Laws". http://www.planalto.gov.br/ccivil_03/Decreto-Lei/Del5452compilado.htm. Accessed 06/14/2020.

The above findings pertain primarily to elements included in ABVTEX's Manual and program guidelines, in which they outline their expectations for compliance criteria and means of verification. However, the Manual is just part of the greater work and scope of ABVTEX. The findings below will discuss in detail findings pertaining to the operations and procedures of certification and auditing mechanisms.

8.2 Operations and Procedures

A) *Governance*

In recent years, the governance structures of many CSR and social compliance programs have evolved to include “multi-stakeholder” arrangements that include non-industry and non-business representatives on governing bodies. In our interviews, experts like Auret Van Heerden argued that **multi-stakeholder governance models help to ensure transparency and address power imbalances**. Having a “neutral” party can lessen power imbalances resulting from information asymmetry, and provide ways for suppliers to communicate issues to retailers without fearing repercussions. Overall, multi-stakeholder governance structures alleviate some of the challenges associated with negotiating policies with and between retailers and suppliers and ensure a more robust approach to labor standards compliance and upgrading.

As mentioned previously, ABVTEX's governance system is divided into six bodies whose members include representatives of signatory brands, participating suppliers, and even external stakeholders. The Consultative Council, which is the body that includes the input of external stakeholders from NGOs, Civil Society and the Public sector, does not have decision-making power. Instead it is only able to make suggestions on the improvement of the program and evaluate results. National experts argue that **the governance structure of social compliance programs should** not only allow external stakeholders to provide feedback but should also **grant them decision-making powers, or at the very least involve them in negotiations** on both broader strategies and specific disputes.

One concern regarding ABVTEX's governance structure that came up during interviews was the potential conflicts of interests and erosion of independence affecting the Program due to the fact that retailers sit in control of most of the decision-making governance bodies. As a voluntary trade association, ABVTEX is dependent on dues from retailer members and is always seeking to expand membership to strengthen its influence and clout with the government on a whole range of regulatory matters. As a result, **ABVTEX can only build consensus for policy shifts in the Program and deal with problematic or recalcitrant behavior by members by treading very carefully**.

B) *Transparency*

Most experts interviewed including Auret Van Heerden, Katiuscia Galhera, Mark Anner, and Richard Locke identified transparency as an essential element of successful social compliance programs. Both Katiuscia Galhera and Richard Locke argue that **publicizing how a program operates, what specific information and actions it produces, are key to enabling key stakeholders as well as the wider public to hold firms accountable and exert pressure and correct the limitations of closed information loops**. Mark Anner and Auret Van Heerden gave particular importance to the publication of audit results and remediation plans to help enhance transparency and accountability, as well as to be able to improve procedures. Deborah Leipziger highlighted the importance of using accurate, clear and consistent definitions for internal and public communications, and translating findings into many languages to achieve true transparency.

ABVTEX considers transparency to be crucial for the success of the Program, and is considering increasing the amount of information that is shared on its website. Similar to FLA, WRAP, Sedex and SA8000, ABVTEX currently only publicly shares the name and broad location of the suppliers and subcontractors that are currently certified. However, ABVTEX as most of the certification bodies do not publish its aggregate or piecemeal data about the compliance performance. By contrast, FLA publishes its reports, which include violations and remediation recommendations from individual factory assessments unlike most of the certification schemes. ABVTEX also does not publish data regarding the level of certification received by suppliers (Gold, Silver, Bronze), or regarding suspensions or failure to achieve certification. ABVTEX considers that one of the major roadblocks to increasing transparency is that suppliers are often unwilling to discuss certain issues openly or publicly, which was a common challenge that was also identified by several of the interviewees across all groups.

It also appears that **some ABVTEX members feel that the association could play a greater role at encouraging transparency and the public disclosure of information within individual members.** Three out of four retailer survey respondents noted that they publish the names and locations of their suppliers on its website, and the remaining one is working towards this. All four retailers that answered the survey indicated that ABVTEX should encourage members to publish complete lists of their suppliers on their website, for example. From the perspective of suppliers, 60% of them responded that they are satisfied and believe that the policy is adequate while only 14% said that ABVTEX should publish more information. Some experts also argue the Program could be made even more effective by also including measures that publicly identify retailers and their suppliers when violations are found in their supply chains.

C) Accountability

One of the main challenges identified in regards to accountability in the garment industry in Brazil and abroad was the complexity of supply chains. Multiple subcontractors tend to work for each supplier, making it extremely difficult to manage compliance with the law and to conduct due diligence. All four retailers that responded to the survey indicated that they conduct additional, internally organized audits of their supply chain as a way of providing additional safeguards. Additionally, over 61% of the suppliers that responded to the survey claimed to have internal supply chain audits to maintain and evaluate subcontractors.

When it comes to the ABVTEX Program, **suppliers who are found to have extremely serious compliance issues can lose their contracts or certification, either immediately or upon insufficient remediation depending on the nature of violation.** Suppliers can also receive temporary suspensions if compliance issues are less grave. According to the supplier survey, about 34% of suppliers reported undergoing temporary suspensions from certification. Approximately 34% out of those respondents reported having been suspended by ABVTEX for a period of less than three months, and about nine percent for a time period between three and six months. Another 34% of the respondents that reported undergoing temporary suspensions said that they went through a remediation process that lasted up to a month, while 11% went through a remediation process that lasted between one and three months. Less than two percent of them went through a remediation process longer than three months, and about 9% mentioned they left the program voluntarily for a time period.

Three out of the four retailer respondents said they use audit results to make decisions about which suppliers their company wants to continue working with. At the same time, three out of four retailers said that one or more of their suppliers have been suspended or lost the ABVTEX Program certification as a result of non-compliance in the past, but only one said they stopped working with those suppliers.

Although the survey sample is very small, these findings reflect Richard Locke's argument that having higher levels of compliance might not necessarily result in larger orders or better business outcomes, and vice versa. Additionally, audit results can only be shared with potential new brand clients on the internal system if each supplier gives permission, complicating the process of comparison between suppliers that have achieved different performance levels (Gold, Silver, or Bronze). This **lack of strong positive incentive might only motivate suppliers to work to avoid the most serious violations that would cause them to lose certification**, while creating insufficient incentives to continuously improve their performance or achieve higher levels of compliance. In the supplier survey, about 34% of respondents claimed that their main incentive for pursuing ABVTEX certification was to maintain contracts with retailers, about 31% of them responded that their main incentive was to gain competitiveness among other suppliers, approximately 18% of them claimed their main incentive was to gain a positive image in the market, and the last 16% aimed to maintain their competitiveness in the market. This suggests that **market incentives are crucial for the promotion of behavioral changes among suppliers**.

Additionally, interviews with experts and surveys with retailers expressed concerns over the **lack of alignment between social compliance expectations on suppliers and the purchasing practices of retailers**. Suppliers that participate in certification programs are expected to provide good working conditions and other social outcomes. However, many of the practices adopted by buying departments, such as order cancellations, lack of planning, pressure for lower prices, and short lead times, can result in negative impacts for workers.

All four retailers that responded to the survey agreed that retailers should be ethically responsible for their supply chains, and three out of four indicated that they agreed that the sourcing practices of retailers create pressures that unintentionally encourage suppliers and subcontractors to violate labor laws and standards. All three of the retailers that agreed to the previous statement identified tight and constant flows of deadlines for order fulfillment, and pricing or tension between price, timing and quality expectations as the main practices that unintentionally encourage noncompliance among suppliers and subcontractors. (However, 61.5 percent of supplier respondents indicated that prices were established by "mutual agreement.") Since **suppliers can't change their fixed costs, low prices that squeeze profit margins create incentives for suppliers to "cheat" on wages and benefits, while tight deadlines make it difficult, for example, for suppliers to conduct due diligence on subcontractors**.

Experts like Richard Locke argue that when it comes to social compliance programs, what has really been found to work in terms of bringing transformational and lasting change is guiding and assisting suppliers to improve their production processes so that shortcuts that result in the mistreatment or abuse workers aren't taken, as well as creating incentives for behavioral change in buyer-supplier relations. In the case of the ABVTEX Program, three out of the four retailers that responded to the survey agreed that promoting greater convergence in responsible sourcing practices of ABVTEX members is one aspect where improvements should be sought for the program.

D) Cost Burden on Suppliers

ABVTEX does not fully determine the cost of audits and, therefore, of supplier participation in the Program. Instead they set a maximum price that audit firms can charge suppliers participating in the Program, which varies based on the size of the facility and number of employees, as well as the expected

duration of the audit.²³⁰ This indicates that **the Program encourages price competition among the accredited auditing firms (and the vast majority of independent contractor or freelancer auditors who perform the actual audits and constituted 78.3 percent of survey respondents), a situation which could create incentives for less rigorous auditing.** Moreover, Sixty-five percent of auditors and audit company representatives said that price was the most important consideration for suppliers in considering the choice of what auditor to work with.

Additionally, some experts like Katiuscia Galhera argued that the **direct and indirect cost of participation in the ABVTEX Program and other certification programs is too high, especially for small and medium size suppliers, as well as in comparison to the cost to retailers.** The program currently burdens suppliers and subcontractors with the responsibility to hire authorized auditors at their own expense, to invest their own resources to receive certification, and to bear the cost of suspension or losing contracts if requirements are not met,²³¹ which could present a significant challenge for some of them. Representatives from audit firm SGS mentioned that suppliers have expressed that they face difficulties covering Program costs, but the representative from WRAP argues that no matter how low the cost of certification is made, suppliers would continue to complain. In the supplier surveys, 29% of respondents mentioned that the costs associated with the company's process of implementing changes to meet requirements have been one of the main challenges in relation to the ABVTEX Program, while 25% stated that the main challenge has to do with the cost of the actual certification process.

Suppliers through the survey identified several costs in addition to the regular costs of the program. Over 33% of suppliers, for example, mentioned that there are some indirect costs, such as the cost of supervisory staff to deal with auditors, while almost 30% of suppliers mentioned that they bore additional costs from consultancies with specialized compliance services. About a quarter of suppliers also mentioned the Program created other indirect costs that resulted from having to stop or decrease production during audits. Like most other standards, ABVTEX determines who pays for audits and for implementing changes that are required, which in their case is suppliers. **FLA stands out for best practices in this area by recommending brands to help suppliers pay for assessments, especially to prevent overburdening smaller firms.** This points to the possibility that complaints or conflicts related to costs might not only result from issues with covering the actual cost of certification, but also dissatisfaction with the arrangement of how the cost burdens are distributed among participants. In addition, costs need to be considered within the overall context of audit fatigue, discussed below.

E) Worker's Voice

ABVTEX currently does not have a formal mechanism to represent workers beyond incorporating labor unions and civil society organizations in the Consultative Council, which as mentioned previously, is not a decision-making body. This appears to be a commonality among many certification bodies, but there are some exceptions. SA8000 has a Social Performance Team, a group of trained workers who can facilitate and lead the company's SA8000 implementation. FLA on the other hand, ensures the representation of the interest of workers by including Civil Society Organizations, including one worker organization, in significant proportions in their governing boards.

²³⁰ ABVTEX . "How to start the Program," 2020. <https://www.abvtex.org.br/en/how-to-start-the-program/>. Accessed 06/14/2020.

²³¹ ABVTEX. "General Regulations of the ABVTEX Program," August 2019. Version 3.0.

There is growing consensus among experts that **the involvement of workers in the audit process should go beyond being interviewed by the auditors.** In the team's interview, Auret Van Heerden for example, argued that there is not enough consultation with workers in many of the present mechanisms, that the results of audits should be discussed directly with workers, and that they should be able to feel the effects of remediation and measures made following audits. Similarly, Katuscia Galhera and Joanne Bauer argued that social compliance programs needed to evolve to include more inclusion of worker voice and participation, and that audit results and remediation plans should be discussed directly with workers to ensure accountability.

Moreover, several experts emphasized that **workers should be involved in the development of remediation plans and other program components,** and that it is crucial that workers understand their rights, their contracts and company policies. Several certification bodies, like Sedex and WRAP, particularly highlight the importance of communication of those rights and policies to workers. Auditors are expected to conduct careful assessments to determine whether workers understand their rights, if policies are inclusive and if they are written and communicated effectively. Communication channels are expected to take into account the different language skills of workers specially to make sure that illiterate or non-Portuguese-speaking workers understand their legal rights, company policies and policy changes.

Anonymous worker compliant mechanisms that trigger independent investigations are often cited as an important innovation. While as far as the SIPA team was able to confirm, on the ABVTEX website the only mechanism possibly relevant includes a generic *contact us*²³² link and a generic *submit program suggestions*²³³ link for which one needs to be a registered user. FLA, on the other hand, has a clearly defined and comprehensive complaint process, which can be used by all workers and their advocates, and sometimes includes third party investigations.²³⁴ **Anonymous worker complaint mechanisms are crucial in identifying non-compliance issues beyond formal worker interviews.** Therefore, the presence of anonymous suggestion boxes (identified by 51.4% of auditor respondents), hotlines (found to be present by 14.9% of respondents in the same “check all that apply” question) and other grievance mechanisms within supplier companies is one of the key aspects assessed by some certification schemes like Sedex. ABVTEX agrees that workers can play an important role in monitoring suppliers but indicates that engaging them can be extremely challenging. Many workers have no internet access to report issues or stay in contact with ABVTEX, and thus, the **grievance mechanisms in place should be inclusive and provide easy access for all workers** regardless of the limited access to the internet and other communication channels.

In the survey, auditors have unanimously indicted that workers interviews are the main means of verification in the auditing process. ABVTEX accredited auditors try to ensure privacy during the interviews and use open questions with the workers at the workplace. In the interviews, representatives of **Intertek, SGS and WRAP expressed their concerns over issues of workers being coached or threatened to provide desired responses to auditors.** Additionally, according to the auditor survey, 50% of auditors claim that sometimes there are signs of coaching from the management on how workers should respond during interviews, while 12.5% claimed that coaching appears frequently (5%) and very frequently (7.5%). This highlights the importance of carefully identifying safe spaces away from the workplace to conduct interviews with workers. A worker’s home for example might initially seem like a good option, however it

²³² ABVTEX. “Contato,” 2020. <https://www.abvtex.org.br/contato/>. Accessed 06/14/2020.

²³³ ABVTEX. “Sugestoes,” 2020. <https://www.abvtex.org.br/sugestoes-ao-programa-abvtex/>. Accessed 06/14/2020.

²³⁴ Fair Labor Association. “Third party complaint process,” 2020. <https://www.fairlabor.org/third-party-complaint-process>. Accessed 06/14/2020.

might be difficult for them to express opinions about sexual harassment in front of spouses or other house members. Unions halls, community centers, or public spaces that afford privacy could be alternatives.

F) Social Compliance Approaches

The ABVTEX Program defines a set of criteria based on Brazilian labor legislation and international standards, along with auditing procedures that must be used to check suppliers for compliance with this criterion. This approach is often referred to as a checklist approach, and is common among the majority of the certification schemes we analyzed. Some, like SA8000, however, have developed approaches that instead provide a wider range of resources and tools to help them continually improve their social performance. These approaches are typically referred to as **capacity-building approaches and are designed to help address buyer-supplier power imbalances and transform** what is typically a punitive and adversarial **auditing process, to a joint-problem-solving approach**. FLA similarly expands on a traditional auditing approach and use of checklists through their Sustainable Compliance Methodology (SCI). The SCI approach looks at violations within FLA's *Code of Conduct* holistically in light of the facility's employment practices, and requires brands and manufacturers to collaborate and track improvements on labor management.²³⁵

In regards to the ABVTEX Program, some national interviewees argued that, in effect, **banning suppliers that are not in compliance is not an effective strategy for addressing issues in the supply chains of members or in the industry at large**. This is partially because these issues may be wrapped up with productive upgrading problems, which suppliers may lack sufficient resources to tackle effectively. Moreover, rather than being driven out of business, these firms move into the less regulated and scrutinized three quarters or more of the garment market in Brazil with very problematic labor standards. From 2014 to 2016, this occurred to literally thousands of firms that once sold to ABVTEX members. If instead, retailers and the Program could commit to provide capacity building assistance to suppliers to address these problems, the labor and social performance of members' supply chains could be improved, while simultaneously strengthening relationships between both parties and improving efficiency.

Several international experts, as well as past and current leaders of social compliance programs, argued that **traditional compliance programs, with a checklist approach and yearly audits**, have been beneficial for collecting information but **have largely failed at bringing sustained and significant improvements**. An important issue that was emphasized through interviews with experts was the significant incentive that exists in traditional compliance programs to fool auditors. In the auditor survey 31.8% of those respondents who the Program ineffective listed as the most important reason the difficulty of assessing whether the information available at the time of their visit corresponds to the normal daily reality of the supplier.

Checklist approaches are also thought to be problematic because they do not place sufficient importance on incorporating standards into the budgets and operations of suppliers and retailers. Representatives from WRAP and SA8000 mentioned, for example, the importance of identifying specific individuals or teams within the facilities of suppliers to be responsible for each requirement, as well as to ensure that at least the same level of importance is given to remediation as to monitoring. Additionally, monitoring should be preventive and proactive rather than strictly ex post fact-finding. In other words, it should be a *process* of capacity building for social compliance.

²³⁵ Fair Labor Association. "Sustainable Compliance Methodology," 2012. https://www.fairlabor.org/sites/default/files/sci-factsheet_7-23-12.pdf. Accessed 06/14/2020.

Experts like Richard Locke argue that among the currently existing approaches, **what has been demonstrated to work is guiding and assisting suppliers to improve their production processes** so that shortcuts that lead to the mistreatment or abuse of workers are not taken. This broadly refers to a capacity-building approach. Although the response sample is very small, three out of the four retailers that responded to the survey noted that one of the aspects of the Program that could be improved is contributing to the modernization of the production processes of suppliers and subcontractors, suggesting that at least some members might be interested in shifting towards a capacity-building approach. In this connection, ABVTEX has already been partnering with Business Sustainable Development Consulting (BSD) and Social Accountability Accreditation Services (SAAS) to transform the focus of the program beyond compliance towards the strengthening of supply chains.

In terms of the technical effectiveness of the existing checklist of the ABVTEX Program, the auditing survey results indicated that almost 59% of auditors believe that the checklist is partially effective while 28% responded that it is very effective. Some of the reasons given in regards to checklist ineffectiveness was the aforementioned difficulty of assessing whether the information available at the time of the visit corresponds to the normal daily reality of the company (31.82%), the difficulty of assessing compliance issues given the time available to the auditor (22.73%), as well as the difficulty in assessing the compliance issues in a single visit (18.18%). Interviews with auditing companies also suggested that the **checklist seems too long for medium and small-sized suppliers, and many of the criteria are not applicable**. Additionally, a longer checklist is associated with a higher auditing cost, which as mentioned previously, presents challenges for smaller suppliers.

One of the strengths of the ABVTEX Program is that it provides incentives for both participating parties by reducing risks and protecting the reputations for retailers, while also setting penalties for non-compliance for suppliers.²³⁶ At the same time, the ABVTEX Program has been criticized for prioritizing the reputations of its retailers without bringing direct accountability to them, and for providing insufficient support to suppliers and subcontractors and creating a bias against small and immigrant-owned enterprises.²³⁷ Although the program has also been praised for being more comprehensive than other CSR approaches because it not only targets suppliers but also subcontractors,²³⁸ **some argue it could be made even more effective by including measures that publicly identify retailers and their suppliers when violations are found in their supply chains.**²³⁹

G) Selection, training and monitoring of auditing bodies/auditors

Similar to other certification schemes ABVTEX works with specific audit bodies that are accredited by ABVTEX. On paper, the requirements for auditors might seem to be quite similar across different certification bodies, and include integrity and strong knowledge of the field and labor law. However, by

236 Posthuma, Anne, and Renato Bignami. "Bridging the Gap? Public and Private Regulation of Labour Standards in Apparel Value Chains in Brazil," *Competition and Change*. Volume 18. 345-364. August 1, 2014.

<https://journals.sagepub.com/doi/10.1179/1024529414Z.00000000065>. Accessed 06/14/2020.

237 Leite, Marcia de Paula, Sandra Roberta Alves Silva, and Pilar Carvalho Guimarães. "O TRABALHO NA CONFECÇÃO EM SÃO PAULO: as novas formas da precariedade." *Caderno CRH 30*, no. 79 (April 2017): 51-67. <https://doi.org/10.1590/s0103-49792017000100004>. Accessed 06/14/20.

238 Posthuma, Anne, and Renato Bignami. "Bridging the Gap? Public and Private Regulation of Labour Standards in Apparel Value Chains in Brazil," August 1, 2014. <https://journals.sagepub.com/doi/10.1179/1024529414Z.00000000065>. Accessed 06/14/2020.

239 Campos, André, Mariëtte van Huijstee, and Martje Theuws. "From Moral Responsibility to Legal Liability?" *Repórter Brasil & SOMO*, May 2015. <https://reporterbrasil.org.br/wp-content/uploads/2016/08/From-moral-responsibility-to-legal-liability.pdf>. Accessed 06/14/2020.

taking a closer look at requirements as well as the types of organizations accredited to work with the different compliance programs, important differences become apparent. With the exception of ABNT, the auditing bodies that are accredited to conduct ABVTEX Program audits are multi-divisional, for-profit multinationals.²⁴⁰ Considering the nature of the organizations and the fact that auditor surveys revealed that price is by far the most important factor in choosing an auditor, and that the most common response to a perceived negative experience with an audit by a supplier or subcontractor is to hire a different company or ask them to send a different auditor (a combined 60.3% of those unhappy with an audit experience), there are strong incentives for auditing bodies to engage in unhealthy price competition to bid down audit fees. This, in turn, would create incentives for auditors to cut corners, and for suppliers to “shop around” for the most lenient treatment.

ABVTEX provides a one-day training for auditors to increase their knowledge on all checklist points and compliance criteria of the program. According to the interviews with audit bodies, auditors have a chance to practice their interviewing skills during this training. In the survey however, 52% of auditors said that training had been delivered mainly through audit firms, which indicates that ABVTEX might not have sufficient control over the training and knowledge convergence of individual auditors. Furthermore, it seems that the **specific qualifications requirements in terms of experience and education for auditors are also set by the audit bodies**, and could therefore vary between organizations.

Other certifying organizations seem to have established greater safeguards to ensure control over the recruiting and training of auditors, and to reduce incentives for downward price competition. SLCP, for example, works with Sumerra to oversee the quality and integrity of the verification process by conducting thorough selection processes for both auditing bodies and individual auditors, as well as by conducting Quality Assurance activities (i.e., desktop reviews, shadow audits, counter audits, duplicate audits, auditing body management checks).²⁴¹ As for FLA, their Board of Directors accredits monitoring organizations and individual independent assessors. Almost all of the monitoring organizations accredited by FLA are small, industry-specific consultancies and NGOs that are locally owned and based, rather than large multinationals.²⁴² FLA is also clearer and more detailed regarding the technical and professional qualifications required for their monitors, and explicitly prohibits auditors to do compliance work for the same firm they have audited to better ensure independence and reduce the potential of conflicts of interest.²⁴³ Similar to FLA, SA8000’s training is much longer than that of ABVTEX, requiring individual auditors to complete a five-day basic training course,²⁴⁴ and an additional advanced training course for lead auditors.²⁴⁵

Overall, although ABVTEX provides specific training on the checklist components during its training, **there is still space to increase incentives for monitoring thoroughness and ensure greater control over the**

²⁴⁰ Testing, Inspection and Certification Council. “TIC Factsheet,” 2020. <https://www.sgs.com/-/media/global/documents/third-party-documents/factsheet-tic-council.pdf?la=en>. Accessed 06/14/2020.

²⁴¹ Social & Labor Convergence Program. “What is the Verification Oversight Organization (VOO) and what is their role?,” 2020. <https://slcp.zendesk.com/hc/en-us/articles/360010335214-What-is-the-Verification-Oversight-Organization-VOO-and-what-is-their-role->. Accessed 06/14/2020.

²⁴² Fair Labor Association. “FLA Accredited Monitoring Organizations,” (2020). <https://www.fairlabor.org/transparency/fla-accredited-monitoring-organizations>. Accessed 06/14/2020.

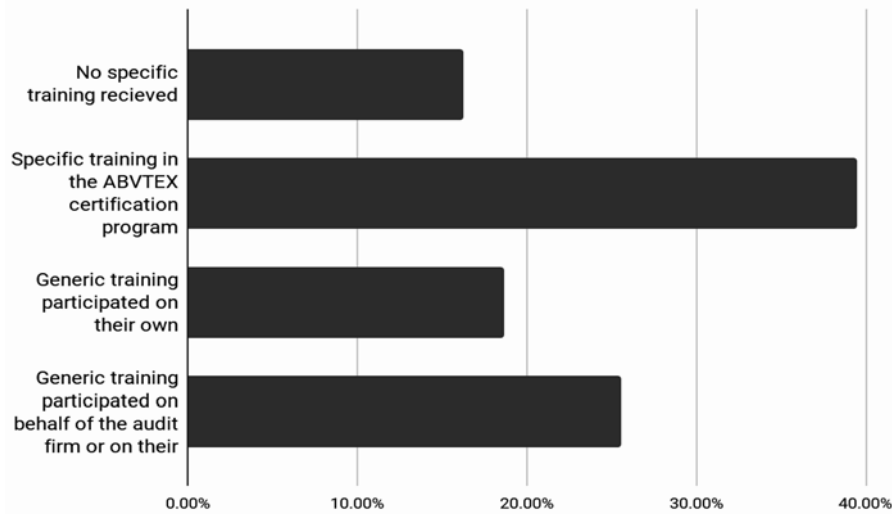
²⁴³ Fair Labor Association. “FLA Charter Document,” 2017. https://www.fairlabor.org/sites/default/files/fla-charter_revised_october_2017.pdf. Accessed 06/14/2020.

²⁴⁴ Social Accountability International. “SA8000 Introduction & Basic Auditor Training,” (2020). <https://sa-intl.org/services/training/sa8000-auditor-training/sa8000-basic/>. Accessed 06/14/2020.

²⁴⁵ Social Accountability International. “SA8000 Advanced Lead Auditor Training,” (2020). <https://sa-intl.org/services/training/sa8000-auditor-training/sa8000-advanced/>. Accessed 06/14/2020.

training of auditors aimed at convergence of expectations and knowledge. **This is especially important regarding critical and complex labor issues.** Survey results, for example, uncovered that only around 40% of auditors received training on gender discrimination and sexual harassment from ABVTEX, while almost 55% either received externally provided trainings or had not received any training on these issues at all.

Figure 6. Survey Findings: As an independent auditor/manager what type of training on issues such as sexual harassment and gender discrimination have you received? As an independent auditor/manager what type of training on issues such as sexual harassment and gender discrimination have you received?



Source: Columbia SIPA Research Team (2020). Auditor Survey (See Appendix 2 for additional findings). Retrieved on 05. 26.20.

H) Audit Types, Audit Frequency and Audit Announcement

ABVTEX has three types of audit, namely initial audit, follow-up audit and renewal audit. It was discovered that **the description of follow-up audits was not clearly stated in the Manual**, unlike the audit manuals of benchmarking organizations. Some audit manuals distinguish more precisely the sub-categories of follow-up audits based on the results of previous assessments. As an example, Sedex distinguishes follow-up audits into three categories (full follow-up, partial follow-up and desktop/remote follow up audit) based on the severity of non-compliance issues previously identified. According to the interviews with the client and auditing firms, ABVTEX initial audits are announced, whereas follow-up audits are normally unannounced. The benchmarking analysis has shown that some certification bodies such as FLA do not announce their audits, whereas others, like Sedex, use a combination of announced and unannounced initial audits depending on the results of prior risk-assessments. Some audit bodies use so-called “Self-Assessment Questionnaires” which helps to assess the risks associated with the facility. According to the auditors’ survey, 67% of auditors mentioned that audits are only partially unannounced, because suppliers are responsible for requesting and paying for audits and can therefore estimate the week or month they will be audited.

Audit fatigue has appeared to be another common issue frequently raised by interviewees and survey results. More than half of supplier respondents (54.2%) reported being audited four or more times annually, clearly indicating the issue of the audit fatigue is a real challenge for the Program.

l) *Threats and challenges due to the COVID-19 crisis*

During the interview with Mark Anner, he argued that **the COVID-19 crisis has brought to light the enormous power retailers have to shape conditions at the bottom of their supply chains**. As retailers cancel orders that were already in production invoking force majeure clauses, suppliers who had already purchased the materials and even completed orders are not being paid. In most producing counties there isn't enough funding from governments to respond to this situation through income support. Under this critical situation in which codes of conduct, standards, guidelines no longer apply, the fragility of the current compliance system has been exposed.

From ABVTEX's perspective the full impact on members' supply chains was still uncertain as of April. From their surveys so far, they determined that 99% of suppliers are suffering impacts due to the COVID-19 crisis with medium and small companies experiencing the harshest impacts. A lot of brands are reducing orders, cancelling orders, requesting lower prices or postponing payments. Auditing processes have stopped and now ABVTEX is strategizing how to restart them. The Association was considering a simplified auditing procedure with fewer questions and lower costs. Edmundo Lima explained that ABVTEX has created a list of suppliers interested in producing masks and medical garments so they can be contacted directly for orders. Their main concern, however, is the wellbeing of workers, many of whom have lost their jobs or faced serious income cuts.

It is also not clear how garment manufacturers were impacted or reacted to temporary decree of April 1st, which guarantees jobs but allows firms to cut wages and hours by 70% with individual or collective labor agreements during the pandemic. To the extent that has occurred, and with monthly payments of R600 per person (the *auxílio emergencial* or emergency benefit) for up to two per household for three months (about US\$112 at June 18, 2020 exchange rates) to lower-income Brazilians, this represents a significant income decrease, which additionally excludes access to normal severance payments tied to years of service (FGTS), and to unemployment insurance (UI) for those who qualify. Additionally, **it is estimated that 6.1 million workers that are eligible for the Emergency Basic Income (EBI) cannot receive the benefit** due to a rule that sets a limit of only two beneficiaries per household, and since the Federal Government Program focuses on the poorest population, the **26 million middle income workers that already do not have access to unemployment insurance benefits, will not be covered by the EBI** if they are laid off.²⁴⁶ There are additional obstacles for workers to access the EBI, including low access to technologies and Internet, which are required to access the EBI through a government-owned commercial bank, Caixa Econômica Federal.²⁴⁷

Edmundo Lima also mentioned that undocumented **migrant workers specifically have been particularly impacted due to the informality of their employment**, though ABVTEX maintains that they lie outside its members' supply chains now after the substantial winnowing of suppliers that the Program has facilitated.²⁴⁸ The latter are currently receiving no income, and although NGOs are trying to support them to obtain legal documents to be eligible for government allowances, the process is long and complex.

²⁴⁶ The Solidary Research Network. "Covid-19: Public Policies and Society's Responses," 2020. http://oic.nap.usp.br/wp-content/uploads/2020/05/BoletimPPS_5_8maio_ingles.pdf. Accessed 06/14/2020.

²⁴⁷ Ibid.

²⁴⁸ Bozzon, Angela & Lima, Edmundo. SIPA EPD Workshop Research Team's Interview with ABVTEX. Skype, 2020.

8.3 Stakeholder Engagement

A) *Participation of ABVTEX in Public-Private Partnerships*

Experts like Aurret Van Heerden and Mark Anner argue that successful enforcement on labor issues requires collaboration of state actors and private actors, and that private certifying organizations should work to promote the strengthening of national systems. In this regard, the Program has facilitated significant collaborations over the past decade with Brazil's State Commission for the Eradication of Slave Labor (COETRAE/SP), Municipal Commission for the Eradication of Slave Labor (COMTRAE/SP), and the National Institute for the Eradication of Slave Labor (InPACTO) to amplify the dialogue on the realities of the fashion supply chain and evaluate ways of strengthening instruments for combating forced labor, and to engage the business sector to improve existing mechanisms. In addition, reinforcement of such mechanisms would result in better collaboration with an eye toward furthering public-private partnerships. Unfortunately, the SIPA team was not able to interview any representatives from these organizations, as they were overwhelmed dealing with the impact of the COVID-19 crisis.

Overall, the ABVTEX Program has the potential to bridge gaps between private sector CSR initiatives and public regulation, since their private monitoring entity complements the professionalized labor inspectorate's regulatory authority and capacity.²⁴⁹ Furthermore, ABVTEX has been praised for its ability to engage with multiple stakeholders in monitoring labor standards in both the private and public sectors.²⁵⁰ However, as noted previously, the number of freed workers has varied significantly over time and seems to reflect uneven trends in public enforcement capacity since the mid-2010s in the face of ongoing challenges to prevent forced labor in the apparel industry. In addition, concern has been raised about the rigor of some member firms' compliance with the terms of TACs and the insufficiency of government inspection resources to provide effective oversight.²⁵¹ Aurret Van Heerden argues that if true industry-wide changes are desired, it is crucial to provide support to labor inspectors from the state government to complement private auditing.

Although the ABVTEX Program might have been established to complement state enforcement of labor regulations, the current reality runs the danger of undermining its early potential for public-private synergy. The ABVTEX Program endeavors to be dynamic in constantly adjusting to evolving and strengthening international standards, the global competitive and compliance dynamics of the garment industry, and domestic politics and policy. It is therefore essential to review and adapt the Program's code of conduct, incentive structures and auditing process as a way to take on more responsibility for the inspection of suppliers and subcontractors to overcome what may be growing gaps in state enforcement and become even more effective at addressing labor violations and risks independently.

²⁴⁹ Pires, Roberto. "Promoting sustainable compliance: Styles of labor inspection and compliance outcomes in Brazil." *International Labour Review*, 147(2-3), 199-229.2008.

²⁵⁰ Costa, Patrícia Trindade Maranhão. "Fighting Forced Labour: The Example of Brazil." *International Labour Office (ILO)*, July 15, 2009. http://www.ilo.org/global/topics/forced-labour/publications/WCMS_111297/lang--en/index.htm. Accessed 06/14/2020.

²⁵¹ Campos, André, Mariëtte van Huijstee, and Martje Theuws. "From Moral Responsibility to Legal Liability?" *Repórter Brasil & SOMO*, May 2015. <https://reporterbrasil.org.br/wp-content/uploads/2016/08/From-moral-responsibility-to-legal-liability.pdf>. Accessed 06/14/2020.

B) Program Mechanisms to Promote Conversation and Participation Between Internal and External Stakeholders

The Brazilian context benefits from the fact that all the actors of the garment supply chain operate within its territory, which should facilitate the dialogue between them. From interviews, a multi-stakeholder approach with clear involvement of those who can speak credibly for all interested parties, especially for migrant workers, and can bring technical expertise in important areas like human rights is crucial for the design and implementation of social compliance programs. In addition, creating “safe spaces” to have open discussions on sensitive topics such as forced labor, migrant workers and child labor, and identifying the barriers to promote open dialogue between stakeholders, was highlighted as essential for an effective multi-stakeholder approach.

ABVTEX formulated its Regulations and Manual through a joint effort between retailers and suppliers, and the most recent update to the auditing checklist included the inputs from both as well, but they did not necessarily involve significant input of external stakeholders or experts. No evidence was uncovered during interviews that suggested that external stakeholders are typically allowed to have direct participation in the execution and oversight of audits and remediation programs or other aspects of the Program. Additionally, more than 77% of auditors mentioned that the interviews never include civil society organizations or local experts during audits for the ABVTEX certification program.

The Consultative Council provides the greatest opportunity to engage ABVTEX Program participants and members with external stakeholders like NGOs, civil society, and the public sector, as well as labor unions representing the interest of workers. Because the supply chain is mostly composed of small companies with less negotiating power than the very large brands, ABVTEX collaborates with ABIT to empower suppliers and amplify their voices. In interviews with ABVTEX, the Brazilian Association of the Textile and Clothing Industry (ABIT) was also identified as the organization within the Consultative Council that represented the interest of suppliers. Yet, Brazilian academic experts have raised questions about the extent to which ABIT speaks for micro, small, and medium garment firms as opposed to its core constituency of large textile firms, which tend to be more capital-intensive and have quite different labor realities. In that connection, the supplier survey indicated that over 66% of respondents are not ABIT members, 23% do not know whether they are, and only 10% responded that they are members. Overall, this means that there are **opportunities to provide suppliers with more mechanisms to express their views in multi stakeholder conversations.**

Some ABVTEX members and leadership recognize the importance of receiving feedback from suppliers regarding the behavior of brands. However, the Program has encountered challenges to generating this feedback because suppliers are afraid of repercussions in a very asymmetrical power relationship between retailers and suppliers. Edmundo Lima believes that, in the future, ABVTEX will consider developing mechanisms that could allow suppliers to discuss best practices in a more transparent way. Experts like Deborah Leipziger also emphasized the **importance of including the voices of the most vulnerable affected groups**, such as, depending on the situation, indigenous people, women, immigrants, and other marginalized populations. An example of a civil society organization involved in the issue of forced labor and providing legal and social assistance to immigrant communities which include garment workers is CAMI, which sits on COMTRAE/SP as does ABVTEX but which is not part of the Consultative Committee. Other experts like Mark Anner argued that in the context of voluntary auditing mechanisms, some interviewees cautioned that private actors tend to prioritize individual firm reputational risks over broader improvement in industry compliance, and involvement of public sector actors shifts the priority to broader compliance with the law.

C) Customer and Public Awareness and Accountability Regarding the Program's Performance

One of the key findings raised in the interviews was that *robust multi-stakeholder approaches to governance and accountability* with substantial involvement, meaning not just token seats but with voice and vote, of universities, the public sector, NGOs, advocacy organizations and other actors of diverse interests were identified as crucial for creating meaningful solutions to improve social outcomes in supply chains. However, as mentioned previously, the success of such approaches largely depends on the ability of external stakeholders and the public to hold those who manage social compliance programs accountable by providing them with access to the necessary information.

As mentioned previously, at the moment ABVTEX only publishes very limited information regarding the Program. Additionally, three out of four of the retailers that responded to the survey mentioned that their customers are not aware of ABVTEX or the Program, and three out of four retailers also noted that an improvement that could be made regarding the Program is to increase advertising and marketing to enhance public knowledge of the program. ABVTEX certification is currently not displayed on the tags of the products, and information regarding the Program does not seem to be prominently displayed on the websites of many members. One of the national experts suggests this indicates continued sensitivity to the risk that a negative incident or disclosure about another retailer's supply chain would impact on all those adopting the ethical seal or label.

8.4 Influence and Impact in the Apparel Industry

A) ABVTEX Represents a Significant Percentage of Apparel Market Across Supply Chains

ABVTEX has already exerted an extensive influence on the Brazilian garment industry, as the Association represents a significant percentage of the apparel market across supply chains. In 2019, the ABVTEX Association members accounted for 21.3% of Brazilian garment sales, 5.8% clothing outlet stores, and 31% of apparel sector employment.²⁵² Since 2010, the ABVTEX Program has certified almost four thousand firms in more than 600 municipalities and a total of 18 states.²⁵³ By 2019, ABVTEX has already impacted more than 335,000 workers in the garment industry.²⁵⁴

Nevertheless, concerning the fact that ABVTEX retailers' control of the garment market has dropped from 23% (2017) to 21.3 (2019), while the number of ABVTEX members has grown.²⁵⁵ The data suggest that the garment industry's unregulated market is growing faster than ABVTEX membership, and the ABVTEX Program is losing rather than gaining aggregate market share. Therefore, the SIPA research team would like to suggest the Association explore further how its Program's standards and practices affect labor standards for the other three-quarters of the apparel market. The team thinks that it would be worthwhile to investigate whether the ABVTEX Program has a positive spillover and externality (e.g., some suppliers from SIPA Research Team's surveys do not only sell to ABVTEX clients, and some get audited even when it's not being required by a current client), or if the Program poses a negative externality via the winnowing effect and pushing out the non-compliant smaller firms into the more competitive and unregulated rest of the market.

²⁵² ABVTEX. "Relatorio Anual do Programa," 2020. <https://www.abvtex.org.br/en/about-the-program>. Accessed 06/14/2020.

²⁵³ Ibid.

²⁵⁴ Ibid.

²⁵⁵ Ibid.

Beyond the Program's answers to its externalities, the SIPA Research Team would also like to highlight **the gender aspect** of the Program. It is important to note that female workers are doing most of the low-wage, precarious work. Notwithstanding, the existing Program's framework has not emphasized the disproportionate number of female workers in the garment industry, and the Program has not well articulated its intended influence on female workers who often have to bear unpaid care duties.

B) Business Impact on Retailers and Suppliers

The SIPA team's research demonstrates that the ABVTEX Program has a *positive impact on both the suppliers and the retailers*. According to our interview, the interviewees identified that the biggest benefits of ABVTEX Program is the "reward scheme" that praises retailers and suppliers who respect the ethical business practices and follow the appropriate social responsibility conduct. The positive impact of the ABVTEX Program is also highlighted, at least in part, in the team's two retailer and supplier surveys. Even though the size of retailer survey data does not provide sufficient evidence to confidently assess retailer attitudes, one out of four retailers in the survey indicates that it benefited a lot from the ABVTEX Program, while the other two out of four retailers indicate few benefits associated with the certification system. Similarly, 68.22% of the suppliers also indicate that the ABVTEX certification system has positive impacts on the factories, and that the certification reduces the suppliers' competition with companies who do not follow the social responsibility principles.

C) High Influence on Promoting Standards of Responsible Conduct in the Industry's Supply Chains

Apart from generating business benefits for the retailers and the suppliers, ABVTEX also obtained considerable influence in promoting standards of responsible conduct in the industry's supply chains. The interviewed auditing firms have expressed that the ABVTEX certification program has significantly improved the working conditions and workers' rights in the garment supply chain. This positive influence is again reflected in the suppliers' survey that 73.23% of the respondents indicated that factories experienced an improvement in the suppliers' compliance with current labor legislation after the implementation of the ABVTEX Program. At the same time, three of the four of the retailers responded that they are very committed to promoting the ABVTEX certification program's standards and procedures within the company's garment supply chain.

D) Increasing Complexity of Cost/ Benefit Calculation

Notwithstanding the positive influences stated above, the ABVTEX certification system, however, is facing a few challenges that risk limiting the program's impact. One such challenge is the increasing complexity of the cost/benefit calculation for suppliers. According to the auditors' surveys, suppliers and the subcontractors pay 97.6% of auditing costs. After interviewing multiple international certification bodies, the SIPA Team recognizes that this cost-sharing structure is standard practice. However, according to the supplier survey results, 32% of the responding factories indicate that the cost/benefit calculation associated with ABVTEX Program has become more difficult and complicated, and 16% of the suppliers decided to stop working with ABVTEX signatory brands due to the stated reasons. The declining number of certified suppliers seems to echo the previous finding of the falling overall garment market share of ABVTEX members (from 23% in 2017 to 21% in 2019, after gains over the Program's first seven years), and both data are likely to suggest the growing incentives for suppliers to exit or opt in terms of available retailer clients with demand for their products. Hence, it is reasonable to suspect that the imbalance of ABVTEX Program's cost-sharing structure can potentially reduce the number of current and future supplier and subcontractor firms participating in the Program, hence limiting the impact of ABVTEX's certification system.

E) Geographical Divergence

The ABIT Report “*O Setor Têxtil de Confecção e os Desafios da Sustentabilidade*” highlighted that the Brazilian garment industry faces challenges to conduct effective and convergent actions at the sectoral levels due to the expansive distribution of garment companies across Brazil's vast geographical territory.²⁵⁶ The SIPA team's suppliers' survey also indicates a wide range of factory locations across Brazil (with nearly 75% of factories of respondents located outside the City and metro area of São Paulo), and our interviews with local stakeholders further reinforce the opinion that Brazil's vast geographical territory brings not only logistic difficulties but also numerous social-economic realities in the country. The fragmentation within the Brazilian garment supply chain has been wrapped up with growth in the informal market, and this informality significantly limited the traceability and compliance behind the garment supply chain. Moreover, Brazil has a highly unequal economy, which exacerbates all the identified challenges and restricts the ABVTEX's influences on the supply chain's bottom tiers.

F) Brazil's Current Political Climate Negatively Affects ABVTEX Program's Influence

As discussed in the background section, the ABVTEX Program was initially created with the hope of fostering a public-private synergy, which aims to combine the professionalized labor inspectorate regulatory authority and capacity with a private monitoring entity (Posthuma and Bignami, 2014).²⁵⁷ Nevertheless, due to the previous administration and the current administration's insufficient funding for the public sector and efforts to limit the enforcement power of labor inspectors and prosecutors, the ABVTEX's program's influence in achieving large goals has been hampered. A number of interviewees, including both the local stakeholders and the international scholars, expressed their concerns about the ABVTEX Programs, and they worried that the fluctuating numbers of the identified forced labor cases may be a consequence of the limited influence and lack of partnership between the public sector and the ABVTEX. This was reinforced by access to notes from a 2018 interview conducted by one of the Brazilian academic experts with one of the leading inspectors for garment activities in São Paulo State.

ABVTEX, by itself, does not seem to address the systematic and persistent issues of forced labor in the whole garment sector. BDS Consulting, Repórter Brasil and some individual scholars have all in various ways expressed concerns about the Program's “cut and run” (cut off supplier relations with problematic suppliers and subcontractors and “run-away”) strategy, which is a common scenario in the global garment industry when brands are faced with reputational risk coming from unpleasant disclosures of abuses in their supply chain. ABVTEX was able to push the problematic suppliers and subcontractors out of the Program's certification system, but ABVTEX cannot put the non-compliant firms out of business, particularly in a vibrant and even growing market outside the scope of the fifth to a quarter of garment sales that ABVTEX represents. Furthermore, ABVTEX does not make much effort to help the non-compliant firms to upgrade the workers' treatment, particularly if that treatment crosses certain red-line thresholds. Hence, the SIPA team does find the need for ABVTEX to explore ways to promote social and productive upgrading on the part of suppliers and subcontractors.

²⁵⁶ABIT. “O setor têxtil e de confecção e os desafios da sustentabilidade.” CNI – Confederação Nacional da Indústria., 2017. https://bucket-gw-cni-static-cms-si.s3.amazonaws.com/media/filer_public/bb/6f/bb6fdd8d-8201-41ca-981d-deef4f58461f/abit.pdf. Accessed 06/14/2020.

²⁵⁷ Posthuma, Anne, and Renato Bignami. “‘Bridging the Gap’? Public and Private Regulation of Labour Standards in Apparel Value Chains in Brazil,” *Competition and Change*. Volume 18. 345-364. August 1, 2014. <https://journals.sagepub.com/doi/10.1179/1024529414Z.00000000065>. Accessed 06/14/2020.

9. Recommendations

The above-mentioned findings were critical in leading the team to a set of targeted recommendations. The recommendations outlined below draw on the many components of our research, and are aligned with the categories of the previously mentioned findings for organizational purposes.

In the recommendations that follow, we attempt to distinguish between **short-term recommendations and long-term recommendations**. Short-term recommendations are those that require minimum adjustments to the existing ABVTEX Program. This could include, for example, an expanded definition of existing compliance criteria in the ABVTEX Manual. Many of the long-term recommendations, however, pertain to ABVTEX's potential to be a leader in capacity building among its member organizations and auditors, enhancing its current checklist-based approach. Our interviews and research suggest that many suppliers are eager and interested in wanting to comply with every criterion within the ABVTEX Program. However, with limited support and budgetary constraints as well as pressing demands for cost reductions and quick turnaround times for orders, they face difficulties in complying, or moving from ensuring basic compliance to being leaders in social responsibility.

Similarly, our findings indicate that the ABVTEX Program, and many similar checklist-type organizations, lack a significant **focus on prevention or mitigation mechanisms** for the many items in which ABVTEX checks compliance. For example, the Program seeks to prevent child labor, and the checklist includes methods to see if child labor is suspected. However, there is no mention of policies or protocols a supplier might have in place to prevent such a situation from occurring to begin with, and/or to address this situation if it is found to have occurred.

We believe ABVTEX has a unique opportunity to be a leader not just in certification and compliance mechanisms, but in **capacity building** that helps ensure compliance is well rounded and sustainable. Findings from our supplier survey undergird this recommendation. An estimated 30% of suppliers indicated they had no support with regard to implementing improvements in their supply chain. The ABVTEX model, therefore, must promote productive upgrading not just by focusing on auditors, so that they can improve their monitoring approach, but also on suppliers themselves.

Such a process would need to include prevention, remediation, and ultimately examine the underlying deficiencies that lead to the many issues the ABVTEX Program seeks to identify and halt. To that point, a series of our recommendations below rely heavily on increasing capacity building. To do this effectively, both from a cost and subject matter perspective, ABVTEX should increase its partnerships with civil-society organizations, NGOs, and government agencies that could provide training and direct assistance to suppliers as they strengthen their approach.

We hope these recommendations will also support ABVTEX's four-pillar strategic vision, that is, to increase international recognition, improve communication and transparency, strengthen government relations, and facilitate value chain development across their organization.

9.1 Criteria and Requirements for Compliance

As discussed above, ABVTEX’s compliance criteria are particularly strong and well aligned to international standards, and definitions shared by additional auditing and certification organizations. Our recommendations, therefore, focus in some cases on expanding a definition to include a wider scope of compliance criteria, but predominantly focus on improving means of verifying compliance with aforementioned standards.

A) *Company Formalization*

- **Verify supplier or subcontractor ownership or lease of land to increase formalization.** ABVTEX could consider expanding their formalization and registration checks to include verification of a company’s ownership or lease of land where their facility is located, similar to criteria required by Sedex. Sedex’s requirements include checking for the deed, rental agreement, or any written evidence to prove that the facility’s location is formalized.²⁵⁸

B) *Working Conditions*

ABVTEX’s existing strengths in monitoring working conditions come, in part, from the organization’s strong foundation based on ending forced labor and supporting dignified working conditions. However, ABVTEX could expand its definitions of discrimination, and enhance its verification procedures when it comes to working time, wages, and harassment prevention mechanisms, particularly increased interviews.

- **Expand working hours verification beyond reliance on company records to ensure validity.** ABVTEX could consider implementing additional methods to verify working hours and wage payments outside of relying on company records. This could include, but not be limited to, increased worker interviews to confirm hours and pay, checking worker pay stubs, and requesting review of additional logs outside of what is reported by management. ABVTEX could also train auditors to be aware of excessive overtime hours and underpayment specifically as it relates to piecework. The additional criteria described above could hopefully begin to be implemented in the **short term**. For a **longer-term** perspective focused on capacity building and prevention, ABVTEX could consider working with auditors and suppliers to ensure workers are educated as to their wages and rights to fair pay. The OECD Due Diligence Guidelines, for example, suggest suppliers to provide automated payments to workers, and accompanying this with training for workers on their legal rights to pay, and how to read a pay slip.²⁵⁹
- **Include the payment of a “living wage” requirement in the *Wages* thematic chapter of the ABVTEX Audit Manual.** Consider supporting employers to take appropriate actions that seek to progressively realize a level of compensation that meets workers’ basic needs according to the context circumstances where the supplier operates and employees live; for instance, adopt a requirement that conditions continued sourcing to the suppliers’ and subcontractors’ payment of minimum living wages. Besides updating the Audit Manual in the **short term**, in the **medium to**

²⁵⁸ Sedex. “Members Ethical Trade Audit (SMETA) Measurement Criteria,” 2019. Pg. 19. <https://cdn.sedex.com/wp-content/uploads/2019/05/SMETA-6.1-Measurement-Criteria.pdf>. Accessed 06/14/20.

²⁵⁹ Organisation for Economic Cooperation and Development. “OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector,” 2018. https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector_9789264290587-en. Accessed 06/14/2020.

long term ABVTEX could consult with stakeholders, workers and unions to better understand the severity of an eventual gap between minimum legal wages and wages that could satisfy the basic needs of workers and their families. In this vein, ABVTEX could consider conducting (or commissioning) a study on wages, basic needs of workers and their cost, working hours, and workloads across the supply chains of member retailers. This study could reveal possible disparities between minimum legal wages and the income needed to cover basic needs, as well as the factors that explain these or specific indicators of these gaps. For instance, according to the OECD, the prevalence of excessive overtime in many cases is an indicator that wages do not meet workers' basic needs. Therefore, encouraging collaboration at an industry level between retailers, suppliers, subcontractors, workers, unions, experts, government agencies, and other stakeholders is essential to advance on guaranteeing minimum and living wages.

- **Ensure the Program's auditors clearly know and monitor all the labor rights regarding compensation, benefits and allowances, given that not all of these are specified in detail in the Program's Manual.** Considering that the Manual mentions these benefits and allowances in a general way, in the **short term** ABVTEX could specify these more precisely within the Manual and verify that auditing firms train auditors in these specific labor rights and obligations.
- **Consider being more protective and stringent than *the Brazilian Criminal Code* with regard to the types of relationship scenarios in which harassment and abusive treatment can occur.** In this sense, in the **short term** update the conceptual definitions of harassment and abusive treatment included in the Program's Manual. Follow the ILO definitions, standards and scope of these concepts set forth in *the Violence and Harassment Convention (No. 190)* as well as in other benchmarked certification programs such as WRAP.
- **Increase in-person interviews and capacity-building to further abusive treatment prevention.** Perhaps the greatest takeaway with regard to scanning for abusive treatment and ensuring its prevention is the importance of in-person interviews with staff and effective distribution of policies. In the **short term**, ABVTEX could consider adding to its Manual verification of the following items mentioned by SA8000, Sedex, and WRAP: 1) Check if complaints have been lodged; 2) Conduct extensive interviews with complainants; 3) Confirm existence of prevention policies and its accessibility; 4) Create and communicate defined disciplinary measures to employees, including management; 6) Examine previously processed cases; 7) Hold workshops and engagement sessions with workers on rights and what to do in case of an assault or harassment case; and 8) Review contracts of security guards and job descriptions to ascertain likelihood of harassment.

Additionally, with a **long-term** focus on prevention, ABVTEX might include criteria that extend to the responsibilities of subcontractors and their workers to adhere to these criteria, including relevant harassment awareness and prevention training. When it comes to interviews, auditors should increase their awareness of the interview environment. For instance, if the auditor is interviewing female workers about the sexual harassment issue, the auditor could make sure that male workers are not present, and the interview should take place where the interviewee feels comfortable (likely not at the factory site). The auditors could additionally observe whether the interviewees feel frightened/uncomfortable.

- **Provide a more detailed definition of discrimination and mitigation to ensure equal opportunity.** ABVTEX’s existing definition of discrimination is broad, and includes discrimination based on gender, pregnancy, sexual orientation, ethnicity, nationality, and political affiliation. However, in the **short term**, the Association could provide additional details as to what counts as these types of discrimination. ABVTEX can make great strides through **long-term** changes that focus on prevention and mitigation of discrimination. In this sense, ABVTEX can turn towards international standards and guidelines such as the OECD, which emphasize the importance of assessing the company's action to prevent direct or indirect discrimination, their obligation to have policies about discrimination that are publicly informed to workers in their languages, and having grievance procedures through which workers can report discrimination cases. Also, international standards include some specific means of verification that are more rigorous to identify potential risks of certain types of discrimination. An example is verifying if there are age requirements in job postings, and position descriptions, which can suggest a potential risk of age discrimination; and the verification of workplaces' accessibility for persons with disabilities. Finally, Sedex includes other categories of possible discrimination that ABVTEX could consider including in the Program's Manual, such as discrimination based on class, marital status, and based on the worker's type of employment contract.
- **Update the Audit Manual with key legal references such as the ILO Convention on Equal Remuneration (No. 100) and articles 372, 373, 373-A of the Labor Code.** This **short-term** measure would clarify the legal basis of the Program’s compliance requirements and means of verification to participant suppliers and subcontractors. Given the existence of a specific chapter in the Labor Code about discrimination against women, in the **short term** consider also including the definition of “gender-based discrimination” in the Program’s manual by referring to the definition set forth in the UN Convention on the Elimination of all Forms of Discrimination Against Women.
- **Incorporate requirements to the Program’s manual to improve suppliers’ and subcontractors’ performance on the prevention, mitigation, elimination, and remediation of discrimination.** Besides verifying potential existence of discrimination based on checking employment agreements and maternity leave records, and conducting interviews with employees, as is currently indicated in the Program’s manual, in the **short term** ABVTEX could incorporate audit measures to verify whether participant suppliers and subcontractors comply with all the legal provisions set forth in **article 373-A of the Labor Code**. Some additional measures to be considered, and their legal basis are: the prohibition of discrimination in job postings (Art. 373-A, Num. I), in training and promotion policies (Art. 373-A, Num. III), and in general, in human resources processes (Art. 373-A, Num. II).²⁶⁰ In the **long term**, **ABVTEX** could consider developing capacity-building workshops and provide technical assistance to the Program’s participants on how to effectively comply with these legal provisions, by designing, implementing and monitoring actions aimed at preventing, mitigating, eliminating and remediating all types of discrimination in workplaces and in their supply chain operations.
- **Monitor records of the use of maternity and paternity leaves, and other paid time off benefits, to better understand if suppliers and subcontractors comply with social allowances set forth by e domestic law for both women and men workers (Labor Code).** In the **short term**, update the compliance criteria and means of verification in this regard, included in the Program’s manual. In

²⁶⁰ Article 373 of the Brazilian Labor Code. http://www.planalto.gov.br/ccivil_03/Decreto-Lei/Del5452compilado.htm. Accessed 06/14/2020.

the **medium or long term**, raise awareness of suppliers and subcontractors about the importance of sensitizing workers about using these benefits for work-personal life balance purposes and also for the redistribution of work within the home, including caring for individuals.

- **Expand protections to limit or adopt measures to better monitor work performed inside and outside the factory site**, to avoid unpaid overtime and abusive contractual relationships associated with piecework. Some of these measures could be oriented towards increasing transparency on the contractual conditions based on which homeworkers or workshops - which are usually paid on a piece-rate basis- are supplying work products to suppliers and retailers. The OECD suggests measures such as requiring companies to keep records of the following aspects:²⁶¹
 - The quantity of work distributed.
 - The payments agreed and made between contract parties.
 - Proper timings to ensure that piece rate is set on the basis that it is possible for workers to earn minimum living wages
 - Any social security or health insurance benefits being provided to homeworkers.

In the **short term**, the SIPA team recommends drafting and then implementing these criteria as part of the ABVTEX Program Manual. In the **medium term**, if ABVTEX wants to go beyond the certification program, it could explore developing initiatives to promote the formalization of homeworkers in the garment industry, so they can have broader protection against exploitation and other abuses.²⁶² These initiatives could be, for instance, rights and skills training, provision of legal assistance, and participation in advocacy initiatives to facilitate extension of social security coverage to homeworkers.

- **Include additional means of verification for hours worked such as:**
 - Conduct in-depth worker interviews to determine if and when off-the-books overtime is occurring.
 - Provide guidance for auditors to watch for possible use of dual timekeeping records, with the accurate one kept internal.
 - Investigate the extent to which workers may be taking piecework home, thus extending their hours beyond the allowable limit.
 - Review policies for rest days and holiday entitlement.
 - Verify other attendance records, wages, production records, and/or security cameras records.
 - Require written, rational and well-communicated policies (in language(s) understood by all the staff) defining "urgent business needs," limited to delays/interruptions in production caused by unforeseen circumstances beyond the employer's control, as a way to regulate overtime hours.
 - Interview workers and outside site observers to monitor the times of day workers are actually entering and leaving the facilities.

²⁶¹ Organisation for Economic Cooperation and Development. "OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector," 2018. https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector_9789264290587-en. Accessed 06/14/2020.

²⁶² Ibid.

C) **Labor Types**

ABVTEX again maintains definitions in line with benchmarked organizations and international standards when it comes to forced labor, child labor, and migrant labor, but could enhance the Program's verification practices, with a particular focus on the use of in-person interviews and increased sensitivity towards interviewees.

- **Increase frequency of in-person interviews and prevention training to protect against worker coercion and restricted movement.** In the **short term**, ABVTEX could enhance the checklist criteria to include the following items mentioned by SA8000, Sedex and WRAP: 1. Check that workers are not being coerced and their movement is not restricted at the worksite; 2. Check whether the factory's doors and gates are locked and the building is vacated after the operation hours, while the light is on to ensure workers are not staying overnight in the factory/workshop (being careful to ensure that workers are never locked in during working hours, however); 3. Check the nature of security guards' responsibilities through interviews and observations. Again, in-person interviews are integral to ensuring the adherence to the criteria by all employees and management. ABVTEX might also consider expanding the requirements for written procedures to prevent involuntary forced labor, and adding additional checks on wage payments to ensure wages are paid directly to employees, in an unambiguous and easy-to-navigate system, as is required by WRAP. Developing appropriate prevention materials to then share with suppliers as well as processes is the key to a possible capacity-building approach and a goal for **long-term** improvement.
- **Deploy capacity-building to improve child labor prevention, remediation, and interview techniques.** Although ABVTEX's definition of child labor is in line with international standards and benchmarked organizations, it could enhance the verification procedures to prevent the use of child labor in member factories, and could take a more active approach towards helping suppliers prevent child labor before it occurs, and address if it is found or suspected. In the short term, ABVTEX could enhance interview processes by accounting for the following items mentioned by both SA8000 and Sedex: 1. Auditors could consult with experts who understand child psychology and labor issues on a regular basis to better understand what signs to look for, and to identify new criteria for verification; 2. Take measures to ensure interviews with suspected minors occur in a safe space, likely away from the factory/workshop; 3. Respect the suspected child's right to speak and/or remain silent; 4. Check the authenticity of provided documents for false identification; 5. Check if the factory has a remediation plan for intercepting potential child workers, and consider working with the factory to develop a remediation plan alongside appropriate civil society organizations and public sector representatives. ABVTEX could also provide key guidelines for auditor training related to conducting effective interviews to screen for child labor.

ABVTEX could also heed the guidance in the OECD's Due Diligence for Supply Chains, which encourages a more active approach in not only identifying child labor, but in remediating any occurrence of it. The guidelines focus on remediation tactics when a worker is found to be underage. These include dialogue with the caregivers of the child, and if possible, enrolling the child in school without damaging his/her welfare or that of his/her family.²⁶³ While developing a comprehensive remediation plan for this topic is a **long-term** goal, in the **short term**, ABVTEX

²⁶³ Organisation for Economic Cooperation and Development. "OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector," 2018. https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector_9789264290587-en. Accessed 06/14/2020.

could speak with civil society organizations that advocate for an end to child labor to better understand how they may adjust the existing checklist to include a company's response to finding suspected child labor within their operation, as opposed to just checking to see if it occurred or not.

- **Include in the ABVTEX Program manual the exact four worst forms of child labor set forth by the ILO Convention No. 182.** As mentioned in the findings chapter, the ABVTEX Program's manual makes reference to all of the worst forms of child labor set forth by the *ILO Convention No. 182*,²⁶⁴ except the one regarding "(c) the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties."²⁶⁵ Despite referring to Decree *No. 6481 of 2008*, which approves a detailed list of over 90 work activities in which it is prohibited to employ persons under 18 years of age,²⁶⁶ the list does not explicitly refer to the employment of children in "illicit activities," such as the production and trafficking of drugs as defined in the relevant international treaties. Therefore, **in the short term** ABVTEX could add this specific detail to the Program's manual in compliance with the international standards. In the **medium or long term**, ABVTEX could also consider providing more detailed information, through complementary Program documents and/or potential technical assistance materials, about other types of illicit activities that frequently occur in Brazil in which there is a high risk of children involvement.

ABVTEX might also consider adding additional requirements to the Program manual regarding safe and secure home work conditions for children living with parents in potentially unsafe residential settings. This could manifest itself in additional interview questions regarding home environments for workers.

- **Expand existing checks to protect migrant workers from mistreatment.** Preventing migrant labor often overlaps with issues stemming from forced labor, bonded labor, or debt peonage. ABVTEX could expand its verification method to monitor for irregularities or mistreatment of migrant workers to include: 1) Check if foreign workers pay recruitment fees or give collateral to brokers/agents/ local government or incur debts to secure passage and work in the receiving country that must be paid off through work and 2) Check if the basic terms of employment are communicated to migrant workers before they leave their home country (if possible). In the **long term**, ABVTEX could again focus on mistreatment prevention, and encourage suppliers to form partnerships with migrant worker organizations such as CAMI, to ensure protection of these workers' rights.

²⁶⁴ According to article 3 of the ILO Worst Forms of Child Labor Convention (No. 182), the worst forms of child labor are: (a) all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labor, including forced or compulsory recruitment of children for use in armed conflict; (b) the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances; (c) the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties; (d) work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

²⁶⁵ Article 3 of the Worst Forms of Child Labor Convention (No. 182).

²⁶⁶ Presidência da República. Casa Civil. Subchefia para Assuntos Jurídicos. Decree No. 6.481, 2008, "Regulates the articles 3rd, paragraph d, and 4th of the 182 Convention of the International Labour Organization (ILO) on the prohibition of the worst forms of child labor and immediate action for its elimination, (...) and gives other providences."

http://www.planalto.gov.br/ccivil_03/_ato2007-2010/2008/decreto/d6481.htm. Accessed 06/14/2020.

- **Add or reference a legal or technical source when describing and explaining the characteristics or particular behaviors that constitute forced labor (in the short term).** Again, the importance of these criteria will be strengthened if given a legal backing, which would also clarify to suppliers and subcontractors the relevance and binding nature of the Manual requirements. Also, with regards to the means of verification, it would be useful to include a clear reference in the **Manual of the Ministry of Labor and Employment**” to verify slave-like labor, given that one of the verification procedures is to check the conditions of the company based on this document. However, it is not clear on whether suppliers and subcontractors have access to this document in order to follow the specific guidelines on this matter.
- **Clarify what the Manual means when requiring suppliers and subcontractors to have their own policies** for the following issue areas: anti-corruption; anti-discrimination; child labor; forced labor; freedom of association; abuse and harassment; work hours; salaries and benefits.²⁶⁷ It is not clear based on what criteria auditors judge whether a company has or does not have those policies, and the extent to which these include effective measures to prevent, identify, mitigate, punish and/or remediate these issues. Review the OECD Guidelines to have a better sense of the possible measures that companies could implement in this regard.

D) Freedom of Association and the Right to Collective Bargaining

- **Enhance criteria related to freedom of association and collective bargaining to ensure accessibility and knowledge transfer to workers.** ABVTEX aligns with international standards and benchmarked organizations when it comes to freedom of association and collective bargaining rights. However, ABVTEX could expand the Program Manual to include additional requirements and means of verification that can allow the auditor to conclude whether the company actually complies with the recognition and protection of this right. Some of these requirements could be: 1) The company's provision of training and orientation to workers on freedom of association and negotiation; 2) Proof of clear and open communication of the freedom of association and collective bargaining policies; 3) Verification of whether the company's management actually recognizes and negotiates with existing unions; 4) The company's authorization for unions to hold meetings at the company's facilities and during working hours; and 5) The existence of formal communication and consultation channels between workers, management, and worker association representatives. These actions could be addressed as part of the policies on freedom of association required to companies, according to Thematic Block 6- Checklist Completion item 6.4 of the Manual. In the **short term**, ABVTEX could also adopt criteria that ensure workers' ability to access these associations by, for example, requiring suppliers to display and distribute freedom of association protocol agreements among workers. In the same vein, ABVTEX could consider adding to the Program's Manual detailed requirements or means of verification with regards to worker's transparent and fair elections to participate in commissions through which they can express their interests and negotiate with employers, in accordance with articles 510 A and 510 B of the Brazilian Labor Code and article 11 of the Federal Constitution.

Additionally, Brazil's Internal Commission for the Prevention of Accidents (CIPA) includes a series of additional requirements on health and safety in Regulation #5, as well as legal requirements also exist for negotiations with worker representatives on annual profit and results sharing

²⁶⁷ABVTEX. "Checklist aplicável ao Fornecedor ou Subcontratado," 2019 Versão 3.02. <https://www.abvtex.org.br/checklist/>. Accessed 06/14/2020.

(PLR).²⁶⁸ ABVTEX could include additional criteria that ensure compliance to these important regulations, including checking to make sure the negotiating requirements for profit and result sharing are adhered to.

- **Enhance occupational and safety procedures to confront the pandemic.** The COVID-19 pandemic presents a tremendous opportunity for ABVTEX to update their criteria and procedures pertaining to occupational health and safety. ABVTEX should consult the World Health Organization and Brazil's Ministry of Health to adopt appropriate safety and biosecurity criteria in light of the coronavirus, to include (but not limited to) checks for adequate social distancing procedures in facilities, distribution of personal protective equipment (PPE) to workers, and increased cleaning of facilities, machines, and all materials. This effort could build on ABVTEX's existing criteria pertaining to the use of PPE, which require companies to provide workers with adequate PPE free of charge.²⁶⁹ Given the fast-changing nature of this global crisis but its potential for long-term effects, ABVTEX might consider requiring auditors to obtain training in biosecurity and health procedures.

ABVTEX also has an opportunity to be a leader in guiding how business responds to the pandemic in Brazil amidst confusing and contradictory guidance from the Brazilian government. A recently overturned portion of a presidential decree attempted to declassify COVID-19 as an occupational illness, therefore removing the need for inspections and relevant fines, as well as requiring medical leave for sick employees.²⁷⁰ Brazil's *Sindicato Nacional dos Auditores Fiscais do Trabalho* (SINAIT), however, published a new statement reiterating the obligation of employers to plan, anticipate, and implement all necessary measures to avoid or minimize the transmission of COVID-19 among employees.²⁷¹ ABVTEX should lean heavily on this guidance and urge their members to adopt policies within their supply chains that comply.

e) Transparency and Governance

ABVTEX could consider enhancing existing efforts to combat corruption and increase transparency through the use of new technologies, and increased engagement with company management.

- **Include additional transparency specific to anti-corruption, transparency, and bribery protection.** In the short term, ABVTEX could add an additional section to its manual that specifically targets criteria to improve transparency and reduce corruption within operations. ABVTEX could encourage members to adopt integrity risk assessments that monitor different elements of their supply chain, particularly as it relates to material and labor procurement.

²⁶⁸ Presidência da República. Casa Civil. Subchefia para Assuntos Jurídicos. Law 10.101, 2000 "Prescribes the participation of workers in the profits or results of the company and additional provisions." http://www.planalto.gov.br/ccivil_03/leis/l10101.htm. Accessed 06/14/ 2020.

²⁶⁹ ABVTEX. "General Regulations of the ABVTEX Program," August 2019. Version 3.0.

²⁷⁰ Marcello, Maria Carolina. "Brazil's Bolsonaro Walks Back Decree," 2020. <https://www.reuters.com/article/us-health-coronavirus-brazil/brazils-bolsonaro-walks-back-decree-to-suspend-worker-pay-amid-coronavirus-idUSKBN21A270>. Accessed 06/14/2020.

²⁷¹ SINAIT. "Covid-19: Nota Técnica SINAIT esclarece decisão do STF sobre nexo causal no artigo 29 da MP 927," 2020. <https://sinait.org.br/mobile/default/noticia-view?id=17867%2F covid-19+nota+tecnica+sinait+esclarece+decisao+do+stf+sobre+nexo+causal+no+artigo+29+da+mp+927>. Accessed 06/14/2020.

- **Update communications channels to increase information sharing between suppliers and employees.** ABVTEX could consider expanding communication methods for both verification and compliance requirements beyond traditional communication channels (such as postings in factories). In today’s digital age, this effort could include the increased use of technologies to share information pertaining to worker rights, safety protocols, collective bargaining agreements and more with workers and management. In the **short term**, ABVTEX could also consider adding the following items to the Manual: 1) Consider that different language abilities of workers are evaluated and considered (including literacy); 2) Ensure regular communication, and determine indicators to measure and verify frequency and impact of communication; 3) Assign responsibility to a qualified staff member within facility to ensure all workers receive and understand communications (HR-like role); 5) Ensure workers not only receive communications on internal policies and codes of conduct but also on relevant rights, laws and changes to laws.
- **Increase the share of unannounced subcontractor visits to check for consistent compliance.** ABVTEX could employ additional unannounced subcontractor visits, similar to those employed by Sedex, to ensure accountability and adherence to the program. These additional visits should include a focus on secrecy and to ensure suppliers are not aware of the visit in advance. Doing so, however, might require additional cost sharing.
- **Enhance capacity building to more effectively prevent unethical business behavior.** ABVTEX could consider including a request to ensure that staff whose roles carry a higher level of risk (in terms of exposure to bribes and unethical business behavior) are provided with clear resources and action plans in the event of an issue of bribery, corruption or other unethical behavior arises.²⁷² They could also consider providing training or guidelines on how to prevent and report on these practices in the workplace. Both of these items have a **long-term** focus for implementation. ABVTEX could consider partnering with anti-corruption organizations to assist in training and capacity building, which could facilitate suppliers’ ability to comply with the extensive anti-corruption practices outlined within the Program’s Code of Conduct. Additionally, in the **short term**, ABVTEX could explicitly include in its Code of Conduct and/or General Regulations of the Program, the prohibition for suppliers and subcontractors to do business separately with the Program’s auditing firms beyond the contract on the ABVTEX certification audits, and also the prohibition to contract separately with individual auditors who work for the Program’s auditing firms. The for-profit nature of these auditing bodies, and their need to retain and generate business, could weaken their independence as third parties when they are auditing companies who could be their potential clients in other types of businesses different from the ABVTEX Program’s audits (though there is no evidence of this in the survey responses from audit company managers in terms of compliance services), or when individual freelance auditors have no restrictions on engaging in such additional activities with audited firms. Therefore, these explicit prohibitions could prevent conflicts of interest between the Program’s participant companies and audit bodies, which can lead to “light-touch” or more flexible auditing practices. To address these potential conflicts of interests and incentives from a structural perspective, additional **long-term** recommendations are provided in section 9.2 of this report.
- **Encourage supplier-managed teams to assist with compliance monitoring.** ABVTEX might consider requiring suppliers to assign responsibility to an individual (or team for a larger facility) to routinely monitor compliance with ABVTEX principles, aside from internal audits carried out by

²⁷² Sedex. “Sedex Members Ethical Trade Audit,” 2020. <https://www.sedexglobal.com/smeta-audit/>. Accessed 06/14/2020.

certified auditing organizations, similar to the Social Performance Team approach used by SA8000.²⁷³ Additionally, ABVTEX could require members to submit monitoring plans for their facilities, similar to FLA, that describe ongoing, internal efforts to ensure Program compliance. These plans could be updated in light of any noncompliance findings. Both of these items are better suited for the **long term** given their reliance on significant capacity building within facilities. ABVTEX could also seek to adopt FLA's team-based approach to assessment. These teams are composed to carry out Sustainability Compliance methodology (SCI), and are formed with particular care taken to the identified risks facing a certain company.²⁷⁴

- **Add a digital grievance and complaint mechanisms to increase accessibility and increase specification around mechanism requirements.** To strengthen the effectiveness of grievance mechanisms, ABVTEX should consider adjusting their grievance mechanism requirements to meet the proposed core criteria in the OECD Due Diligence Guidelines. Also echoed in the United Nations Guiding Principles (UNGPs), the OECD core requirements include: legitimacy, accessibility, predictability, equitability compatibility with additional OECD Guidelines, and transparency.²⁷⁵ ABVTEX could further incorporate the example metrics and underlying components the OECD suggests for these respective core elements, which include ensuring the mechanism has a form of escalation; ensure that due regard is given to varying languages and literacy levels; that ensure an indicative time frame is set and followed, and more.²⁷⁶ In an effort to modernize and increase accessibility, ABVTEX could also expand its criteria pertaining to reporting and grievance mechanisms to include digital channels for reporting wrongdoings. ABVTEX could also add additional policies to ensure grievance mechanisms are adequately communicated to workers, and that workers are able to submit complaints in a confidential and unobstructed way. In the **short term**, ABVTEX could develop a low-cost digital grievance channel in the short-term and share this with members to assist in their digital transformation.

Separate from internal grievance mechanisms as described above, ABVTEX could enhance this system by introducing a system in which workers and third-party representatives could submit complaints directly to ABVTEX. This would provide yet another channel to ensure concerns are expressed and heard.

9.2 Operations and Procedures

- **Increase workers' voice by introducing a Social Compliance Team.** ABVTEX might consider establishing something similar to SA8000's "Social Performance Team." This is a designated body of trained workers who implement auditing procedures and codes of conduct, but also serves as a sounding board for workers to share their thoughts and comment on policies and procedures. This initiative would be considered a **long-term goal** as it would require adapting this strategy to make sense in the specific context of Brazil (with many small suppliers and many workers with

²⁷³ Social Accountability International. "Guidance Document for Social Accountability 8000 (SA8000®:2014)" May 2016, 138. <https://sa-intl.org/wp-content/uploads/2020/02/SA8000-2014-Guidance-Document.pdf>. Accessed 06/14/2020.

²⁷⁴ Fair Labor Association. "Understanding FLA's Assessment Methodology".

https://www.fairlabor.org/sites/default/files/documents/reports/appendix_4_understanding_fla_methodology_0.pdf. Pg. 4. Accessed 06/14/2020.

²⁷⁵ Organisation for Economic Cooperation and Development. "OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector" 2018. https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector_9789264290587-en. Accessed 06/14/2020.

²⁷⁶ Ibid, pg. 97.

low access to communications technologies and internet), as well as negotiation with suppliers and retailers that might be resistant to this idea. However, some meaningful steps can be taken in the **short term**, such as ensuring that workers are well informed on the expectations and goals of the Program and of the ways they can help advance them.

- **Establish a more robust rating system based on compliance criteria met.** ABVTEX might consider implementing more specific thresholds for ratings based on the number of criteria consistently met, in conjunction with the amount of time the supplier is able to maintain compliance with criteria. These could be incorporated into the already existing rating system (Gold, Silver, Bronze) or used to develop a new one. ABVTEX could then publish the criteria for the rating systems and the results for all suppliers. Retailers could then use this information to communicate the level of positive social outcomes and compliance in their supply chain, and provide positive business and reputation outcomes for both retailers and suppliers. The **time required** to redesign the current rating system **would depend** on how difficult it would be for ABVTEX leadership and members to reach agreements regarding specific threshold and requirements.
- **Improve corrective and remediation strategies through multi-stakeholder engagement and a calibrated approach.** ABVTEX might consider adopting a more comprehensive and inclusive approach to remediation of compliance issues, depending on the nature of the issues found. SA8000 and WRAP are two organizations with examples of calibrated approaches, where the remedy required and timeline to complete it differs based on the severity of the item found out of compliance. Additionally, ABVTEX could consider incorporating root cause assessments to ensure potential compliance issues are better prevented, which should include active involvement of workers and suppliers. Suppliers should not be made solely responsible to achieve compliance so retailers and third parties should also be actively involved and provide support. The Association could assist suppliers, for example, by partnering with organizations like SENAI and SEBRAE to develop training and provide technical assistance to improve production processes. This effort would be considered a **long-term goal**, as it is part of a set of several changes that would be required to shift the Program towards a capacity building approach.
- **Adopt a more detailed approach to preliminary risk assessments.** ABVTEX might consider adopting a more detailed approach to preliminary risk assessments, with different types of assessments based on certain characteristics such as size of supplier, type of product produced, relationship with members, etc. They could also include additional risk criteria, such as if the supplier has previously been found out of compliance with ABVTEX or other certifications, or with the law. This should be considered a **longer-term goal** as it would require in-depth research of the differences between different suppliers and to then carefully design different risk assessment processes accordingly.
- **Improve the interviewing procedures and anonymous grievance mechanisms.** In the **short term**, ABVTEX might consider improving its interviewing procedures, by creating specific guidelines and questionnaires with open questions both for managers and workers. The interviewing can go beyond worker interviews and include civil society organizations, labor unions, experts and NGOs. Since there is a large issue of confidentiality and protection from reprisals as well as quality and accuracy of information, ABVTEX might include in its guidelines specific recommendations for conducting interviews outside the workplace in safe environments and/or get responses through improved anonymous channels. For reference of a more detailed and inclusive grievance

mechanism, ABVTEX could look to FLA's Third Party Complaint Process.²⁷⁷ By putting similar grievance mechanisms in place, unions and other CSOs will be able to directly submit the complaints about the firm, its monitoring and/or non-compliance issues directly to the ABVTEX.

- **Move towards capacity-building approach.** ABVTEX might consider continuing to move towards a capacity-building approach, particularly by enhancing the expectation and knowledge convergence for the auditors training program in the **short term** and requiring that both individual auditors as well as the audit organizations undertake it. These steps could be followed in the **long term** by the development of a truly independent monitoring model of accrediting, direct training, hiring, and contracting auditors relying on non-profit, small consultancies and individuals. This system would replace the current delegated approach, which relies heavily on for-profit global audit multinationals and their consultants, subcontractors, and in-house training. There would be initial cost increases during the transition but in the longer term, the costs should be lowered by working with a set of socially committed monitoring organizations and individuals that are specialized in the garment sector and would be working primarily or exclusively with ABVTEX, without a for-profit "intermediary" lying between the individual auditor and the audited firm. According to the survey, 63% of auditor informants currently work with multiple compliance initiatives, and only 37% are specialized in ABVTEX.

Moving towards a capacity building approach would also require providing suppliers with greater guidance and assistance for the improvement of production processes in the **short term**, and creating incentives to transform relationships between suppliers and retailers, especially in terms of buying practices in **the longer term**. This effort could include creating systems under which suppliers can evaluate retailers buying practices, or at least have open conversations about how this impacts their ability to comply with expected labor standards. These practices would help to reduce incentives to "cheat" on worker salaries or safety, as well as to falsify information for audits. Alternatively, ABVTEX could organize workshops and seminars to provide information on subjects related to buying practices, or create pricing protocols or negotiation models.

- **Expand Transparency Policies.** ABVTEX could expand transparency policies by (1) publishing information on levels of compliance achieved by suppliers (Gold, Silver, Bronze) and explaining what they mean; (2) recommending or requesting that retailers publish lists of the suppliers they work with on their own websites along with the levels of compliance they achieved; (3) and publishing aggregate data showing impact of the Program. These steps could create incentives to move beyond just achieving basic compliance and encourage more fair competition among retailers and suppliers.
- **Adapt checklist of requirements for different sized suppliers and subcontractors.** ABVTEX could consider developing separate requirements depending on the size of the company to continue to help address issues of costliness while ensuring that auditors do not need to use their own discretion to adapt procedures. This initiative might take some time since it would require reaching agreements on which checklist elements should be prioritized or removed depending on the size of the supplier, to then develop the separate checklists and update other Program

²⁷⁷ Fair Labor Association. "Third party complaint process" 2020. <https://www.fairlabor.org/third-party-complaint-process>. Accessed 06/14/2020.

documents and needed, and lastly train auditors on the differences in expectations for differently sized suppliers. This is, therefore, a **longer term goal**.

- **Adjust Cost-Sharing Framework:** Since many suppliers expressed concerns about difficulties to pay audit costs, in **the long term** ABVTEX may consider adjusting the Program's cost-sharing structure so that both suppliers and retailers cover auditing and remediation costs. In **the short term**, ABVTEX could consider following FLA's example and simply encourage retailers to help with some of the audit costs that now fall entirely on the suppliers, or provide assistance to reduce indirect costs, by increasing coordination among retailers and suppliers to prevent audit duplication.
- **Complement the current punishment-centered incentive system with rewards.** The current Program focuses on punishment as the main incentive to prevent non-compliance. In the **long term** ABVTEX could consider enhancing this with a complementary reward system. One possible approach that ABVTEX could consider that was mentioned previously is to further develop and publish their rating system (Gold, Silver, Bronze). They could even require retailers to use a certain percentage of higher rated suppliers to encourage a beneficial, sustainable, and competitive environment among suppliers.

9.3 Stakeholder Engagement

The following recommendations are based upon the findings that indicate that ABVTEX is already creating valuable partnerships with stakeholders. However, ABVTEX could consider diversifying these partnerships and creating additional communication channels for the benefit of its signatories with the goal of increasing transparency and feedback.

- **Engage third party stakeholders to enhance open communication between stakeholders.** ABVTEX might consider involving third parties to facilitate open communication from suppliers to retailers and to engage them more frequently in the auditing process. Additionally, it is essential to provide more mechanisms to allow workers to voice concerns, ideas and grievances directly to ABVTEX. **This could be a long term goal.** Considering the limitations identified by ABVTEX contact with workers (lack of internet access for example), ABVTEX should consider engaging organizations like CAMI and as well as labor unions to identify the best way these communication channels could be designed, **in the short term**.
- **Enhance open communication channels.** ABVTEX could consider increasing efforts to inform customers and the general public regarding the impact of the ABVTEX Program in the industry, and the importance of supporting positive social, labor and environmental outcomes. As a **short term goal**, these communication channels can also relate to community building outside of the facilities for the benefits of the employees. Increasing public awareness of the Program and its benefits for society could help create additional incentives for suppliers and retailers to push for continuous improvement by making them more competitive in the industry.
- **Collaborate with external stakeholders to update Manuals and other Program elements.** ABVTEX could consider engaging international and national NGOs, labor unions, industry experts, academics, Civil Society and the Public Sector to update manuals and other Program elements. This might help shift priorities to benefit suppliers and workers more, and shift incentives towards

achieving industry-wide transformation. Building these relationships could take time and ABVTEX can prioritize this recommendation **both for the short and long term.**

- **Continue creating diverse partnerships beyond the existing ones.** As mentioned previously ABVTEX's Consultative Council includes representation from national and international retailers, labor unions, suppliers, NGOs, and some government agencies. Another partnership channel could be partnering with some of the foundations such as C&A to extend the community. Some of these partnerships are already incorporated with ABVTEX partners, hence it can be a **short term goal.** However, ABVTEX would benefit from continuing to work to identify new partnership opportunities with both national and international organizations, more specifically with the Brazilian legal enforcement system, which according to the current climate may be considered as a **long term goal.** Additionally, there is room to enhance existing mechanisms to promote more direct conversation between stakeholders in order to address systemic issues. CAMI, for example, is an excellent resource to discuss issues identified by workers, and ABIT could be guided and assisted to provide better representation to smaller suppliers.
- **Leverage the ABVTEX Program to increase awareness.** ABVTEX might consider recommending retailers to add a certification label on clothing tags, and displaying information regarding the program on their websites to increase awareness and visibility of the program. By connecting products (such as clothes) directly to the Program and increasing customer awareness, ABVTEX can further gauge the value of certification from the perspective of the customer and in turn for the retailer, and create incentives to deepen their commitment. This step would also help to address competition among retailers and reduce issues of free riders (non-member retailers) that have access to ABVTEX supplier list. Yet this is a **long term goal as would require a more robust auditing system and high levels of trust by retailers that brand reputation will be enhanced and not diluted or threatened by a social label.**
- **Build alliances with local and international NGOs and CSOs.** As a leader in its field in Brazil, with the potential to create lasting transformative change in the industry, especially for complex issues like force labor, child labor and informality, **as a long term goal** ABVTEX could consider building sustainable partnerships with more local NGOs and CSOs, especially those operating outside São Paulo, as well as international NGOs that work to address global industry issues.
- **Strengthen public-private partnerships and collaboration.** With its unique positioning, ABVTEX could consider coordinating a deep analysis to identify current opportunities and limitations regarding collaboration and cooperation with the public sector. The Association could also increase communication and coordination with public inspectors to complement their role as the primary enforcers of TAC's and the retailers' due diligence legal commitments under TAC's, as well as achieve more nuanced compliance processes. Through these analyses and collaborations, ABVTEX might assist in the promotion and strengthening of current national systems, and in the **long term,** assessment of the effectiveness of current regulations. A more robust audit system guided by capacity building and even more closely aligned with both international good practices and the nuances of Brazilian legislation could help overcome current distrust among inspectors and prosecutors about the merits of allowing for greater complementarity of private governance with public regulation.

9.4 Influences and Impact in the Apparel Industry

As suggested before, the ABVTEX has already achieved substantial market influence in the Brazilian garment value chain. Nevertheless, during this time of economic turmoil, ABVTEX should continuously adjust its position to expand its impact to a broader market. ABVTEX could consider the following suggestions.

- **Develop mechanisms to overcome the fragmented Brazilian garment industry structure.** Within the highly fragmented structure of the Brazilian garment industry with a sizable presence of small and medium enterprises, the current ABVTEX Program mostly focuses on reaching out to the first-tier suppliers. ABVTEX, therefore, has limited influence on the second-tier or the third-tier subcontractors. Many small, immigrant-staffed and even immigrant-owned businesses are pushed out of working within the supply chains of ABVTEX firms, while they are further driven into lower price market segments that are more cutthroat. The risk of workers' exploitation is externalized to the rest of the garment industry, making it more difficult to address human rights concerns.
 - a. In the **short term**, ABVTEX could utilize the networks of the **Centro de Apoio e Pastoral do Migrante (CAMI)** and the philanthropic foundations of some signatory retailers, e.g. the Laudes Foundation (which is previously known as the C&A Foundation), to reach out to more migrant workers who are especially prone to forced labor conditions. ABVTEX, however, should be aware that CAMI mostly addresses the non-workplace issues and the social needs of migrant workers, which does exceed ABVTEX Program's current scope of work.
 - b. This step could be followed in **the longer term** by collaborations with SEBRAE, the Brazilian Micro and Small Business Support Service, and SENAI, the National Service for Industrial Training, to invest in the workers and the suppliers' education and training as well as provide technical support that may come into play with remediation efforts. The two institutions have valuable experience in promoting specialized labor and distributing critical information about financial, social, and environmental sustainability.
 - c. In the **long term**, ABVTEX could shift more towards a capacity building approach to provide underrepresented workers with more autonomy and bottom-tier workshops with opportunities to boost robust productivity, which would be directly reflected in more sustainable business and better working conditions.
 - d. Unlike other countries, Brazil's garment industry is mostly domestically focused, and it has most of the relevant stakeholders within its national territory. In the **short term**, ABVTEX might consider this geographical advantage, and take steps to facilitate greater dialogue among public sector authorities, civil society organizations, non-government organizations, trade unions, and more private sector actors. Although ABVTEX is already promoting dialogue and collaboration through the Consultative Council, there are still opportunities to strengthen the voices of workers and suppliers in these dialogues, and to involve more organizations from other regions in Brazil.

- **Raise consumer awareness about socially responsible practices.** Retailer surveys and interviews revealed a concern that consumers may not be fully aware of ABVTEX or the ABVTEX Program and their significance. Therefore, ABVTEX could consider providing an “ABVTEX Seal” that would be displayed on the tags and/or labels of the certified products of retailers. The retailers would then be able to use the ABVTEX certification as a selling point and possibly justify a price premium. This could also help raise consumer awareness and concern with the rights of garment workers, and attract more suppliers and subcontractors by increasing the profitability of joining the ABVTEX certification system.

ABVTEX has already been trying to achieve a wider use of the ABVTEX Seal but the Program still faces some uncertainty about the reliability of its control on supply chains, which creates some concern about the use of certification labels. If labeling was used across all ABVTEX brands, media exposure of any problematic single brand could damage the reputation of the others. Therefore, ABVTEX would have to first focus on tightening scrutiny of the supply chain before pushing forward the ABVTEX Seal. Furthermore, ABVTEX also needs to reach agreements on several technical issues including: how exactly the seal would be affixed onto the clothing, how to cover the costs of a third-party organization that would certify the seal, and how to address the fact that many brands have not been 100% certified by the ABVTEX yet. Therefore, the recommendation of putting an ABVTEX Seal on the certified product should be considered **a long term objective**.

Beyond designing the certification seal, ABVTEX and ABIT have been collaborating with the Fashion Revolution, Brazil (an NGO committed to ending human and environmental exploitation in the global fashion industry) to launch the global **Fashion Transparency Index**. This Fashion Transparency Index was further integrated into the “Moda Livre” application that was developed by Repórter Brasil.²⁷⁸

The Fashion Transparency Index is an assessment indicating the extent to which major fashion brands and retailers disclose vital supply chain information to ensure greater accountability.²⁷⁹ Fashion Revolution conducts this assessment by reviewing “the selected brands’ transparency disclosures and benchmarking their performance on five key issues: policy and commitments, governance, traceability, know, show and fix, and spotlight issues.”²⁸⁰ Remarkably, four of the ABVTEX signatory members stand out in the 2019 Brazil edition of the Global Fashion Transparency Index-- “**C&A, Casas Pernambucanas, Renner and Zara** -showed an average year-on-year improvement of 38% in their levels of transparency.”²⁸¹ Nevertheless, these retailers are far from perfection, and they still have large potential to improve their transparency and performance-- “Only one brand - C&A - of those assessed scored more than 60 per cent and the average score was just 16 per cent in the second edition of the Fashion Transparency Index Brazil. Some 13 brands scored zero...”²⁸²

²⁷⁸ Repórter Brasil. “Repórter Brasil lança a nova versão do APP Moda Livre durante o Fashion Revolution,” April 24, 2020. <https://reporterbrasil.org.br/2020/04/reporter-brasil-lanca-a-nova-versao-do-app-moda-livre-durante-o-fashion-revolution/>. Accessed 06/14/2020.

²⁷⁹ Wright, Beth. “Supply chain transparency index launches in Brazil,” 2018. https://www.just-style.com/news/supply-chain-transparency-index-launches-in-brazil_id134715.aspx. Accessed 06/14/20.

²⁸⁰ Ibid.

²⁸¹ Ibid.

²⁸² Glover. “Fashion brands assessed on transparency in Brazil,” December 10, 2019. <https://www.ecotextile.com/2019121025413/fashion-retail-news/fashion-brands-assessed-on-transparency-in-brazil.html>. Accessed 06/14/2020.

Besides the Fashion Transparency Index, Moda Livre application itself has the red/yellow/green rating system that focuses on the supply chain's due diligence: whether the supply chain has had cases of forced labor, and how the companies have dealt with the forced labor issue. Unlike Fashion Transparency Index's approach of looking at a score on a scale of 100, the Moda Livre application provides consumers with a rating mechanism showing brands' performance in red, yellow or green on the smartphone, then, a verbal description of whether the firm has had forced labor cases detected, and the links to other relevant information. The application can provide actionable suggestions to consumers, and hence can influence changes in consumer's awareness about ethical and transparent fashion practices.

If ABVTEX members can keep up the excellent work, there is a potential for greater collaboration between ABVTEX, Fashion Revolution, and Moda Livre (Repórter Brasil) to bring more international and national credibility to the Program, effectively raise consumer awareness about ABVTEX's achievements and help the ABVTEX Program expand its positive influence. It would not take a very long time for ABVTEX to prepare for a greater partnership with the Fashion Revolution and Moda Livre (Repórter Brasil); however, ABVTEX may want to consider extending the partnership to a **long-term collaboration**.

- **Increase International Recognition.** In 2019, ABVTEX Association is developing a new improvement plan, *Visão 2022, (Vision 2022)* to improve, expand and consolidate the current certification program. With the new 2022 Vision, ABVTEX is committed to becoming "an international reference that contributes effectively to the sustainable development of the fashion value chain in a comprehensive manner." ABVTEX intends to achieve this objective through the four pillars: international recognition, communication and transparency, government relations, and value chain development.

With regard to gaining greater international recognition, apart from collaborating with Social Labor Compliance Program (SLCP) to benchmark and integrate with other international verification standards, ABVTEX might consider facilitating more partnership programs with international labor rights activists (such as the Clean Clothes Campaign, the Worker Rights Consortium), the International Labour Organization, and the networks of ABVTEX's large retailer members with a global presence such as C&A, Carrefour (the world's second largest supermarket chain) and Inditex. On a similar note as the Fashion Transparency Index, ABVTEX can also consider promoting more member participation in the "**Transparency Pledge**," which began in 2016. The ABVTEX signatory brands C & A, the former Walmart, Carrefour, and Inditex have already signed the pledge, though as of December 2019 only C & A was evaluated as "aligned or committed" while the other three still had "no disclosure."²⁸³ Urging members to participate in this Pledge, which at the moment is mostly confined to U.S. and European brands, will introduce ABVTEX's transparency works and influence to broader audiences. Even though ABVTEX aims to achieve its new strategic vision by 2022, the SIPA team would recommend keeping the "Visão 2022" as a **long-term objective**.

²⁸³ Please see the list of registered "Transparency Pledge" brands here: <https://airtable.com/shrtw343KVbXqVxov/tbljLFp4O3qk0dmVN>, with the full report of "Transparency Pledge" here: <https://transparencypledge.org/fashions-next-trend/>. Accessed 06/14/2020.

Figure 7. ABVTEX Visão 2022



Source: BSD Consulting. SIPA EPD Workshop Research Team's Interview with BSD Consulting. Skype, April 18, 2020.

10. Conclusion

Over the last two decades, ABVTEX has become a leader in garment retail certification and compliance mechanisms in Brazil. As the organization's flagship initiative, the ABVTEX Program has encouraged dialogue, cooperation, and commitment to sustainability and social responsibility within Brazil's apparel and footwear industries and related supply chains. The ABVTEX Program is also noteworthy for its continued adaptation and growth in light of changing international standards and movements for labor rights and social responsibility. No doubt, ABVTEX and the ABVTEX Program will continue to change in response to the COVID-19 pandemic and its devastating impacts on the retail industry, and the need to ensure additional worker protections.

ABVTEX's 2022 Strategic Vision further represents its future-looking approach to growth. The vision, which seeks to increase ABVTEX's international recognition, better evaluate retailers, improve collaboration with the public sector, and maintain open feedback loops between retailers and suppliers, is integral to maintaining ABVTEX's upward ascent to becoming world leaders in the auditing and certification space.

The findings and recommendations detailed in this report, therefore, attempt to not only understand how ABVTEX compares to its peers and internationally-recognized leading standards, but to also identify concrete actions the organization can take to better position themselves. Should ABVTEX undertake these recommendations, we are confident the organization will achieve their strategic vision, while also reiterating their commitment to being leaders in corporate social responsibility and sustainability at-large.

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13. Appendices

Appendix 1: Key Terms

Audit

These are considered a “primate voluntary regulation” procedure, through which information is collected at factories’ workplaces, for nongovernmental organizations, business associations and corporations to address and improve working conditions in these environments that are involved in a specific industry’s supply chain.²⁸⁴ Within the scope of this consultancy analysis and based on ABVTEX’s definition, audits aim “to evaluate, in a sampling manner, the main aspects of processes and results management by means of the verification of situations experienced, according to the previously defined criteria or parameters (...)” to monitor and assess the labor conditions and social issues in the supply chain of the apparel industry in Brazil.²⁸⁵

Auditing Criteria

This term refers to criteria and standards upon which companies, suppliers, and subcontractors are audited. As mentioned above, the criteria vary greatly depending on the industry sector, size, country, and other variables in which the auditing and certification agency is located. In our analysis, we divided criteria among the following categories: company standards and formalization; recruitment and hiring practices; working conditions; and transparency and anti-corruption.

Auditing Structure & Implementation

This term refers to auditing procedures and characteristics surrounding the actual implementation of auditing and monitoring. We divided our analysis among the following categories: Type of assessment/certification and organization; member organizations; audit type; audit frequency; risk assessment mechanisms; and a review of the auditors themselves.

Garment Industry

The economic sector/activity focused on the production of apparel/clothing and footwear. The operation of this industry varies depending on the structure and complexity of its value chains, which is linked to the location in which their different stages (sourcing, production, manufacturing, branding, marketing, etc.) take place. For the purpose of the assessment of ABVTEX’s auditing protocols and performance metrics, we will consider the garment industry operation in Brazil and especially the city and state of São Paulo, where international and national retailers and brands source in Brazil to sell in Brazil.

Value Chain

The value chain describes the full range of activities that firms and workers perform to bring a product from its conception to end use and beyond. This includes activities such as design, production, marketing, distribution and support to the final consumer. The activities that comprise a value chain can be contained within a single firm or divided among different firms. Value chain activities can produce goods or services, and can be contained within a single geographical location or spread over wider areas.²⁸⁶

²⁸⁴ Locke, Richard. *The Promise and Limits of Private Power: Promoting Labor Standards in a Global Economy*. Cambridge Studies in Comparative Politics. Cambridge and New York: Cambridge University Press, 2013. Pg. 24. Accessed June 14, 2020. <https://doi.org/10.1017/CBO9781139381840>.

²⁸⁵ ABVTEX. “Audit Manual: ABVTEX Program,” 2019. Version 3.0.

²⁸⁶ Frederick, Stacey. “Global Value Chains Initiative: Concept & Tools.” Duke University. Durham, NC, USA. 2016. <https://globalvaluechains.org/concept-tools>. Accessed 06/14/2020.

Retailer

A person or business that sells any quantity of goods or services to the public for their use, consumption or resale, through online or in-store channels.

Supplier

This term "includes all business relationships that provide a product or service to an enterprise, either directly or indirectly. Suppliers "may, therefore, include manufacturers, textile producers, and farmers but may also include intermediaries, such as buying agents, logistical providers, and global commodities merchandisers and processors."²⁸⁷

Subcontractor

This refers to the person or enterprise that performs a service or activity necessary for the completion of another enterprise's contract.²⁸⁸

²⁸⁷ Organisation for Economic Cooperation and Development. "OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector," 2018. https://www.oecd-ilibrary.org/governance/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector_9789264290587-en. Accessed 06/14/2020.

²⁸⁸ Ibid.

Appendix 2: Supplier Survey

Questionário de pesquisa para fornecedores com experiência nos processos de auditoria e certificação

1. Sua posição/cargo na empresa:

| # | Answer |
|---|---|
| 1 | Alta gerência da empresa ou filial (dono, CEO, COO, Diretor-presidente, etc.) |
| 2 | Funcionário/supervisor/gerente da área de produção/manufatura |
| 3 | Funcionário/supervisor/gerente da área de vendas/relacionamento com clientes |
| 4 | Outro (especifique por gentileza): |

2. Locais geográficos onde a empresa mantém fábrica(s)/oficinas para produção do vestuário no Brasil:

| # | Answer |
|---|--|
| 1 | Município de São Paulo. Indique o bairro: |
| 2 | Região metropolitana de São Paulo. Indique o município: |
| 3 | Estado de São Paulo e outros estados. Indique os Estados: |
| 4 | Estado de São Paulo e outros países. Indique quais países: |

3. Número de unidades fábricas que possui:

| # | Answer |
|---|--------|
| 1 | Uma |
| 2 | 2 a 4 |

3

5 ou mais

4. Além de produzir para marcas de terceiras empresas, a sua empresa produz para alguma marca própria?

| # | Answer |
|---|-------------------------------------|
| 1 | Sim, atualmente |
| 2 | Sim, mas no passado, não atualmente |
| 3 | Não |

5. Tamanho da empresa (só operações no Brasil):

| # | Answer |
|---|-------------------------|
| 1 | até 19 empregados |
| 2 | 20 - 99 empregados |
| 3 | de 100 - 499 empregados |
| 4 | Mais de 500 |

6. Número de marcas/lojas que você entrega atualmente:

| # | Answer |
|---|-----------|
| 1 | Uma |
| 2 | 1-5 |
| 3 | Mais de 5 |

7. A produção com certificação da ABVTEX é responsável por quanto da produção total?

| # | Answer |
|---|-------------------------------|
| 1 | Toda a produção |
| 2 | Maioria (50 a 99%) |
| 3 | Minoria da produção (1 a 49%) |

8. Qual é a nacionalidade da empresa?

| # | Answer |
|---|--|
| 1 | Uma empresa multinacional com escritórios e pontos de venda Brasil. Mencione a região de origem onde a sede da empresa está localizada: America do Norte, Europa, Ásia, Outra (especifique por gentileza): |
| 2 | Uma empresa nacional com sede e operações no Brasil e em outros países. Mencione os países nos quais a empresa possui subsidiárias ou filiais: |
| 3 | Uma empresa nacional com sede e operações apenas no Brasil. |

9. Descrição do Produto. Que tipos de produtos você vende? (Marque uma ou mais opções de resposta)

| # | Answer |
|---|---|
| 1 | Artigos têxteis para o lar |
| 2 | Vestuário |
| 3 | Sapatos |
| 4 | Acessórios de couro (bolsas, carteiras, etc.) |
| 5 | Outros. Especifique: |

10. A empresa terceiriza alguma etapa do processo produtivo? (Marque uma ou mais opções)

| # | Answer |
|---|---------------------------|
| 1 | Corte |
| 2 | Costura |
| 3 | Lavanderia |
| 4 | Estamparia |
| 5 | Bordado |
| 6 | Tinturaria |
| 7 | Acabamento |
| 9 | Não terceiriza |
| 8 | Criação e desenvolvimento |

11. Qual é quantidade de subcontratados que sua cadeia produtiva possui?

| # | Answer |
|---|----------------------------|
| 1 | de 1 a 5 subcontratados |
| 2 | de 6 a 10 subcontratados |
| 3 | de 11 a 20 subcontratados |
| 4 | de 21 a 30 subcontratados |
| 5 | de 31 a 40 subcontratados |
| 6 | mais que 40 subcontratados |

12. Para quais empresas signatárias do programa de certificação ABVTEX a empresa fornece produtos (nota: algumas delas mantêm mais de uma marca e/ou não é idêntica ao nome das suas marcas)?

| # | Answer |
|----|------------------|
| 1 | Aramis |
| 2 | C & A |
| 3 | Calvin Klein |
| 4 | Carrefour |
| 5 | Centauro |
| 6 | Hering |
| 7 | Dafiti |
| 8 | Forever 21 |
| 9 | GPA |
| 10 | Grupo Big |
| 11 | Grupo Malwee |
| 12 | Inbrands |
| 13 | Leaders |
| 14 | Lojas Americanas |
| 15 | Loungerie |
| 16 | Maria Filó |

| | |
|----|---|
| 17 | Marisa |
| 18 | Netshoes |
| 19 | Pernambucanas |
| 20 | Renner |
| 21 | Reserva |
| 22 | Restoque |
| 23 | Grupo RI Happy |
| 24 | Riachuelo |
| 25 | Grupo Soma |
| 26 | Top Brands Fashion Group |
| 27 | Viaveneto |
| 28 | Zara |
| 29 | Zelo |
| 30 | Outra empresa signatária que não conste desta lista (especifique nome): |

13. Há quanto tempo a empresa está atuando no mercado?

| # | Answer |
|---|-----------------|
| 1 | de um a 5 anos |
| 2 | de 6 a 10 anos |
| 3 | de 11 a 15 anos |

| | |
|---|------------------|
| 4 | de 16 a 20 anos |
| 5 | Acima de 21 anos |

14. A empresa iniciou suas atividades já formalizada (com CNPJ/registro oficial como empresa)?

| # | Answer |
|---|--------|
| 1 | Sim |
| 2 | Não |

15. Se respondeu não, ha quanto tempo a empresa se formalizou?

| # | Answer |
|---|-------------------|
| 1 | Menos de um ano |
| 2 | Um a três anos |
| 3 | Mais de três anos |

16. A empresa tem quê tipo de capital?

| # | Answer |
|---|--------------------------------------|
| 1 | Sociedade anônima capital aberto |
| 2 | Sociedade anônima de capital fechado |
| 3 | Empresa simples |
| 4 | Outro (especifique): |

17. Qual é a receita bruta anual da empresa?

| # | Answer |
|---|---|
| 1 | Até R\$360.000,00 |
| 2 | De R\$360.000,01 até R\$3.600.000,00 |
| 3 | De R\$3.600.000,01 até R\$ 10.000.000,00 |
| 4 | De R\$10.000.000,01 até R\$ 60.000.000,00 |
| 5 | Acima de R\$ 60.000.000,00 |

18. Como é estabelecido o preço pago pelo produto/serviço?

| # | Answer |
|---|--------------------|
| 1 | em comum acordo |
| 2 | pelo varejista |
| 3 | pela minha empresa |

20. A sua empresa é certificada no programa ABVTEX há quanto tempo?

| # | Answer |
|---|----------------|
| 1 | menos de 1 ano |
| 2 | de 1 a 2 anos |
| 3 | de 3 a 4 anos |
| 4 | de 5 a 6 anos |

| | |
|---|-------------------------|
| 5 | Não possui certificação |
| 6 | Em progresso |

21. Atualmente, a sua empresa certificada é de qual tipo/nível a sua empresa se enquadra em qual categoria da certificação?

| # | Answer |
|---|---|
| 1 | Ouro |
| 2 | Prata |
| 3 | Bronze |
| 4 | Certificação genérica sem tal especificação |
| 5 | Não possui certificação |
| 6 | Em progresso |

22. Quais as principais dificuldades que a empresa teve ou tem em relação ao processo de certificação do programa ABVTEX e manutenção do mesmo?

| # | Answer |
|---|--|
| 1 | Financeira -- custo com o processo de certificação |
| 2 | Falta de conhecimento da legislação trabalhista |
| 3 | Falta de suporte técnico por parte dos varejistas |
| 4 | Falta de informação por parte da ABVTEX |
| 5 | Custos com o processo de adequação da empresa |

| | |
|---|--|
| 6 | Falta de consonância entre requisitos da ABVTEX e políticas de compra/sourcing das marcas/varejistas (qualidade ou preço do produto, cumprimento de prazos de pedidos, etc.) |
| 7 | Nenhuma dificuldade |
| 8 | Outra. Especifique aqui: |

23. Quanto custa para manter sua certificação ABVTEX a cada ano em gastos diretos?

| # | Answer |
|---|-------------------------|
| 1 | até 5 mil reais |
| 2 | de 5 a 10 mil reais |
| 3 | de 10 a 50 mil reais |
| 4 | de 50 a 100 mil reais |
| 5 | Não sabe / Não responde |

24. Quanto custa para manter sua certificação ABVTEX a cada ano em gastos indiretos ?(especifique o valor e a natureza de tais gastos por categoria indicando todas as alternativas pertinentes):

| # | Answer |
|---|---|
| 1 | Custo de staff supervisor para lidar com auditores-- valor: |
| 2 | Custo de parar ou diminuir produção durante auditorias-- valor: |
| 3 | Consultorias ou consultas externas com serviços especializados de compliance-- valor: |
| 4 | Outro (especifique tipo e valor): |

25. Com que frequência você é auditado? (inclui todos os tipos de auditoria, ABVTEX, auditores privados das marcas/varejistas, outros esquemas):

| # | Answer |
|---|-----------------------------------|
| 1 | Menos de uma vez por ano |
| 2 | Duas vezes por ano |
| 3 | Trimestral (quatro vezes por ano) |
| 4 | Mais que quatro vezes ao ano |

26. Quanto paga em auditorias de forma anual pela (re)certificação ABVEX?

| # | Answer |
|---|---------------------------|
| 1 | Menos de 2 mil reais |
| 2 | entre 2 e 4 mil reais |
| 3 | entre 5 e 9 mil reais |
| 4 | De 10 mil reais para cima |

27. Quando foi a última vez que você foi auditado pelo Programa ABVTEX?

| # | Answer |
|---|-------------------------|
| 1 | Há menos de um mês |
| 2 | Entre um e três meses |
| 3 | Entre três e seis meses |

4

Há mais de seis meses

28. Em algum momento desde a certificação original, houve algum período de suspensão temporário ou processo de remediação ou saída voluntária? (Marque todas as opções pertinentes):

| # | Answer |
|---|--|
| 1 | Suspensão que durou menos de três meses |
| 2 | Suspensão que durou entre 3 e 6 meses |
| 3 | Suspensão que durou mais de 6 meses |
| 4 | Processo de remediação de falhas no compliance que durou até um mês |
| 5 | Processo de remediação de falhas no compliance que durou entre 1 e 3 meses |
| 6 | Processo de remediação de falhas no compliance que durou entre 3 e 6 meses |
| 7 | Processo de remediação de falhas no compliance que durou mais de 6 meses |
| 8 | Saida voluntária (não fez re-certificação por decisão própria) |

29. Há quanto tempo você é certificado?

| # | Answer |
|---|----------------|
| 1 | Menos de 1 ano |
| 2 | 1 a 3 anos |
| 3 | 4 a 6 anos |
| 4 | Mais de 6 anos |

31. Marque todo e qualquer processo que sua empresa execute:

| # | Answer |
|---|---------------------------|
| 1 | Criação e desenvolvimento |
| 2 | Estampagem |
| 3 | Lavanderia |
| 4 | Tingimento |
| 5 | Costura |
| 6 | Corte |
| 7 | Montagem |
| 8 | Embalagem |
| 9 | Outros. Especifique: |

32. Em relação ao Programa ABVTEX, a sua empresa aderiu de quê forma?

| # | Answer |
|---|---|
| 1 | De forma espontânea |
| 2 | Por exigência de cliente associado à ABVTEX |

33. Se foi espontânea a adesão inicial, por qual (ais) motivos(s) você aderiu ao programa de certificação ABVTEX (escolha todas as pertinentes):

| # | Answer |
|---|---|
| 1 | Garantir manutenção de contratos/clientes |

| | |
|---|--|
| 2 | Imagem de mercado |
| 3 | Manter-se igual à concorrência |
| 4 | Ganhar espaço perante os fornecedores concorrentes |

34. A empresa conta com auditoria interna de cadeia de suprimentos para manter e avaliar seus subcontratados?

| # | Answer |
|---|--------|
| 1 | Sim |
| 2 | Não |

35. Como é realizado o monitoramento pela empresa na sua cadeia de subcontratados?

| # | Answer |
|---|----------------------------|
| 1 | não monitora |
| 2 | auditor interno |
| 3 | auditor externo/contratado |
| 4 | não temos subcontratados |

36. A empresa conta com auxílio de algum(ns) das entidades listadas abaixo para implementar melhorias da cadeia produtiva (indique todas as pertinentes):

| # | Answer |
|---|-----------------|
| 1 | Varejista/marca |
| 2 | ABIT |

| | |
|---|---|
| 3 | Outra entidade empresarial ou órgão de classe. Especifique: |
| 4 | SEBRAE |
| 5 | Outras entidades governamentais. Especifique: |
| 6 | ABVTEX |
| 8 | Outros. Especifique: |
| 9 | Não conta com auxílio |

37. Qual é o valor para sua empresa receber tanto auditores internos dos clientes quanto auditores da ABVTEX?

| # | Answer |
|---|--|
| 1 | Retroalimentação adicional |
| 2 | Algum feedback/retroalimentação adicional |
| 3 | Pouco ou nulo feedback/retroalimentação adicional (duplicação) |
| 4 | Impacto negativo (conflito/divergência entre um e outro) |

38. Na sua opinião, que impactos a certificação trouxe para a empresa?

| # | Answer |
|---|--|
| 1 | A certificação traz impactos positivos |
| 2 | O impacto da certificação é neutro |
| 3 | A certificação traz impactos ligeiramente negativos para a minha empresa |
| 4 | A certificação traz impactos negativos |

39. Se você já teve experiência ou conhecimento com outros programas de certificação diferentes da ABVTEX, que opiniões você tem a respeito?

| # | Answer |
|---|---|
| 1 | Sim, passei por experiências com outros programas de certificação mas eles não trazem vantagens em relação ao Programa de certificação ABVTEX. Especifique: |
| 2 | Sim, passei por experiências com outros programas de certificação e eles são superiores, possuem mais vantagens em relação ao Programa de certificação ABVTEX. Especifique: |
| 3 | Não passei por experiências anteriores com outros programas de certificação, conheço apenas o programa de certificação ABVTEX |
| 4 | Não passei por experiências, embora tenho conhecimento. Indique nome do programa: |

40. Em relação ao pico de anos atrás, o número de fornecedores aprovados hoje é menor. Levando isso em consideração, com quais afirmações abaixo você concorda quanto ao universo mais amplo de confecções (fabricantes de roupas e calçados)?

| # | Answer |
|---|--|
| 1 | O cálculo custo/benefício de se manter com clientes associados à ABVTEX é positivo para empresas como a minha |
| 2 | O cálculo custo/benefício de se manter com clientes associados à ABVTEX tornou-se mais difícil e complicado para empresas como a minha |
| 3 | Alguns fornecedores decidiram não mais trabalhar com signatários ABVTEX pelo custo-benefício |
| 4 | Não sabe |

41. A sua empresa é sócia/associada à Associação Brasileira da Indústria Têxtil e de Confecção- ABIT?

| # | Answer |
|---|----------|
| 1 | Sim |
| 2 | Não |
| 3 | Não sabe |

42. Se resposta for sim, você acha que a ABIT representa adequadamente os interesses da sua empresa e dos fornecedores perante à ABVTEX?

| # | Answer |
|---|----------|
| 1 | Sim |
| 2 | Não |
| 3 | Não sabe |

43. A ABIT influencia as políticas da ABVTEX de forma positiva pensando nos interesses de empresas como a sua? Escolha apenas uma das alternativas abaixo:

| # | Answer |
|---|---------------------------|
| 1 | Concordo plenamente |
| 2 | Concordo parcialmente |
| 3 | Nem concordo nem discordo |
| 4 | Discordo parcialmente |
| 5 | Discordo plenamente |

44. De quê forma(s) sua empresa se mantêm informada sobre mudanças de políticas e critérios do Programa ABVTEX? (Escolhe todas as relevantes)

| # | Answer |
|---|---|
| 1 | Comunicados ou reuniões da ABIT |
| 2 | Participação no Grupo de Trabalho de Fornecedores da ABVTEX |
| 3 | Comunicados diretos da ABVTEX |
| 4 | Consultando site da ABVTEX |
| 5 | Contatos com auditores que fazem auditoria na sua empresa |
| 6 | Não há informação |

45. Os funcionários da produção (trabalhadores horistas) da sua empresa estão cientes da participação da empresa no programa ABVTEX?

| # | Answer |
|---|----------|
| 1 | Todos |
| 2 | Alguns |
| 3 | Poucos |
| 4 | Não sabe |

46. Na minha empresa, os trabalhadores tem acesso aos seguintes mecanismos se entenderem que seus direitos foram desrespeitados (indique as opções relevantes):

| # | Answer |
|---|------------------------|
| 1 | Sindicato da categoria |

| | |
|---|--------------------------------------|
| 2 | CIPA (assuntos de saúde e segurança) |
| 3 | Caixa de sugestões |
| 4 | Recursos humanos |
| 5 | Outro. Especifique: |

47. Em relação a transparência, é de conhecimento público a relação de fornecedores das varejistas/marcas associadas à ABVTEX pela qual trabalha?

| # | Answer |
|---|--|
| 1 | Sim, o cliente pública essa informação no site |
| 2 | Não, o cliente não divulga publicamente |
| 3 | Não sabe |

48. Recentemente, a ABVTEX passou a publicar a lista de “fornecedores aprovados” no seu site, embora sem maiores informações para o público como os tipos de certificação (Ouro, Prata, Bronze) ou nomes de empresas desaprovaos (reprovados). Em vista disso, qual a sua opinião sobre a política de transparência da ABVTEX no que diz respeito a fornecedores?

| # | Answer |
|---|--|
| 1 | Satisfeito, a política é adequada |
| 2 | A política e' inadequada, deve deixar de publicar ou publicar menos informação |
| 3 | A política é inadequada, deve publicar mais informação |
| 4 | Sem opinião |

49. Em sua opinião, depois da implantação do programa de certificação ABVTEX, houve uma melhora na adequação à legislação trabalhista vigente por parte dos fornecedores?

| # | Answer |
|---|--|
| 1 | Sim, para todos |
| 2 | Sim, para as que se mantiveram no programa |
| 3 | Sim, mas o impacto foi modesto |
| 4 | Não, não houve impacto |
| 5 | Não sabe/sem opinião |

50. Qual a sua opinião sobre as atividades dos auditores fiscais do trabalho nos últimos cinco (5) anos?

| # | Answer |
|---|---|
| 1 | A frequência e o rigor das visitas se mantiveram iguais que antes |
| 2 | A frequência diminuiu mas o rigor se manteve igual |
| 3 | A frequência se manteve mas o rigor diminuiu |
| 4 | Tanto a frequência quanto o rigor diminuíram |
| 5 | Não sabe / Não tem certeza |

51. No que diz respeito às confecções e vestuário, os números totais de trabalhadores libertados de situações de trabalho análogas à escravidão parecem não evoluir com tendência constante ao longo dos anos, subindo às vezes e diminuindo outras. A qual (ais) causa(s) você atribui o 'sobe e desce' dos números de libertações de trabalhadores?

| # | Answer |
|---|--|
| 1 | Problema do trabalho escravo depende da variabilidade na atividade econômica |

| | |
|---|---|
| 2 | Recursos e capacidade de fiscalização dos órgãos públicos têm altos e baixos |
| 3 | Estratégias das empresas de confecções se afrouxam ou se tornam rigorosas segundo percepção de risco de serem autuadas |
| 4 | Há variação no tempo no nível de rigor nas práticas de gerenciamento do compliance (adesão às regras) por parte das varejistas e marcas |
| 5 | Outro/sem opinião |

52. A sua empresa ou um algum cliente possui ou teve um termo de ajustamento de conduta (TAC) perante às autoridades trabalhistas relacionado às condições de trabalho?

| # | Answer |
|---|-----------------------------|
| 1 | Sim, tem atualmente |
| 2 | Sim, teve, embora já venceu |
| 3 | Nunca teve |
| 4 | Não sabe / Não tem certeza |

53. A sua empresa foi autuada pelas autoridades por alguma violação das leis trabalhistas nos últimos três anos? (Indique as opções relevantes):

| # | Answer |
|---|--|
| 1 | Não |
| 2 | Sim, na área de saúde e segurança do trabalho |
| 3 | Sim, na área de homologação de contratos |
| 4 | Sim, na área de jornada de trabalho/hora extra |
| 5 | Sim, na área de pagamento de salários |

| | |
|---|---|
| 6 | Sim, na área de verbas rescisórias |
| 7 | Sim, em outra área não especificada acima |

54. A sua empresa aparece, ou já apareceu, na “lista suja” (Cadastro de Empregadores que Tenham Apresentado Trabalhadores com condições Análogas ao Trabalho Escravo)?

| # | Answer |
|---|---|
| 1 | Sim, encontra-se na lista suja atualmente |
| 2 | Sim, no passado, hoje não aparece mais |
| 3 | Não, nunca apareceu |
| 4 | Não sabe |

55. Como você avalia o grau de compromisso com boas práticas trabalhistas na cadeia de suprimentos dos clientes ABVTEX para os quais você fornece? (Indique todas as opções relevantes):

| # | Answer |
|---|---|
| 1 | Compromisso alto, com exigências que vão além do programa ABVTEX (códigos próprios mais rigorosos, expectativas mais altas, etc.) |
| 2 | Compromisso médio |
| 3 | Compromisso baixo |
| 4 | Não sabe |

56. Quais são os benefícios que a sua empresa obteve com o Programa de certificação ABVTEX? (marque as opções relevantes):

| # | Answer |
|---|---|
| 1 | Abertura de mercado |
| 2 | Cumprimento da legislação trabalhista e ambiental |
| 3 | Competição justa por preço de venda |
| 4 | Profissionalização da empresa |
| 5 | Diminuição de risco de autuação por órgãos governamentais |
| 6 | Melhoria na gestão |
| 7 | Nenhum benefício |
| 8 | Outro. Especifique: |

Appendix 3: Retailer Survey

Questionário de pesquisa para varejistas

1. Qual é sua posição na empresa do varejista?

| # | Answer |
|---|---|
| 1 | alta gerência da empresa ou filial (CEO, COO, etc.); |
| 2 | Gerente ou executivo de sourcing/cadeia de suprimento; |
| 3 | Gerente ou executivo da área de responsabilidade social/compliance; |
| 4 | Outro (especifique por gentileza): |

2. Qual o tamanho de sua empresa? (operações no Brasil):

| # | Answer |
|---|------------------------|
| 1 | até 19 empregados |
| 2 | 20-99 empregados |
| 3 | de 100 -499 empregados |
| 4 | Mais de 500 |

3. Quais os locais geográficos onde a sua empresa varejista mantém pontos de venda no Brasil:

| # | Answer |
|---|----------------------------------|
| 1 | Cidade de São Paulo |
| 2 | São Paulo e região metropolitana |

| | |
|---|--|
| 3 | São Paulo e outros estados. Indique quais: |
| 4 | São Paulo e outros países. Indique quais: |

4. A sua empresa é (marque apenas uma alternativa):

| # | Answer |
|---|--|
| 1 | Uma empresa multinacional com escritórios e pontos de venda no Brasil. Mencione a região de origem onde a sede da empresa está localizada: |
| 7 | Europa |
| 2 | Ásia |
| 3 | Outra (especifique por gentileza): |
| 4 | Uma empresa nacional com sede e operações no Brasil e em outros países. Mencione os países nos quais a empresa possui subsidiárias ou filiais: |
| 5 | Uma empresa nacional com sede e operações apenas no Brasil. |
| 6 | América do Norte |

5. Descrição do Produto. Que tipos de produtos você vende? (Marque uma ou mais opções de resposta):

| # | Answer |
|---|---|
| 1 | Artigos têxteis para o lar |
| 2 | Vestuário |
| 3 | Sapatos |
| 4 | Acessórios de couro (bolsas, carteiras, etc.) |

| | |
|---|------------------------------------|
| 5 | Artigos esportivos |
| 6 | Outros. Especifique por gentileza: |

6. Onde seus produtos são fabricados ? (Marque todas as opções relevantes por gentileza):

| # | Answer |
|---|--|
| 1 | No Brasil |
| 2 | Outros países da América do Sul |
| 3 | América do Norte/países do NAFTA (Estados Unidos, México e Canadá) |
| 4 | América Central |
| 5 | Europa |
| 6 | África |
| 7 | Ásia |
| 8 | Oceania |

7. Você acha que seus clientes tem alguma preferência quanto ao país em que seus produtos são fabricados?

| # | Answer |
|---|-----------------------------------|
| 1 | Sim, preferem produtos nacionais |
| 2 | Sim, preferem produtos importados |
| 3 | Não |
| 4 | Não sabe / Não tem certeza |

8. Você sabe como sua empresa é classificada pelo aplicativo Moda Livre (Vermelho, Amarelo, Verde) para promover consumo consciente de roupas?

| # | Answer |
|---|----------------|
| 1 | Sim. Vermelho. |
| 2 | Sim. Amarelo. |
| 3 | Sim. Verde. |
| 4 | Não sabe |
| | Total |

9. A classificação do aplicativo Moda Livre influencia as decisões dos clientes da sua empresa em relação à compra (ou não) de produtos?

| # | Answer |
|---|----------------------------------|
| 1 | Sim, e' uma influencia positiva. |
| 2 | Sim, e' uma influencia negativa. |
| 3 | Não, nao tem influencia. |
| 4 | Não sabe. |

10. Na sua opinião, os clientes da sua empresa estariam dispostos a pagar um pouco mais pelos produtos se tivessem certeza de que foram fabricados sob condições de trabalho justas?

| # | Answer |
|---|-------------|
| 1 | Sim, muitos |
| 2 | Sim, alguns |

| | |
|---|----------------------------|
| 3 | Sim, embora poucos |
| 4 | Não |
| 5 | Não sabe / Não tem certeza |

11. Na sua opinião, os clientes de sua empresa deixariam de comprar produtos da sua empresa, mesmo que temporariamente, se fossem identificadas na sua cadeia de suprimentos por autoridades governamentais casos de trabalho análogo à escravidão ou trabalho infantil, ou se fosse citada a empresa na imprensa ou criticada por ONGs ou sindicatos como sendo responsável ou cúmplice?

| # | Answer |
|---|----------------------------|
| 1 | Sim, muitos |
| 2 | Sim, alguns |
| 3 | Sim, embora poucos |
| 4 | Não |
| 5 | Não sabe / Não tem certeza |

12. Sua empresa publica os nomes e locais de seus fornecedores em seu site?

| # | Answer |
|---|---|
| 1 | Sim |
| 2 | Não, mas atualmente estamos trabalhando na implementação desta meta |
| 3 | Não, mas estamos considerando isso |
| 4 | Não, esta é uma decisão global da matriz |
| 5 | Não, e não estamos considerando essa medida no momento |

13. Você considera que os varejistas devem ser responsáveis pelas condições de trabalho em suas cadeias de suprimentos?

| # | Answer |
|---|--|
| 1 | Sim, e' uma responsabilidade etica. |
| 2 | Sim, e' uma responsabilidade ética e também legal |
| 3 | Não. Consideramos uma meta ou ideal embora não uma responsabilidade. A responsabilidade é do empregador direto e, no caso, do fornecedor que terceiriza ou quarteiriza operações ou peças. |
| 4 | Não sabe / não tem certeza |

14. Em que ano você se tornou membro da ABVTEX?

| # | Answer |
|---|--|
| 1 | Quando foi lançado pela primeira vez em 2010 (um dos membros fundadores) |
| 2 | entre 2010 e 2015 |
| 3 | entre 2016 e 2019 |
| 4 | em 2020 |

15. Na sua opinião, a ABVTEX deve incentivar ou exigir que seus membros publiquem os nomes e os locais de seus fornecedores em seus sites?

| # | Answer |
|---|---|
| 1 | Sim, ABVTEX deve incentivar os membros a publicar esta informação |

| | |
|---|--|
| 2 | Sim, ABVTEX deve exigir dos seus membros a publicação desta informação |
| 3 | Não, ABVTEX não deve adotar uma política à esse respeito |

16. Na sua opinião, podem as práticas de fornecimento (sourcing) das marcas e varejistas criar pressões que, sem querer, incentivam fornecedores e subcontratados a violar leis e normas trabalhistas?

| # | Answer |
|---|----------------------------|
| 1 | Sim |
| 2 | Não |
| 3 | Não sabe / não tem certeza |

17. Apenas responda a esta pergunta se você respondeu "sim" à pergunta anterior. Quais práticas específicas de relacionamento com fornecedores você acha que incentivam esse comportamento em fornecedores e subcontratados? (Indique todas as opções relevantes).

| # | Answer |
|---|--|
| 1 | Determinação de preços |
| 2 | Prazos apertados e/ou em fluxo constante para atendimento de pedidos |
| 3 | Comunicação pouco clara sobre especificações técnicas |
| 4 | Tensões entre requisitos sobre qualidade, preço e prazos |
| 5 | Outros. Especifique: |

18. Apenas responda a esta pergunta se você respondeu à pergunta anterior. O que a ABVTEX poderia fazer para resolver esse problema e incentivar o fornecimento responsável de maneira coletiva? (Indique a(s) resposta(s) que considere relevante(s))

| # | Answer |
|---|---|
| 1 | Prestar ou coordenar assistência técnica |
| 2 | Promover avaliações independentes das práticas de fornecimento responsável das marcas e varejistas por parte dos fornecedores, por exemplo, nos moldes do Better Buying Program |
| 3 | Organizar workshops e seminários para prover informação sobre o assunto |
| 4 | Incentivar o desenvolvimento de relações mais duradouras entre marcas/varejistas e fornecedores |
| 5 | Outro. Especifique: |

19. Por que sua empresa ingressou no programa ABVTEX? (Escolha uma ou mais opções de resposta).

| # | Answer |
|---|---|
| 1 | Devido ao aumento da “pressão local” no Brasil por parte das agências públicas e a sociedade civil, as empresas se esforçam em atender ao cumprimento das normas trabalhistas legais brasileiras e as normas legais ambientais. |
| 2 | Devido à crescente “pressão internacional” para as empresas atenderem o cumprimento das normas legais nacionais e as normas internacionais em matéria trabalhista e ambiental |
| 3 | Foi solicitado pela matriz ou holding/grupo que a controla |
| 4 | Preocupação da empresa com direitos humanos trabalhistas e / ou incidentes relacionados ao meio ambiente que ocorreram no setor do vestuário no Brasil e em outros países. |
| 5 | Devido às violações de direitos trabalhistas e / ou riscos ambientais que foram identificados anteriormente na cadeia de suprimentos da própria empresa. |
| 6 | Outros. Especifique: |

20. A empresa varejista se beneficiou do programa ABVTEX?

| # | Answer |
|---|----------------------------------|
| 1 | Sim, muito |
| 2 | Sim, houve beneficios razoáveis |
| 3 | Sim, mas houve poucos beneficios |
| 4 | Nao se beneficiou |
| 5 | Não sabe / não tem certeza |

21. Apenas responda a esta pergunta se responder "sim" à pergunta anterior. Quais os benefícios que a certificação dos fornecedores da sua empresa trouxe para a sua empresa? (Marque uma ou mais opções de resposta).

| # | Answer |
|---|---|
| 1 | Redução de probabilidade de autuações e ações judiciais contra a empresa |
| 2 | Aumento de vendas e lucros |
| 3 | Melhoria de reputação da empresa |
| 4 | Melhoria da competitividade do setor de roupas e vestuário do Brasil |
| 5 | Maior engajamento dos consumidores com os produtos dos varejistas ou com a própria empresa. |
| 6 | Outros. Especifique: |

22. Na sua opinião, sua empresa tem suficientes oportunidades de aperfeiçoar o desenvolvimento do programa de certificação ABVTEX?

| # | Answer |
|---|--|
| 1 | Sim.Em que aspecto ou tema? Especifique: |
| 2 | Não |
| 3 | Não sabe / não tem certeza |

23. Qual você considera o nível de compromisso que sua empresa possui em promover os padrões e procedimentos do Programa de certificação ABVTEX na cadeia de suprimentos da empresa e na indústria do vestuário?

| # | Answer |
|---|--------------------------------|
| 1 | Nenhum |
| 2 | Baixo |
| 3 | Médio |
| 4 | Alto |
| 5 | Muito alto |
| 6 | Não sabe / não responde Não há |

24. Algum de seus fornecedores já foi suspenso por / ou perdeu a certificação do Programa ABVTEX como resultado de não conformidade?

| # | Answer |
|---|--------|
| 1 | Sim |
| 2 | Não |

3

Não sabe / não tem certeza

25. Apenas responda a esta pergunta se respondeu "sim" à pergunta anterior. Sua empresa tomou a decisão de parar de cooperar com este fornecedor (via assistência técnica, reuniões, etc.) para ajudar-lhe a voltar a cumprir com as normas do programa de certificação ABVTEX?

| # | Answer |
|---|----------------------------|
| 1 | Sim |
| 2 | Não |
| 3 | Não sabe / não tem certeza |

26. Você é ou já foi membro de outro (outro) programa (s) de certificação semelhante ao programa ABVTEX?

| # | Answer |
|---|--------------------------------|
| 1 | Sim. Especifique qual (quais): |
| 2 | Não |
| 3 | Não sabe / não tem certeza |

27. Responda às duas perguntas a seguir, se você respondeu "sim" à pergunta anterior. Quais as vantagens do programa ABVTEX em relação com o(s) outro(s) esquema(s) de certificação dos quais você participou (ou participa)? (Indique todas as opções relevantes).

| # | Answer |
|---|---|
| 1 | Adaptação cuidadosa à legislação e normas judiciais brasileiras |
| 2 | Nível de reputação e reconhecimento no Brasil |
| 3 | Custo mais baixo |

| | |
|---|--|
| 4 | Alinhamento dos padrões de compra dos concorrentes no mercado brasileiro |
| 5 | Outro (especifique por gentileza): |

28. Quais as desvantagens do Programa de certificação ABVTEX em relação com o(s) outro(s) esquema(s) de certificação dos quais participou (ou participa)? (Indique todas as opções relevantes):

| # | Answer |
|---|---|
| 1 | Falta de alinhamento com normas internacionais |
| 2 | Falta de reconhecimento internacional e para cadeia global da empresa |
| 3 | Custo mais alto |
| 4 | Aumento da “fadiga das auditorias” (muitas auditorias simultâneas) |

29. No setor sua empresa audita internamente ou contrata auditorias externas privadas da sua cadeia de suprimentos além da participação no programa ABVTEX?

| # | Answer |
|---|--|
| 1 | Sim, apenas auditorias internas |
| 2 | Sim, auditorias internas e externas privadas |
| 3 | Apenas auditorias externas |
| 4 | Não, nem auditorias internas nem externas |
| 5 | Não sabe / não tem certeza |

30. Apenas responda a esta pergunta se responder “sim” à pergunta anterior. Qual a importância que o Programa de certificação ABVTEX tem na estratégia de gestão da cadeia de suprimentos e gerenciamento de risco socioambiental? (Escolha apenas a melhor opção).

| # | Answer |
|---|---|
| 1 | Primordial e exclusiva |
| 2 | Muito importante embora complementar a outros mecanismos de auditoria |
| 3 | Secundária a outros mecanismos de auditorias |
| 4 | Sem maior importância |
| 5 | Não sabe/não tem certeza |

31. Na sua opinião, o Programa melhorou ao longo dos anos?

| # | Answer |
|---|-----------------------------|
| 1 | Sim. |
| 2 | Muito pouco. |
| 3 | Não melhorou nem piorou. |
| 4 | Não. |
| 5 | Não sabe / Não tem certeza. |

32. Se respondeu sim, identifique a(s) razão(ões) principal(ais):

| # | Answer |
|---|--|
| 1 | Simplificação da cadeia e aumento de confiabilidade dos fornecedores |
| 2 | Qualidade das auditorias melhorou |

| | |
|---|---|
| 3 | Abrangência das auditorias melhorou |
| 4 | Diminui risco de autuações e denúncias legais |
| 5 | Outro, especifique em poucas palavras: |

33. Se respondeu que não melhorou o programa de certificação ABVTEX, identifique a(s) razão(ões) principal(ais):

| # | Answer |
|---|--|
| 1 | Controle e vigilância sobre subcontratados continuam sendo problemáticos |
| 2 | Qualidade das auditorias estancou ou piorou |
| 3 | Auditorias se tornaram burocráticas e/ou de duração excessivas |
| 4 | Procedimentos e cobertura não foram atualizados de forma suficiente |
| 5 | altocusto para os fornecedores ingressarem no programa |
| 6 | Falta de alinhamento do Programa com os padrões internacionais dos esquemas de auditorias |
| 7 | Falta de participação de terceiros (outras partes interessadas) na melhoria / atualização contínua do Programa |
| 8 | Outro, especifique em poucas palavras: |

34. Você acha que seus clientes conhecem a ABVTEX e / ou o programa ABVTEX?

| # | Answer |
|---|--------|
| 1 | Sim |
| 2 | Não |

3

Não sabe / Não tem certeza

35. Na sua opinião, as responsabilidades exigidas para as empresas do varejo participar do programa são:

| # | Answer |
|---|-------------------------------------|
| 1 | Muito fáceis de cumprir |
| 2 | Nem muito fáceis nem muito difíceis |
| 3 | Muito difíceis de cumprir |
| 4 | Não sabe / Não tem certeza |

36. Alguém da ABVTEX se comunica regularmente com você para verificar se você está cumprindo suas responsabilidades como empresa signatária?

| # | Answer |
|---|---------------------------------------|
| 1 | Sim, de forma frequente |
| 2 | Sim, de forma irregular ou esporádica |
| 3 | Não |
| 4 | Não sabe / Não tem certeza |

37. Você acha que está suficientemente informado sobre os resultados detalhados das auditorias em sua cadeia de suprimentos?

| # | Answer |
|---|--------|
| 1 | Sim |
| 2 | Não |

3

Não sabe / Não tem certeza

38. Apenas responda a esta pergunta se responder "sim" à pergunta anterior. Como sua empresa usa os resultados de auditoria relacionadas à sua cadeia de suprimentos? (Indique todas as opções relevantes):

| # | Answer |
|---|---|
| 1 | Para atualizar políticas internas de fornecimento e compra |
| 2 | Para capacitar nossos fornecedores e subcontratados |
| 3 | Para tomar decisões sobre com quais fornecedores sua empresa deseja continuar trabalhando |
| 4 | Para se comunicar ou criar transparência perante nossos consumidores |
| 5 | Outros. Especifique: |

39. Na sua opinião, o programa de certificação ABVTEX (marque uma ou mais opções):

| # | Answer |
|---|--|
| 1 | exede as necessidades do mercado. |
| 2 | É adequado para as necessidades do mercado. |
| 3 | Ainda precisa evoluir para atender às necessidades do mercado. |
| 4 | Não sabe / não tem certeza |

40. Existem aspectos do programa de certificação ABVTEX que poderiam ser alterados de maneira a beneficiar sua empresa e o setor?

| # | Answer |
|---|--------|
| 1 | Sim. |

| | |
|---|-------------------------|
| 2 | Não |
| 3 | Não sabe / não responde |

41. Se respondeu sim, o(s) aspecto(s) onde se devem buscar melhorias é/são (indique todas as opções relevantes):

| # | Answer |
|---|--|
| 1 | Transparência dos resultados das auditorias perante o público |
| 2 | Publicidade sobre programa para melhorar o reconhecimento público |
| 3 | Promover maior convergência nas práticas de fornecimento responsável dos membros da ABVTEX |
| 4 | Contribuir para a modernização dos processos produtivos dos fornecedores e subcontratados |

42. A frequência das visitas e dos auditores fiscais de trabalho (inspeções) mudou nos últimos 5 anos?

| # | Answer |
|---|------------------------------|
| 1 | Sim, elas aumentaram |
| 2 | Sim, elas diminuíram |
| 3 | Não, eles permaneceram igual |
| 4 | Não sabe / Não tem certeza |

43. A sua empresa possui ou teve um termo de ajustamento de conduta (TAC) perante às autoridades trabalhistas relacionado a condições de trabalho na sua cadeia de suprimento?

| # | Answer |
|---|---------------------|
| 1 | Sim, tem atualmente |

| | |
|---|-----------------------------|
| 2 | Sim, teve, embora ja venceu |
| 3 | Não |
| 4 | Não sabe / Não tem certeza |

44. Qual é a sua visão sobre os termos de ajustamento de conduta e o conceito de responsabilidade solidária das empresa de varejo pela conformidade da cadeia de suprimentos dos varejistas com as normas legais trabalhistas (escolha a melhor opção):

| # | Answer |
|---|--|
| 1 | Eles são justos |
| 2 | Eles são excessivos |
| 3 | Eles são insuficientes |
| 4 | Na prática, falta coerência na aplicação |
| 5 | Outro. Especifique: |

45. A sua empresa é signatária do Pacto Nacional pela Erradicação do Trabalho Escravo?

| # | Answer |
|---|----------------------------|
| 1 | Sim |
| 2 | Não |
| 3 | Não sabe / não tem certeza |

46. Sua empresa já esteve no Cadastro de Empregadores que apresentaram trabalhadores em condições análogas à escravidão (também conhecida como “lista suja”) mantida pelo InPacto e pelo Ministério do Trabalho?

| # | Answer |
|---|------------------------------------|
| 1 | Sim, consta da lista atualmente |
| 2 | Sim, esteve na lista anteriormente |
| 3 | Não |
| 4 | Não sabe / não tem certeza |

47. Que atitude deve adotar a Associação perante as seguintes ações de empresas individuais que violem normas trabalhistas e que são membros da ABVTEX? As opções para cada cenário são (indique apenas uma alternativa):

| # | Answer |
|---|---|
| 1 | exclusão/expulsão se houver consenso dos membros |
| 2 | advertência privada e multa |
| 3 | suspensão com direito à reincorporação à ABVTEX se comportamento melhorar |
| 4 | nenhuma medida porque está fora da competência da Associação |

48. Qual é a sua opinião sobre o Cadastro de Empregadores que já submeteu trabalhadores a condições análogas à escravidão (chamada “lista suja”) e as restrições as quais estão sujeitas as firmas listadas?

| # | Answer |
|---|------------------|
| 1 | Opinião positiva |
| 2 | Opinião negativa |
| 3 | Opinião mista |
| 4 | Sem opinião |

Appendix 4: Auditor Survey

Questionário de pesquisa para empresas de auditoria da ABVTEX

1. Qual é o seu cargo na empresa oficial de auditoria reconhecida pela ABVTEX?

| # | Answer |
|---|--|
| 1 | Gerencia Auditor de staff |
| 2 | Auditor freelance ou independente (via contratos individuais por auditoria ou cliente) |
| 3 | Outro, especifique: |

2. Se você se identificou como auditor freelance/independente, realiza auditorias do Programa de certificação ABVTEX para mais de uma das cinco firmas de auditoria reconhecidas pela ABVTEX (ABNT, DNV, Intertek, SGS, Bureau Veritas)?

| # | Answer |
|---|--|
| 1 | Sim |
| 2 | Não (só para uma das empresas mencionadas) |

3. Em termos das suas atividades de auditor, você trabalhou com quais protocolos de auditoria no último ano?

| # | Answer |
|---|---|
| 1 | Apenas com protocolos de auditoria do Programa de certificação ABVTEX |
| 2 | Com o Programa de certificação ABVTEX e com outros protocolos de auditoria (por exemplo, SA-8000, Sedex, WRAP, etc.). Especifique aqui por gentileza: |

4. A sua empresa normalmente também realiza auditorias de quais outros protocolos no que diz respeito ao setor do vestuário e roupas?

| # | Answer |
|---|---|
| 1 | Apenas o Programa de certificação ABVTEX |
| 2 | O Programa de certificação ABVTEX e outros protocolos third-party (por gentileza, especifique quais) |
| 3 | O programa de certificação ABVTEX e auditorias privadas contratadas diretamente por marcas/varejistas signatárias da ABVTEX mas seguindo códigos próprios ou programa internos das empresa de varejo/marcas |
| 4 | O programa de certificação ABVTEX e auditorias privadas contratadas diretamente por marcas/varejistas não signatárias da ABVTEX mas seguindo códigos próprios ou programa internos das empresa de varejo/marcas |
| 5 | Outra modalidade, protocolo ou parâmetros (especifique aqui) |

5. Se você tiver cargo de gerência na sua companhia, de que forma a empresa também realiza (ou não) atividades de consultoria para empresas individuais e com contratos ou arranjos diretos sobre questões de compliance socio-trabalhista no setor e para cadeias de suprimento vinculadas à ABVTEX? (INDIQUE TODAS AS OPCÕES RELEVANTES -- SE NÃO TIVER CARGO DE GERÊNCIA, DEIXE EM BRANCO):

| # | Answer |
|---|--|
| 1 | A empresa não realiza atividades de consultoria sobre compliance de modo geral |
| 2 | A empresa não realiza atividades de consultoria sobre compliance no setor têxtil e de vestuário |
| 3 | A empresa evita realizar atividades de consultoria apenas para varejistas e marcas signatárias da ABVTEX |
| 4 | A empresa evita realizar atividades de consultoria para fornecedores e subcontratados certificados ou sob processo de certificação do Programa ABVTEX |
| 5 | A empresa separa as atividades de consultoria das de auditoria via manutenção de departamentos ou equipes/staff separados com funções diferentes e sem intercâmbio de informação confidencial das auditorias |

6. Um representante da ABVTEX acompanha os auditores durante a execução da auditoria junto a fornecedores e subcontratados?

| # | Answer |
|---|------------------------------------|
| 1 | Sim, sempre |
| 2 | Às vezes, como forma de supervisão |
| 3 | Não, nunca |
| 4 | Não sabe/não tem certeza |

7. Você considera a lista de verificação (checklist) de auditoria do Programa de certificação ABVTEX uma ferramenta eficiente no processo de auditoria?

| # | Answer |
|---|---|
| 1 | Acho a lista de verificação de auditoria (checklist) muito eficiente |
| 2 | Acho a lista de verificação de auditoria (checklist) parcialmente eficiente |
| 3 | Não acho a lista de verificação de auditoria eficiente |
| 4 | Sem opinião/informação insuficiente |

8. Apenas se respondeu (c) na última pergunta (não acha a verificação eficiente), por qual motivo você não acha o checklist eficiente? (Indique todas as opções relevantes):

| # | Answer |
|---|---|
| 1 | Toma tempo demais |
| 2 | Assuntos de compliance difíceis de avaliar com o tempo disponível para o auditor |
| 3 | Assuntos de compliance difíceis de avaliar com categorias fechadas de resposta para auditores |

| | |
|---|---|
| 4 | Assuntos de compliance difíceis de avaliar com apenas uma visita |
| 5 | Dificuldade para avaliar se a informação disponível no momento da visita corresponde à realidade cotidiana normal da empresa e/ou suas práticas de subcontratação |

9. Que tipo de capacitação houve para o Programa de certificação ABVTEX? (Indique todas as opções relevantes):

| # | Answer |
|---|--|
| 1 | Houve, para firma de auditoria e seu staff |
| 2 | Houve para firmas de auditoria e elas se encarregam de treinar os auditores independentes que contratam para auditorias no Programa de certificação ABVTEX |
| 3 | Houve para firma de auditoria sem treinamento específico para auditores independentes que são contratados para auditar no Programa de certificação ABVTEX |
| 4 | Responsabilidade de capacitação e' individual dos auditores independentes |
| 5 | Não houve capacitação |

10. Como você classificaria a qualidade da capacitação para auditores fornecido pela ABVTEX (ou pela empresa contratada pela ABVTEX para capacitar as empresas de auditoria)?

| # | Answer |
|---|---|
| 1 | As sessões de capacitação da ABVTEX são muito eficazes na expansão do conhecimento sobre o programa ABVTEX e os procedimentos de auditoria |
| 2 | As sessões de capacitação da ABVTEX são razoavelmente eficazes para expandir o conhecimento sobre o programa ABVTEX e os procedimentos de auditoria |
| 3 | As sessões de capacitação da ABVTEX não são eficazes em expandir o conhecimento sobre o programa ABVTEX e os procedimentos de auditoria |
| 4 | Não relevante/não houve capacitação da ABVTEX |
| 5 | Não sabe/não tem certeza |

11. Como auditor individual independente (se for auditor que realiza auditorias via programa de certificação ABVTEX) ou como empresa de auditoria que trabalha sob o Programa de certificação ABVTEX para sua firma de auditoria se for da gerência, você(s) recebe/m qual tipo de capacitação em assuntos como assédio sexual e discriminação de gênero no local de trabalho?

| # | Answer |
|---|--|
| 1 | Nenhuma capacitação específica em assédio sexual e discriminação de gênero |
| 2 | Capacitação específica no Programa de certificação ABVTEX |
| 3 | Capacitação genérica no assunto aplicável a diversos esquemas ou selos que participou por conta própria |
| 4 | Capacitação genérica no assunto aplicável a diversos esquemas ou selos por conta própria ou por conta da firma de auditoria da qual é funcionário(a) e membro do staff de tempo integral |

12. Você (ou auditores que fazem auditorias para o Programa de certificação ABVTEX para sua empresa) foi/foram capacitado(s) em leis e forma de detectar violações na proibição de testes de gravidez como condição para a mulher ser contratada ou para a manutenção do seu emprego?

| # | Answer |
|---|--|
| 1 | Sim, via capacitação específica sobre o Programa de certificação ABVTEX |
| 2 | Sim, via outro tipo de capacitação, sem relação específica com o Programa de certificação ABVTEX |
| 3 | Não |
| 4 | Não lembra |

13. Quais dos seguintes direitos você ou o auditor correspondente verifica o cumprimento por parte do empregador sob o Programa de certificação ABVTEX? Indique todas as opções relevantes:

| # | Answer |
|---|---|
| 1 | Garantia de estabilidade no emprego (desde momento de saber da gravidez até cinco meses após o parto) |
| 2 | Licença maternidade (120 dias a partir do 8º mês da gravidez) |

| | |
|---|--|
| 3 | Salário-maternidade e função exercida quando da reincorporação ao trabalho |
| 4 | Intervalos de descanso para amamentação da mãe trabalhadora |
| 5 | Até 6 dispensas durante horário de serviço para consultas médicas e exames para a gestante |

14. Quais as fontes de informação utilizadas para verificar o cumprimento dos direitos mencionados na pergunta anterior?

| # | Answer |
|---|---|
| 1 | Entrevistas com trabalhadoras |
| 2 | Arquivos individuais de trabalho das mulheres trabalhadores |
| 3 | Registros de entrada e saída da fábrica (ponto) |
| 4 | Outros registros escritos ou eletrônicos |

15. Quem contrata e paga a auditoria?

| # | Answer |
|---|---------------------------------------|
| 1 | ABVTEX |
| 2 | A empresa fornecedora / subcontratada |
| 3 | A marca ou varejista |
| 4 | Outra, especifique: |

16. A ABVTEX regula a duração e a taxa de pagamento para as empresas que realizam as auditorias do programa de certificação ABVTEX?

| # | Answer |
|---|--|
| 1 | Apenas duração mínima de tempo |
| 2 | Duração e taxa por hora ou por auditoria |
| 3 | Não há qualquer influência da ABVTEX na duração da auditoria ou da taxa de pagamento |

17. As auditorias realizadas são anunciadas previamente ou as visitas acontecem sem aviso prévio no caso dos fornecedores ou subcontratados?

| # | Answer |
|---|--|
| 1 | Anunciado previamente |
| 2 | Sem aviso prévio |
| 3 | Depende do tipo de visita (inicial, follow-up, etc.) |

18. Se as auditorias são realizadas sem aviso prévio, que nível de surpresa isso implica na prática?

| # | Answer |
|---|---|
| 1 | Surpresa total - as empresas nunca sabem quando serão auditadas |
| 2 | Surpresa parcial - as empresas podem deduzir aproximadamente em que semana ou mês serão auditadas |
| 3 | Depende do tipo de visita (inicial, follow-up, remediação, etc). |
| 4 | Não sabe/não tem certeza |

19. Em que momento a ABVTEX e a(s) empresa de variejo e marcas para a(s) qual(is) trabalha o fornecedor ou subcontratado são avisados da data auditoria do programa de certificação ABVTEX?

| # | Answer |
|---|---|
| 1 | Um mês antes da auditoria |
| 2 | Uma a duas semanas antes da auditoria |
| 3 | Menos de uma semana antes da auditoria |
| 4 | So posteriormente, após realizada a auditoria |
| 5 | Depende ou varia segundo os casos |
| 6 | Não sabe/não tem certeza |

20. Ao contratar uma auditoria, na sua percepção, que fator influencia um fornecedor ou subcontratado na hora de escolher uma das cinco empresas reconhecidas?

| # | Answer |
|---|---|
| 1 | Custo / taxas |
| 2 | Reputação da empresa de auditoria |
| 3 | Cronograma / disponibilidade |
| 4 | Relacionamento prévio com auditores específicas e/ou firmas determinadas |
| 5 | Ter trabalhado para outros fornecedores e/ou subcontratados próximos (amigos) |
| 6 | Não sabe/não tem certeza |

21. Se um determinado subcontratado ou fornecedor tiver uma experiência negativa (injusta ou desfavorável) com uma empresa de auditoria, qual das seguintes ações provavelmente ocorrerá? Indique todas as aplicáveis:

| # | Answer |
|---|---|
| 1 | A empresa fornecedora ou subcontratada contratará uma empresa de auditoria diferente da próxima vez |
| 2 | A empresa fornecedora ou subcontratada solicitará que a empresa de auditoria contratada envie um auditor diferente na próxima auditoria realizada |
| 3 | A empresa fornecedora ou subcontratada auditada não tem condições de trocar facilmente de firma de auditoria, e/ou não tem influência sobre quem a firma enviar como auditor, por conta das restrições do Programa de certificação ABVTEX |
| 4 | A empresa fornecedora ou subcontratada auditada pode registrar uma queixa formal ou informal, pode fazer uma reclamação diretamente à ABVTEX para contestar determinações específicas das quais discorda. |

22. Em média, e na sua experiência, quanto tempo leva para conduzir todo o processo de auditoria do fornecedor e/ou subcontratado que é aprovado/certificado participante do programa de certificação ABVTEX?

| # | Answer |
|---|---------------------|
| 1 | 5 a 12 meses |
| 2 | a 1 a 4 meses |
| 3 | Menos de 1 mês |
| 4 | Outro, especifique: |

23. Em média, e na sua experiência como empresa ou auditor, quanto tempo o auditor gasta nas instalações do fornecedor ou subcontratado no caso do Programa de certificação ABVTEX?

| # | Answer |
|---|----------------------------|
| 1 | a) Uma jornada (8 horas) |
| 2 | b) 4 a 7 horas |
| 3 | c) 2 a 3 horas |
| 4 | d) Menos de 2 horas |
| 5 | e) Não sabe/sem informação |

24. Na sua experiência, com que frequência a empresa de auditoria para a qual você trabalha realiza uma auditoria para um fornecedor / subcontratado específico que tem resultados considerados adequados no Programa de certificação ABVTEX?

| # | Answer |
|---|--|
| 1 | Uma vez por ano |
| 2 | Duas vezes por ano |
| 3 | Trimestralmente (quatro vezes por ano) |
| 4 | Outro, especifique: |

25. Na sua experiência como firma ou auditor, os auditores sempre podem verificar todos os pontos da lista de verificação (checklist) minuciosamente no tempo previsto para as auditorias. Até que ponto você concorda com esta afirmação?

| # | Answer |
|---|---------------------|
| 1 | Concordo plenamente |

| | |
|---|---------------------------|
| 2 | Concordo em parte |
| 3 | Não concordo nem discordo |
| 4 | Discordo em parte |
| 5 | Discordo totalmente |

26. Os auditores procuram ter acesso e consultar qualquer histórico oficial sobre cumprimento das normas trabalhistas da empresa sob auditoria (por exemplo, relatórios de inspeção de auditores fiscais do trabalho, ações legais do Ministério Público do Trabalho, autuações, termos de ajustamento de conduta, processos individuais e coletivos, etc.)?

| # | Answer |
|---|---|
| 1 | Sim, são consultados de forma rotineira tais documentos e registros públicos antes de iniciar a auditoria |
| 2 | Sim, em termos, na medida que o auditor tomar conhecimento da existência de tais fatos e documentos durante a execução da auditoria |
| 3 | Não, não se levam em consideração ações do poder público sobre o cumprimento das normas trabalhistas por parte da empresa sob auditoria |
| 4 | Não sabe/sem informação |

27. Realizam-se entrevistas com trabalhadores fora do local de trabalho e durante o dia de trabalho? Indique todas as opções relevantes.

| # | Answer |
|---|---------------------------------------|
| 1 | Sim, em cada auditorias |
| 2 | Sim, às vezes |
| 3 | So quando a empresa auditada permitir |
| 4 | Não sabe/não tem certeza |

28. As entrevistas com os trabalhadores são acompanhadas presencialmente pelos gerentes da empresa na auditoria para o Programa de certificação ABVTEX?

| # | Answer |
|---|--------------------------|
| 1 | Sim |
| 2 | Não |
| 3 | Não sabe/não tem certeza |

29. Quem os auditores entrevistam com maior frequência durante o processo de auditoria do Programa de certificação ABVTEX?

| # | Answer |
|---|-------------------------|
| 1 | Trabalhadores |
| 2 | Gerentes e supervisores |
| 3 | Outros, especifique: |

30. Você já entrevistou algum empregado filiado ao sindicato do ramo que esteve trabalhando na fábrica durante a auditoria para o Programa de certificação ABVTEX?

| # | Answer |
|---|--------------------------|
| 1 | Sim |
| 2 | Não |
| 3 | Não sabe / não se lembra |

31. As entrevistas incluem organizações da sociedade civil ou especialistas locais durante as auditorias para o Programa de certificação ABVTEX?

| # | Answer |
|---|-------------------|
| 1 | Sim. Especifique: |
| 2 | Não |
| 3 | Não sabe |

32. O auditor avisa os trabalhadores sobre sua identidade e o objetivo da visita à fábrica (e da própria auditoria) na auditoria para o programa de certificação ABVTEX?

| # | Answer |
|---|----------|
| 1 | Sim |
| 2 | Não |
| 3 | Não sabe |

33. Quais mecanismos você e/ou os auditores percebem que as empresas de confecção sob auditoria do Programa de certificação ABVTEX utilizam para captar e entender as queixas dos trabalhadores de forma anônima? Indique todas as opções relevantes:

| # | Answer |
|---|---|
| 1 | Caixa de sugestões |
| 2 | Linha telefônica ou site de reclamações |
| 3 | A CIPA |
| 4 | A representação sindical |
| 5 | Não há mecanismos para queixas de forma anônima |
| 6 | Não sabe/sem informação |

34. Você entende que no caso do Programa de certificação ABVTEX é comum os trabalhadores receberem instruções dos supervisores da empresa sobre como responder às perguntas do auditor e/ou receber pressões para não levantar reclamações perante o auditor?

| # | Answer |
|---|-------------------------|
| 1 | Muito frequente |
| 2 | Frequente |
| 3 | Às vezes |
| 4 | Raramente |
| 5 | Isso não acontece |
| 6 | Não sabe/sem informação |

35. Que tipo de fontes de informação você e/ou os auditores trabalhando para sua empresa nas auditorias para o Programa de certificação ABVTEX utilizam para verificar o cumprimento de normas sobre salários e jornada de trabalho (pagamento do salário mínimo, acréscimos correspondentes a horas extras, jornada semanal máxima)? (Indique todas as opções relevantes):

| # | Answer |
|---|---|
| 1 | Entrevistas |
| 2 | Registro manual, mecânico ou eletrônico do ponto (horário de entrada e saída de cada funcionário) |
| 3 | Livros contábeis da empresa |
| 4 | Registros da folha de pagamento |
| 5 | Contratos individuais de trabalho |

| | |
|---|--------------------------------------|
| 6 | Contrato colectivo de trabalho (CCT) |
| 7 | Outros, especifique: |

36. Você ou os auditores trabalhando para sua empresa de autoria usam algum método para avaliar que os registros apresentados pela empresa são verídicos e sem alteração no caso das auditorias para o Programa de certificação ABVTEX?

| # | Answer |
|---|-------------------|
| 1 | Sim. Especifique: |
| 2 | Não |

37. Quais meios você utiliza no caso da auditoria para o Programa de certificação ABVTEX para verificar a ausência de trabalho infantil no local de trabalho?

| # | Answer |
|---|---|
| 1 | Entrevistas com trabalhadores |
| 2 | Confirmação visual |
| 3 | Vistoria da carteira de trabalho ou outro documento de identidade dos trabalhadores |
| 4 | Pergunta sim/não aos gerentes e/ou supervisores |
| 5 | Outro, especifique: |

38. Você ou o auditor indicado pela sua empresa de auditoria do Programa de certificação ABVTEX entrevista um representante dos trabalhadores da CIPA (Comissão Interna de Prevenção de Acidentes)?

| # | Answer |
|---|-------------|
| 1 | Sim, sempre |

| | |
|---|--------------------------|
| 2 | Sim, às vezes |
| 3 | Não |
| 4 | Não sabe / não se lembra |

39. Você ou o auditor indicado pela sua empresa de auditoria para o Programa de certificação ABVTEX entrevista um representante do sindicato de trabalhadores que representa a categoria?

| # | Answer |
|---|--------------------------|
| 1 | Sim, sempre |
| 2 | Sim, às vezes |
| 3 | Não |
| 4 | Não sabe / não se lembra |

40. Você ou o auditor verifica as atas das reuniões da CIPA para checar seu funcionamento segundo a lei (Norma Regulamentadora 5) e a criação de Programas de Prevenção de Riscos Ambientais (PPRA) para a fábrica (Norma Regulamentadora 9)?

| # | Answer |
|---|-------------------------|
| 1 | Sim |
| 2 | Às vezes |
| 3 | Não |
| 4 | Não sabe/sem informação |

41. Você ou o auditor indicado por sua empresa de auditoria verifica por quais meios os trabalhadores escolhem seus próprios representantes da CIPA através de eleições livres e divulgadas previamente? Indique todas as respostas relevantes:

| # | Answer |
|---|-------------------------------|
| 1 | Entrevistas com trabalhadores |

| | |
|---|--|
| 2 | Entrevistas com representantes sindicais |
| 3 | Entrevistas aos gerentes e supervisores |
| 4 | Revisão das atas e documentação da eleição |
| 5 | Não há verificação |
| 6 | Não sabe/sem informação |

42. Na revisão visual, nas entrevistas e na consulta à documentação correspondente, o auditor verifica a ausência ou medidas de prevenção dos seguintes riscos comuns para acidentes de trabalho ou doenças ocupacionais (indique as opções relevantes):

| # | Answer |
|---|--|
| 1 | Existência de saídas de emergência e extintores de incêndio claramente acessíveis |
| 2 | Presença de insumos ou outros materiais no chão ou nos corredores que atrapalhem o passo e/ou representem risco de incêndio |
| 3 | Uso de substâncias tóxicas |
| 4 | Uso por parte dos trabalhadores dos equipamentos de proteção individual (EPIs) correspondentes (Norma Regulamentadora 6) |
| 5 | Existência de condições insalubres tipo excesso de frio ou calor ou falta de ventilação |
| 6 | Existência de posições e posturas ergonômicas e/ou operações estressantes repetitivas que signifiquem risco de acidentes, periculosidade ou doenças ocupacionais |
| 7 | Nenhum |
| 8 | Outros, indique |

Appendix 5: Interview Guide – ABVTEX Management Team

Purpose of the interview: To understand ABVTEX’s role in promoting sustainable value chains in the garment and apparel industry in Brazil, the organization’s objectives with the ABVTEX Program, the program’s process of evolution/improvement, its impact since 2010, and reception by the industry’s key stakeholders.

Our Project Background: Our client is the Brazilian Association of Textile Retail (ABVTEX). Founded in 1999, they represent the largest retail outlets in the Brazilian consumer market. A key part of their work is the ABVTEX Program, which functions as a combination of an auditing-based code of conduct and a supply chain modernization tool. ABVTEX has sought the assistance of Columbia SIPA’s workshop team to improve the quality, efficiency, and effectiveness of its social and labor auditing protocols and procedures, with the aim of converging on international best practices.

Your responses to this interview are anonymous, and the team will continue to comply with the instructions set-forth in the NDA between ABVTEX and Columbia SIPA.

I. Characterization of the organization and general info of the ABVTEX Program

1. Can you please briefly talk about ABVTEX’s mission and its main objectives?
2. How many retailers are current members of ABVTEX?
 - a. Follow-up: What was the largest number of retailer members that ABVTEX has ever had? When was that?

II. History, objectives and structure of the ABVTEX Certification Program

3. What were the principal reasons that motivated ABVTEX to create the ABVTEX certification program?
4. Have the Program’s main objectives changed over time?
5. Can you speak to how ABVTEX first developed the auditing checklist, Manual of the program and procedures? How have these changed over time?
6. How many suppliers are currently certified by the ABVTEX program? How many are currently enrolled in the program and are in process of being audited?
7. Can you describe the process by which suppliers and subcontractors enroll in the ABVTEX Program? Please make reference to possible eligibility requirements, fees, etc.
8. Can you speak to any trends of suppliers, retailers, and subcontractors enrolling and leaving the program? If yes, what do you consider explains these changes?
9. There have been reports of suppliers complaining that the cost of auditing and certification is high, what are ABVTEX thoughts on this? Has ABVTEX considered a cost-sharing model for certification and auditing?
10. What indicators does ABVTEX use to measure the ABVTEX program performance? How frequently do you monitor and report on these?
11. Has ABVTEX thought about also certifying the retailers given that these are the top of the value chains?
12. If retailers contract with non-certified suppliers and subcontractors, are there any penalties on the retailers for doing that? Do retailers have a specific time-line to shift towards contracting with 100%-certified suppliers?

13. Besides using the General Regulation document and the Audit Manual, how else does ABVTEX inform suppliers and subcontractors on details of expectations on behavior, policies, and procedures?
14. Based on the thematic book 6 (No. 6.4) of the Program's Manual, ABVTEX requires suppliers to have a policy on the ABVTEX main themes: anticorruption, anti-discrimination, child Labor, forced labor, freedom of association, abuse and harassment, working hours, wages and benefits. Does ABVTEX provide any guidance, training, advising services to suppliers and subcontractors on what should be the substantive content of the policies on those themes? How do suppliers and subcontractors know what are the ideal actions they should implement in those fields?

III. Auditing process

1. How does ABVTEX **decide with** what auditing firms to work with? Do you have specific eligibility requirements or is it mainly based on size and reputation? Is there any concern that there could be a conflict of interest with the consulting services that audit companies also sell as auditing is only a small part of their business? Any mechanisms to make sure their pecuniary interest in generating business doesn't color their auditing?
2. Have any suppliers and subcontractors **complained about** the auditing firms' reliability and objectivity?
3. How does ABVTEX **train** auditing firms on the ABVTEX Program checklist and Manual? Please specify the process, tools used, duration, number of sessions.
4. Does ABVTEX ever oversee the internal training of auditors for each certifying body?
5. How does ABVTEX monitor the performance of the auditing firm and its auditors? How ABVTEX ensures auditing firms are using the checklist correctly? Does ABVTEX have certain check-ins with the auditing firms regarding the monitoring and/or training of auditors?
6. How does ABVTEX monitor that auditors are "translating" and using the checklist in an effective way to identify either compliance and non-compliance from suppliers? Are there any language, techniques, problems in communicating with some interviewees?
7. Can you explain briefly how the rating system of the ABVTEX program works? We have identified in the Manual ratings with categories such as: "Critical", "major", "minor", "Zero tolerance". However, this rating process is not clear in the Manual.
8. Based on which criteria do the auditing firms identify if a supplier should be certified or not? Is it based on a percentage? (i.e 70%/100%)
9. What is the purpose of using the categorization of "gold, silver, bronze" for their certification? In what way has it helped to meet the goals of the Program?

IV. Transparency

10. Exactly when and why did ABVTEX begin to publicly disclose the list of certified suppliers? Other information that other programs disclose like factory reports, list of excluded or rejected firms, and which firms are rated in your Gold, Silver and Bronze categories is not disclosed—what is the rationale behind this?
11. Does ABVTEX have means to verify that retailers are fulfilling their requirements under the ABVTEX Program?

V. Governance and accountability

12. How are the core operations of the ABVTEX Program funded?
13. Do suppliers typically cover the entire cost of the ABVTEX Program? Or have there been cases of retailers assisting suppliers to cover costs?
14. Can you explain to us the governance system of the ABVTEX Program? (Is the coordination hierarchically structured or horizontally structured? Who sits on the governing board -as distinguished from any parallel consultative or advisor body- that sets overall policy direction and which hires?)
15. To whom is accountable the executive leadership of the organization?
16. Overall, how is ABVTEX addressing the highly unequal power dynamic between the powerful retailers that control buyer-driven chains, and the suppliers/ subcontractors?

VI. Relationship with other key stakeholders

17. How does ABVTEX handle suppliers' complaints and major concerns?
18. What action would ABVTEX take if the member retailer firm is found to have severe non-compliance issues?
19. If retailers contract with non-certified suppliers and subcontractors, are there any penalties on the retailers for doing that?
20. Can you explain how the Consultative Committee works? What is its objective, who is part of it, how frequently do you meet, what is the decision-making dynamic, does it have to be accountable to an authority of the garment industry? What is the role of representatives of professional associations, labor unions, NGOs, and the public sector in this Consultative Committee?
21. How is ABVTEX's relationship with the government institutions and labor jurisdiction? Have these supported the ABVTEX Program? If yes, in what sense?
22. Given that labor inspectors are currently not well-staffed and are underfunded, how has this affected ABVTEX operations? Has ABVTEX had to make any adjustments in response to this?
23. Has ABVTEX previously reviewed in detail and disseminated the OECD Guidelines for the garment sector among its members, given that these guidelines refer mainly to enterprises and not suppliers?
24. Can you describe ABVTEX's relationship with watchdog groups, civil society organizations, and labor unions? What role do they play in terms of external accountability of ABVTEX?

VII. AVBTEX's Future

25. Can you tell us more about ABVTEX's vision 2022? Are there any plans in place to make any major changes to either ABVTEX in general or the ABVTEX Program specifically in the near future?
 - a. Follow up question: Are there any documents relating to the 2022 vision that we could possibly see?
26. ABVTEX's current Audit Manual seems to remain at the checklist level. Does ABVTEX envision developing a more capacity-building program that enables suppliers to establish socially sustainable practices by addressing underlying production bottlenecks and shortcomings in existing processes (That is, improving management systems and building managerial and technical capacity)?
27. Is ABVTEX planning to work with local suppliers to improve their managerial capacity, hence, helping them design and conduct more efficient production processes and more efficient tracking and monitoring systems?

28. Can you elaborate more on the corrective action plans that suppliers have to implement/adopt after the auditor's assessment is conducted? Who designs these corrective action plans and how “suggested or recommended actions” are decided? Does ABVTEX have a “general format of corrective action plan”, with the basic actions that suppliers should implement to comply with the checklist requirements and mitigate risks? If there is a version of a “general corrective action plan”, can you please share it with us?
29. Would ABVTEX consider implementing systems that allow for greater worker voice and participation? For instance, considering training of workers in ABVTEX standards, off site interviews, an anonymous complaint mechanism, workshops, etc.?
30. Is ABVTEX modelling itself after a specific international standard or organization(s)?
 - a. Follow-up: what is envisioned as the outcome of the partnership with SAAS?
31. Can you explain the role that was envisioned for the Consultative Council and to what extent it is fulfilling that role? Do you think it is possible that ABVTEX will give other members (aside from retailers) a greater say in decision making in the future? Is multi-stakeholder governance (including greater voice of suppliers) in the future of ABVTEX? If yes, what would that look like?
32. Exactly when and why did ABVTEX begin to publicly disclose the list of certified suppliers? What additional transparency steps are being considered or planned?
 - a. Follow-up: Other programs disclose additional information like factory reports, list of excluded or rejected firms, and which firms are rated in programs similar to your gold, silver and bronze categories —what is the rationale behind ABVTEX not disclosing this?
 - b. Has ABVTEX considered disclosing additional information, perhaps a ranking or disclosure of areas of progress and problems in compliance on an aggregate basis (maybe annually)?
33. What are the ongoing requirements of ABVTEX members besides having 100% of their supply chains certified within 2 years? Has ABVTEX considered the option of extending the ABVTEX Program certification to assess the retailers’ workplace practices as well ? Does ABVTEX have means to verify that retailers are fulfilling these requirements under the ABVTEX Program?
34. Has consideration been given to how purchasing practices and pricing relationships impact supplier and subcontractor compliance capacity? (price negotiations, short lead times, last minute changes, etc)?
35. What are the obligations or expectations of ABVTEX members with regard to the terms of their extra-judicial accords (TAC’s) with the *Ministerio Público*?
36. How does ABVTEX view its relationship and that of its members to the system of public and legal enforcement of labor rights?
37. What posture has ABVTEX taken in terms of commitments of its members to fulfill payments to suppliers for orders already placed or merchandise already manufactured prior to the onset of the stay at home orders resulting from the COVID crisis? Are suppliers and subcontractors and their workers getting paid for this work already performed? Do you think if workers in the supply chains of members are being dismissed or placed on paid furloughs (*ferias coletivas*), and does ABVTEX have an official recommendation or advice for members in this area?

Appendix 6: Interview Guide – ABVTEX Member Retailers

Purpose of the interview: To understand how retailers view the ABVTEX Program and auditing procedures - how they relate to ABVTEX and the impact of ABVTEX on their businesses.

Our Project Background: Our client is the Brazilian Association of Textile Retail (ABVTEX). Founded in 1999, they represent the largest retail outlets in the Brazilian consumer market. A key part of their work is the ABVTEX Program, which functions as a combination of an auditing-based code of conduct and a supply chain modernization tool. ABVTEX has sought the assistance of Columbia SIPA's workshop team to improve the quality, efficiency, and effectiveness of its social and labor auditing protocols and procedures, with the aim of converging on international best practices. To that point, we are currently conducting a benchmarking analysis of the ABVTEX Program and would be grateful for your thoughts about the impact of this Program on your business and your supply chain sustainability .

Your company's responses to this survey are anonymous, and only aggregated and anonymized data will be cited and analyzed in the final report of this academic consultancy project.

I. Characterization of the retailer

1. Retailer Name: _____
2. Lead contact name: _____
3. Contact position within the retailer company: _____
4. Contact information (Email and phone): _____
5. Size of the company (according to Sebrae classification):
6. Can you specify the geographies where the retailer operates in Brazil:
7. What is the nature of the company based on its origin?
 - a. A multinational company with subsidiary offices/factories in Brazil. Please mention the country of origin where the company's headquarters are located: _____
 - b. A national company with headquarters and operations within Brazil and in other countries. Please mention the countries where the company has subsidiaries: _____
 - c. A national company with headquarters and operations only within Brazil.
8. **Product description.** What types of products do you sell? (Mark one or more answer options):
 - a. Home textile goods
 - b. Clothing
 - c. Shoes
 - d. Leather accessories (handbags, wallets, etc.)
 - e. Others. Please specify: _____
9. In what regions of the world are your products produced?
10. Do you think your customers have a preference for the country where your products are made?
11. Do you think Moda Livre app rating influences your company's customers' decisions regarding buying or not products?
12. In your opinion, would your company's customers be willing to pay slightly more for products if they were assured that they were produced under fair labor conditions?
13. Do you think that your company's customers would stop buying products, even if temporarily, from your company if labor issues were identified in your supply chain by government authorities, by citation in the press as being responsible or complicit, or when being criticized by NGOs and/or labor unions? Why?
14. Does your company publish the names and locations of their suppliers on their websites? Why?

15. Do you consider the retailers should be legally and/or ethically responsible for labor conditions throughout their supply chains? In other words, should there exist joint liability between retailers, suppliers, and subcontractors regarding labor conditions? Why?

II. Retailer's relation with ABVTEX and opinion with regards to the ABVTEX Program

16. In what year did you become a member of ABVTEX?
17. In your opinion, should ABVTEX encourage or require its members to publish the names and locations of their suppliers on their websites? Why?
18. In your opinion, can the sourcing practices of brands create pressures that unwittingly encourage suppliers and subcontractors to take shortcuts in compliance?
19. **Only answer this question if you answered "yes" to the previous question.** Which sourcing practices specifically do you think encourage this behavior in suppliers and subcontractors?
20. What could ABVTEX do to address this problem and encourage responsible sourcing on a collective basis? Has the ABVTEX Program served to encourage longer-term, more stable relationships between retailers and suppliers?
21. Why did your organization join the ABVTEX Program?
22. Has the retailer company benefited from the ABVTEX Program?
23. **Only answer this question if answering "yes" to the previous question.** What benefits has the certification of your company's suppliers brought to your company?
24. In your opinion, does your company have sufficient input into the development and constant improvement of the ABVTEX Program? Why?
25. Which do you consider is the level of commitment that your company has regarding promoting the standards and procedures of the ABVTEX Program within the company's supply chain? Why?
26. Has any of your company's current suppliers recently joined the ABVTEX Program?
27. Has any of your suppliers ever been suspended by/ or lost certification from the ABVTEX Program as a result of noncompliance?
28. **Only answer this question if answering "yes" to the previous question.** Has your company taken the decision to stop working with this supplier until it complies with the ABVTEX Program standards?
29. **Only answer this question if answering "yes" to the previous question.** Did this decision of ending the company-supplier relationship have a significant negative impact on your company's production? Why?
30. Are you or have you ever been a member of another(other) certification program(s) similar to the ABVTEX Program? If yes, which ones (s)?
31. **Answer the following two questions if you answered "yes" to the previous one.** What do you prefer about the ABVTEX Program in comparison to the other one? What do you prefer about the other program? Why?
32. Are your company and its supply chain audited through other mechanisms besides ABVTEX Program (e.g. in- house audits)? If yes, which ones?
33. **Only answer this question if answering "yes" to the previous question.** Why is the company audited through other mechanisms?
34. In your opinion, are the requirements and procedures of the ABVTEX Program clear? why?
35. Do you pay any fees to be part of ABVTEX?
36. How would you describe your company's role in regard to the ABVTEX Program?
37. In your opinion, has the Program improved over the years? Why?
38. Do you think your customers are aware of ABVTEX and/or the ABVTEX Program? In what sense?

39. In your opinion, how rigorous do you think the responsibilities required for your company to participate in the Program are?
40. What do you consider are the main weaknesses of the ABVTEX Program?
41. In your opinion, what are the main strengths of the Program?
42. Does anyone from ABVTEX regularly communicate with you to check if you are fulfilling your responsibilities as a signatory company? Can you please describe how is that communication in terms of frequency, clarity, and support?
43. Do you think you are sufficiently informed of audit findings in your supply chain? Why?
44. **Only answer this question if answering “yes” to the previous question.** How does your company use audit findings related to your supply chain?
45. In your opinion, the ABVTEX Program exceeds, meets or does not meet the needs of the market.? Why?
46. In your opinion, is the ABVTEX certification program sufficient on its own to address the labor and social risks in your supply chains? Why?
47. Are there any aspects of the ABVTEX Program that could be changed in a way that would benefit your company more? Why? In what sense?
48. Do you think ABVTEX should pursue more visibility among customers and the general public with regards to the ABVTEX Program? Why?

III. Company’s perception of and relation to other compliance and enforcement mechanisms.

49. How is the frequency and rigor of audit visits by public inspectors (*auditores fiscais*) changed since you joined the program? Has it changed over time?
50. Does your company have, or has it had, an extrajudicial accord (*termo de ajustamento de conduta-TAC*) regarding supply chain due diligence with the *Ministerio Publico do Trabalho*?
51. What is your view of extrajudicial accord (*termo de ajustamento de conduta-TAC*) and the concept of legal joint liability for supply chain compliance of retailers?
52. Is your company a signatory of the *Pacto Nacional pela Erradicação do Trabalho Escravo*²⁸⁹?
53. Has your company ever been on the *Cadastro de Empregadores que tenham submetido trabalhadores a condições análogas à de escravo*²⁹⁰ (also known as the “*lista suja*”) maintained by InPacto²⁹¹ and the Ministry of Labor? Why?
54. What is your opinion of the *Cadastro de Empregadores que tenham submetido trabalhadores a condições análogas à de escravo*?

²⁸⁹For further information about the Pacto Nacional pela Erradicação do Trabalho Escravo, check the following link: https://www.ilo.org/global/topics/forced-labour/news/WCMS_097929/lang--es/index.htm

²⁹⁰ The most updated *Cadastro de Empregadores que tenham submetido trabalhadores a condições análogas à de escravo* is available here: https://mpt.mp.br/pgt/noticias/cadastro_de_empregadores_2019_10_3.pdf

²⁹¹ In May 2014, o Instituto Pacto Nacional pela Erradicação do Trabalho Escravo (InPACTO) is created to the actions carried out by the National Pact for the Eradication of Slave Labor. That year, the Pact had more than 400 signatories who, together, represented about 35% of the Brazilian GDP. <http://inpacto.org.br/sobre-nos/http://inpacto.org.br/sobre-nos/>

Appendix 7: Interview Guide - ABVTEX Program Auditing Firms

Purpose of Interview: To understand how the ABVTEX Program auditing firms view of the Program's procedures - understand how they execute those and what do they think about the effectiveness of the audit Manual.

Our Project Background: Our client is the Brazilian Association of Textile Retail (ABVTEX). Founded in 1999, they represent the largest retail outlets in the Brazilian consumer market. A key part of their work is the ABVTEX Program, which functions as a combination of an auditing-based code of conduct and a supply chain modernization tool. ABVTEX has sought the assistance of SIPA's workshop team to improve the quality, efficiency, and effectiveness of its social and labor auditing protocols and processes, with the aim of converging on international best practices. To that point, we are currently conducting a benchmarking analysis of the ABVTEX Program, and would be grateful for your thoughts about your experience providing auditing services to verify suppliers and subcontractors' compliance with the ABVTEX Audit Manual.

Your company's responses to this survey are anonymous, and only aggregated and anonymized data will be cited and analyzed in the final report of this consultancy project.

I. Background Information

1. Can you please provide your name and title?
2. What audit firm do you work for?
3. Where are you located?
4. What type of organizations do you audit?
5. What operations occur at your facility?
6. How long have you worked with this supplier?
7. How large is the auditing company?

II. Audit firms: Questions related to ABVTEX and its auditing manuals

8. How long have you worked with ABVTEX? How often do you conduct audits for ABVTEX suppliers? Could you please talk more about audit types you hold for ABVTEX?
9. Do you find ABVTEX audit checklist an efficient tool in the auditing process? Do auditors are always able to check for all the points on the checklist thoroughly in the time allotted for the audits? What changes can be done to improve them?
10. How would you evaluate the training for the auditors provided by ABVTEX? How often those trainings are provided? What are the main takeaways from the training?

III. Auditing Procedures

11. Do you conduct interviews with workers outside the workplace? Does the interviewing process go beyond and involve civil society organizations or/and local experts?
12. What mechanisms does your firm use to receive workers' complaints anonymously (e.g. suggestion box, hotline, etc.)?
13. We know that the identifying non-compliance is especially challenging when it comes to minimum wage and overtime hours. What type of information sources do your company normally use to identify non-compliance in this regard?

14. Do you use any means to detect the falsification or fudging of the records (such as minimum wage, overtime premium, etc.)?
15. How common is it that you encounter firms where you suspect coaching or pressuring of workers has been in place?
16. Do you provide the recommendations in case of non-compliance and how do you verify that those issues have been resolved?

Appendix 8: Interview Guide – International Certification Mechanisms (Organizations included in the Benchmarking analysis)

Purpose of Interview: To understand the perspectives of International Certification Mechanisms regarding best practices on the certification and auditing of social/labor standards that companies should comply with. Understand how each of these International Certification Mechanisms is structured, operate in practice, and what are their main challenges.

Our Project Background: Our client is the Brazilian Association of Textile Retail (ABVTEX). Founded in 1999, they represent the largest retail outlets in the Brazilian consumer market. A key part of their work is the ABVTEX Program, which functions as a combination of an auditing-based code of conduct and a supply chain modernization tool. ABVTEX has sought the assistance of SIPA’s workshop team to improve the quality, efficiency, and effectiveness of its social and labor auditing protocols and processes, with the aim of converging on international best practices. To that point, we are currently conducting a benchmarking analysis of the ABVTEX Program and would be grateful for your thoughts on the best practices today regarding the certification and auditing of corporate compliance with social/labor standards.

Your responses to this survey are anonymous, and only aggregated and anonymized data will be cited and analyzed in the final report of this consultancy project.

Use of Data so far: Stakeholder analysis, benchmarking analysis, literature review (mention relevant literature and/or research that we’ve read).

I. Opening Questions

1. Can you tell us a bit about your organization?
2. How long has your organization been established?
3. How many clients/members do you currently have?

II. Methodology

4. What is the audit approach’s underlying theory of change? What do audits seek to accomplish in the end, who is the audience, and what are the goals?
5. How is the broader change it seeks to foster supposed to be catalyzed by producing this information and in this format?
6. Since it seems to be only current or potential clients among retailers who have access to your procedures, what is the rationale behind this one-way flow of information that presumably doesn’t get shared horizontally among suppliers, who are neither members nor stakeholders but rather objects of certification?
7. What are your thoughts on cost models for these services? Example being: corporation/brand pays membership dues; suppliers pay for certification, etc.
8. What are the consequences associated with different cost models? How do you avoid conflicts of interest?
9. How do brands or manufacturers (or others) seek membership in your program? Can you tell us a bit more about your membership structure? Also ask about governance structure...
10. How does your organization define forced labor? (are auditors trained to look for each of its four potential forms?)
11. How do you believe your organization adapts to different cultural, political and local contexts?

12. Has your organization faced backlash with local authorities and/or watchdogs, and if so, could you describe?
13. Can you speak to how your organization attempts to detect “sanitization” before an audit? What procedures does it have in place with regard to halting this, or noticing it?

III. Brazil Context

14. Do you currently work with companies operating in Brazil?
15. If yes, what is the history of your working in Brazil?
16. Have you noticed any trends with regard to compliance and auditing in Brazil and/or Latin America at-large?
17. How is freedom of association operationalized in Brazil (with territorial monopolistic unions it’s not union busting or prevention information at issue per se but could instead take forms like pressuring workers not to join, not withholding union dues, not allowing union leaders to access workplace, or not publicizing CIPA elections so workers can’t freely choose their reps on these bilateral committees)
18. Do you think there could be conflicts between certifying programs and national legislation? If so, how can they be solved?
19. What happens to codes and brands as a country that had stood out for strengthening public enforcement seems to move in an opposite direction? Does this shift more burden to codes, and does it lower the incentives for firms to join and abide by them?

Appendix 9: Interview Guide – International and Brazilian academic scholars & analysts with expertise in the field of CSR, enterprise voluntary regulation frameworks and on the international and Brazilian garment industry.

Purpose of Interview: To understand academic and leading scholar perspectives on international best practices for social/labor certification standards and auditing.

Our Project Background: Our client is the Brazilian Association of Textile Retail (ABVTEX). Founded in 1999, they represent the largest retail outlets in the Brazilian consumer market. A key part of their work is the ABVTEX Program, which functions as a combination of an auditing-based code of conduct and a supply chain modernization tool. ABVTEX has sought the assistance of SIPA’s workshop team to improve the quality, efficiency, and effectiveness of its social and labor auditing protocols and processes, with the aim of converging on international best practices. To that point, we are currently conducting a benchmarking analysis of the ABVTEX Program and would be grateful for your thoughts on the assessment of corporate compliance with social/labor standards, through independent private auditing, accreditation and/or certification schemes.

I. Opening questions

1. Can you tell us a bit about your work and research focuses?
2. How familiar are you with auditing arms/certification organizations, specifically as they relate to the textile industry? (Sedex, Fair Labor Association, SA8000, Worldwide Responsible Accredited Production-WRAP, Social and Labor Convergence, International Labour Organization/OECD, BSCI/Amfori?)
3. Have you heard of the Brazilian Association of Textile Retail - ABVTEX? If so, in what context?

II. Cost-sharing

4. What are your thoughts on cost models for these services? Example being: corporation/brand pays membership dues; suppliers pay for certification, etc.
5. What are the consequences associated with different cost models? How do you avoid conflicts of interest?

III. Brand participation/assigning responsibilities

6. How do brands seek membership to the certification programs, and what role do they play in the greater auditing process, as opposed to the role of the auditing firm/certifying organization? (for example, Does certifier work with retailers, or just suppliers/subcontractors which is better, why?)
7. Do you think the buying practices of brands have an impact on the success of auditing and certification programs?

IV. Adapting certification standards and auditing procedures to different national settings

8. Do you think certifying programs work well to prevent forced labor, child labor and other issues in apparel supply chains regardless of the national setting / existing labor laws in the countries that suppliers are located?

9. Do you think certifying programs adapt their auditor training, checklists, standards, etc. (sufficiently) to account for specific labor laws and requirements of the countries of the suppliers and/or of the brands?
 - Example 1: Different definitions of forced labor across countries and across auditing organizations, are auditors trained to look for each of its potentially different forms?
 - Example 2: Different definitions of freedom of association, and different context of how freedom of association is operationalized in countries. For instance, rather than simply preventing unionization or busting unions, some Brazilian companies may inhibit freedom of association in more subtle ways--pressure workers not to join, not withholding union dues, not allowing union leaders to access workplace, or not publicizing CIPA (*bilateral health and safety committee*) elections so workers cannot freely choose their representatives on these bilateral committees.
10. How are freedom of association issues treated by some international schemes as both involving union or non-union employee representation schemes?
11. Some labor rights experts have examined and codes have promoted initiatives whereby in countries that legally repress labor rights, there could be alternative mechanisms of worker voice at the workplace level not taking the form of unions. How do you feel about these, and what responsibility do codes, buyers, brands have in situations where the state suppresses labor rights in countries where they source?
12. Do you think there could be conflicts between certifying programs and national legislation? If so, how can they be solved?
13. Does it matter if audit firms are multinational (SGS, Intertek, Bureau Verité) or nationally owned in your experience?
14. How do certifying programs adapt to different cultural and regulatory settings? For example in terms of gender issues, child labor, etc.

V. International auditing firms (SA8000, WRAP, Sedex, SCLP, FLA)

15. What is the conception about how these auditing schemes alter practice or what the purpose of these audits' schemes is?
16. Has the organization undertaken any geographic-specific auditing procedures, especially for Brazil?
17. Do you know if the organization faced backlash with local authorities and/or watchdogs, and if so, could you describe what is it?
18. Can you speak to how some auditing organizations attempt to detect "sanitization" before an audit? What procedures does it have in place with regard to halting this, or noticing it?
19. Of the auditing/monitoring mechanisms you are familiar with, do you think one is better than another, what stands-out, why, etc.?
20. What sorts of issues might arise from the multiple types of auditing and certification arms? Is there a lack of overarching standardization?
21. What are the difficulties faced by most private-auditing initiatives/organizations, e.g. SA8000, Sedex, WRAP? Some people argue that the certification system is still mostly money/reputation-driven, and it does not offer much actual contribution. What do you think?
22. Do you consider these international certifications and assessment mechanisms have evolved over time? If yes, how? Do they actually drive change? Have they tended toward more robust, inclusive, and transparent practices, or is not there any clear trend at all?

VI. ABVTEX/Brazil-Context Questions

23. **Migrant Workers.** Are you familiar with the conditions migrant workers face in Brazil with regards to labor conditions (forced labor, healthcare status, infrastructure safety, gender or other types of discrimination, psychological coercion (*assedio moral*) ? Are auditors able to evaluate such issues, and how successful is their evaluation?
24. **Forced labor in Brazil.** The percentage of the apparel sector covered by the certified supply chains of ABVTEX retailer members represents approximately 23% of the national market. How effective is the auditing/ certification in tackling the national forced labor issues? The number of identified forced labor keeps increasing in the recent two years.
25. Has ABVTEX met expectations by some that there would be public-private synergy with public enforcement of labor standards by inspectors and other state bodies? Why or why not?
26. Do you consider there have been any progress during the last 5 years, from ABVTEX end, in getting a conceptual and operational alignment of the monitoring processes of the retailers' supply chains?
27. Do you have any suggestions to ABVTEX to improve their approaches to data gathering about the Program performance and its dissemination?
28. The supplier companies claim to have a high cost with certification. Is there any way that ABVTEX can solve this problem?
29. The number of ABVTEX certified suppliers has been falling in recent years. What do you consider are the current challenges faced by ABVTEX in this regard? Do you consider this decrease in certified suppliers has been intentional?
30. Many suppliers complain that ABVTEX favors retailers instead of subcontractors and suppliers. Do you agree with that opinion? What are the possible ways for ABVTEX to solve this problem?
31. Certified companies indicate a lack of clarity when it comes to the audit criteria, due to the absence of guidelines and harmonized standards between the private in-house retailer audits and ABVTEX audits. What do you think about this? How can we work on this issue when we conduct our benchmarking analysis?
32. Some auditors recommend ABVTEX to establish a unique standard of either, mutual recognition, or complementary and not repeated criteria, looking for a way to ease the volume of audits and harmonize requirements. What is your opinion on these suggestions?

Appendix 10: Interview Guide - Civil Society Organizations (Business Associations & NGO's)

Purpose of Interview: To understand how civil society organizations view the ABVTEX Program and auditing procedures - how they relate to ABVTEX and the impact of ABVTEX on their business.

Our Project Background: Our client is the Brazilian Association of Textile Retail (ABVTEX). Founded in 1999, they represent the largest retail outlets in the Brazilian consumer market. A key part of their work is the ABVTEX Program, which functions as a combination of an auditing-based code of conduct and a supply chain modernization tool. ABVTEX has sought the assistance of SIPA's workshop team to improve the quality, efficiency, and effectiveness of its social and labor auditing protocols and processes, with the aim of converging on international best practices. To that point, we are currently conducting a benchmarking analysis of the ABVTEX Program and would be grateful for your thoughts on the current and potential impact of the ABVTEX Program on the improvement of working conditions in the garment sector, and of corporate compliance with labor/social standards throughout this industry's supply chains in Brazil.

Your organizations' responses to this survey are anonymous, and only aggregated and anonymized data will be cited and analyzed in the final report of this consultancy project.

I. Background Information

1. Can you please provide your name and title?
2. NGO name, HQ, etc, offices etc.
3. When was it founded? What is the story behind it?
4. Where are you located?
5. How long have you worked with this NGO?
6. How large is the NGO?
7. What are the main roles in the NGO (e.g.: researchers, activists etc.)

II. Civil Society Organizations

1. What is the mission of the organization?
2. What are the values that you are promoting? Are these values changed over the years?
3. What are your motivations for working in the NGO / certification organization?
4. Please share a couple of milestones from the history of your organization
5. What are the current projects that you are working on?
 - a. Probing question: what is the organization's work plan for 2020?
 - b. What are the upcoming projects?
 - c. Anything in particular you're passionate about working?
6. What is the most challenging aspect of your work?
 - a. Probing question: what challenges does the organization face on a daily basis?
 - b. What are the problems that your organization face?
7. What are the research methods you currently use to perform the work?
 - a. How do you create research?
 - b. Who are your research stakeholders?
 - c. How do you collaborate with different stakeholders?
8. How do you normally solve these issues?

9. How do you pick the topics you're working on?
10. How much of your work is research / fieldwork?
11. For fieldwork:
 - a. How do you identify the communities in which you work with?
 - b. How do you engage with them?
 - c. What programs do you run?
 - d. How do you evaluate your field / grassroots programs?
12. How do you prioritize the topics?
 - a. How do you pick the causes of which you'll be working on?
 - b. What are the criteria for picking the projects?
13. Who are your partners you are currently working with?
 - a. How do you pick your partners?
 - b. How do you reach out to new partners?

III. Questions about ABVTEX

14. How long have you worked with ABVTEX?
33. Can you please describe the projects that you've been dealing with ABVTEX? (Please, refer to researches, Engagement with the team, Public statements etc.)
34. Please describe the engagement with ABVTEX: Were they part of your work at some point? Did you collaborate with them or just wrote about them?
35. What are the current challenges ABVTEX is posing for your mission?
36. Can you please be specific about current concerns you have with ABVTEX?
 - a. In other words, how ABVTEX should change their program for it to align with your mission and values you promote?
 - b. What would you say the program is currently missing to complete the standards your organization is missing?
 - c. What do you think is the main reason that ABVTEX is still operating the way they do?
37. What are the benefits associated with ABVTEX for suppliers?
38. How do you think ABVTEX is affecting the current field and industry in Brazil? (Please refer to potential impact on labor rights, trade unions, fashion industry, political climate, etc.)
39. Please elaborate on the work ABVTEX is promoting regarding the protection of labor rights.
40. Do you think there are transparency issues with regards to the disclosure of information of the ABVTEX Program and the certified companies? If yes, what would be your recommendations on these issues?

Appendix 11: Interview Guide – Suppliers of ABVTEX member retailers

Purpose of Interview: To understand how suppliers view the ABVTEX Program and auditing procedures - how they relate to ABVTEX and the impact of ABVTEX on their business.

Our Project Background: Our client is the Brazilian Association of Textile Retail (ABVTEX). Founded in 1999, they represent the largest retail outlets in the Brazilian consumer market. A key part of their work is the ABVTEX Program, which functions as a combination of an auditing-based *Code of Conduct* and a supply chain modernization tool. ABVTEX has sought the assistance of SIPA's workshop team to improve the quality, efficiency, and effectiveness of its social and labor auditing protocols and processes, with the aim of converging on international best practices. To that point, we are currently conducting a benchmarking analysis of the ABVTEX Program and would be grateful for your thoughts on the impact of the ABVTEX Program on your business and on your supply chain's sustainability.

Your company's responses to this survey are anonymous, and only aggregated and anonymized data will be cited and analyzed in the final report of this academic consultancy project.

I. Background Information

1. Can you please provide your name and title?
2. What supplier do you work for?
3. Where are you located?
4. What do you produce?
5. What operations occur at your facility?
6. How long have you worked with this supplier?
7. How large is your company?
8. What brands does your company support?
9. How many employees do you have?

II. Auditing Firms

10. What auditing firms/certification agencies do you currently engage with?
11. What are your motivations for working with an auditing agency and/or certification organization?
 - a. Probing question: how satisfied are you with your current auditing firms/ certification agencies?
12. How do you feel the certification has helped your company?
 - a. Probing question: how much numerical value did certification bring to your company (via more business opportunities)
 - b. What is the cost of maintaining auditing/ certification?
 - c. Is this overall profitable?
13. How do you feel the certification has hurt your company?
 - a. Probing question: if you think your company got hurt, what suggestions would you like to propose to ABVTEX?
 - b. What do you believe to be the most difficult part of coordinating among auditing agencies and retailers' in-house audit teams?
 - c. Probing question: how did you solve the coordinating issue in the past?

14. What is your relationship with the retailers? Is the relationship price driven, short-term, specified in a formal contract, durable over time?
15. When were you last audited?
16. How frequently are you audited?
17. Have you ever been found non-compliant of a requirement specified in the ABVTEX Program Audit Manual? If so, please explain when, for what reason, and what was the penalty or sanction.
18. How much do you estimate your company pays per year for auditing and certifications? Can you elaborate on who pays for this?

III. Questions about relationship with ABVTEX and the Program

19. How long have you engaged with ABVTEX?
20. How much do you estimate you pay to engage with ABVTEX? If you do not bear these costs, who does, and how much?
21. What do you believe are the benefits associated with the ABVTEX certification system?
 - a. Probing question: has the benefits changed over the recent years? Increased/ decreased? What's the reason from your perspective?
 - b. Did ABVTEX certification make it possible for your company to gain contracts with other retailers
 - c. Did ABVTEX certification reduce the risk of being cited for violations by labor inspectors?
 - d. Did ABVTEX certification improve the company's compliance with labor legislation?
22. What do you believe are the drawbacks of engaging with ABVTEX?
 - a. We noticed that the number of suppliers in ABVTEX certification system has fallen. What is the reason behind the phenomenon in your opinion?
 - b. Have you ever thought about withdrawing from ABVTEX based on your stated drawbacks?
 - c. What motivated you to stay in the certification system?
23. How do you view ABVTEX's auditing checklist? Is the checklist comprehensive?
24. Have you been found non-compliant of a criteria requirement during an ABVTEX audit? If so, please elaborate on what happened, when was that, the reason for this, and what were the consequences.
25. How do you view the company's relationship with ABIT? Do you think ABIT properly represents the company's interests at the Consultative Committee? How effective can ABIT affect ABVTEX policy making to favor suppliers?
26. How do you view the fact that suppliers are not ABVTEX members?
27. Do you think ABVTEX favor retailers more than suppliers?
28. How has ABVTEX impacted your company?
29. How would you evaluate the ABVTEX defined criteria to justify its penalty measures to the certified companies? Are there suppliers who are gaming the system?
(For context and potentially follow-up: Even though audits typically don't involve a fine, it can cause loss of business or suspension of business. Do you think ABVTEX should utilize other kinds of penalties (financial fines, shame, others)?
30. In your opinion, what sort of assistance/ guidelines that ABVTEX ought to be provided in terms of the remediation?
31. From the perspective of a supplier, do you think ABVTEX certification program is transparent enough?

IV. Relationship between Suppliers and Subcontractors

32. Do you know the exact number of ABVTEX certified subcontractors? Will this information be useful to your business? What other information would you like ABVTEX to disclose more?
33. What is your current relationship with your subcontractors?
34. How does ABVTEX affect your relationship with your subcontractor?

V. Worker Conditions

35. Where are your workers mostly coming from?
36. Do you see increasing Venezuelan workers in recent years? How do they change the industry?
37. Have you ever employed workers who were previously forced laborers?
38. Why does the number of discovered forced laborers keep increasing?
39. Are your workers unionized?

VI. Additional questions

41. How has the changing political climate in Brazil impacted your business?
42. How often do you interact with watchdog agencies, NGOs, civil society organizations?
43. How has NGOs/ CSOs changed ABVTEX decision-making, hence affecting your business behaviors?
44. How often do you engage with government officials?
45. Have you ever faced any legal action in relation to workers' rights, labor conditions, etc.?
46. How would you evaluate the training/ technical assistance that is provided by SEBRAE, FUNAI, and other government bodies?
47. How do you evaluate the effectiveness of government bodies such as the *Secretária de Inspeção/ Auditores Fiscais do Trabalho, Ministério/Secretaria do Trabalho, Procurador do Trabalho* in enforcing and monitoring labor regulations?

Appendix 12: Interview Guide – Subcontractors of ABVTEX member retailers and suppliers

Purpose of Interview: To understand how subcontractors relate and interact with ABVTEX, and how they view the ABVTEX auditing program.

Our Project Background: Our client is the Brazilian Association of Textile Retail (ABVTEX). Founded in 1999, they represent the largest retail outlets in the Brazilian consumer market. A key part of their work is the ABVTEX Program, which functions as a combination of an auditing-based code of conduct and a supply chain modernization tool. ABVTEX has sought the assistance of SIPA’s workshop team to improve the quality, efficiency, and effectiveness of its social and labor auditing protocols and processes, with the aim of converging on international best practices. To that point, we are currently conducting a benchmarking analysis of the ABVTEX Program and would be grateful for your thoughts on the impact of the ABVTEX Program on your business sustainability, in particular on the improvement of labor/social conditions of your workforce across your operations.

Your company’s responses to this survey are anonymous, and only aggregated and anonymized data will be cited and analyzed in the final report of this consultancy project.

I. Background Information

1. Can you please provide your name and title?
2. What supplier do you work for?
3. Where are you located?
4. What do you produce?
5. What operations occur at your facility?
6. How long have you worked with this supplier?
7. How large is your company?
8. What brands does your company support?
9. How many employees do you have?

II. Auditing Firms

1. What auditing firms/certification agencies do you currently engage with?
2. What are your motivations for working with an auditing agency and/or certification organization?
 - a. Probing question: how are you satisfied with your current auditing firms/ certification agencies?
3. How do you feel the certification has helped your company?
 1. Probing question: How much numerical value has the certification brought to your company (via more business opportunities)?
 2. What’s the cost of maintaining auditing/ certification?
 3. Is this overall profitable?
4. How do you feel the certification has negatively affected your company?
 - a. Probing question: If you think your company has been negatively affected by the ABVTEX Program, what suggestions would you like to propose to ABVTEX?
 - b. What do you believe to be the most difficult part of coordinating among auditing agencies?

- c. Probing question: how did you solve the coordinating issue in the past?
- 5. When were you last audited?
- 6. How frequently are you been audited?
- 7. Have you ever been found to be in non-compliance of any of the audit manual requirements? If so, please explain. When? For what reason? What was the penalty or the results of this finding?
- 8. How much do you estimate your company pays per year for auditing and certifications?
- 9. Can you elaborate on who pays for this?

III. Questions about ABVTEX

- 10. How long have you engaged with ABVTEX?
- 11. How much do you estimate you pay to engage with ABVTEX? If you do not front these costs, who does, and how much?
- 12. What do you believe are the benefits associated with the ABVTEX certification system?
 - a. Probing question: has the benefits changed over the recent years? Increased/ decreased? What's the reason from your perspective?
 - b. Did ABVTEX certification make it possible for your company to open for supply to other retailers?
 - c. Did ABVTEX certification reduce the government agencies' risk assessment?
 - d. Did ABVTEX certification improve the company's compliance with labor legislation?
- 13. What do you believe are the drawbacks of engaging with ABVTEX?
 - a. We noticed that the number of suppliers in ABVTEX certification system has fallen, what's the reason behind the phenomenon in your opinion?
 - b. Have you ever thought about withdrawing from ABVTEX based on your stated drawbacks?
 - c. What motivated you to stay in the certification system?
- 14. How do you view ABVTEX's auditing checklist? Is the checklist comprehensive?
 - a. Does the checklist change too much and that hinders the program's progress?
- 15. Have you been found non-compliant of any of the Audit Manual's requirements during an ABVTEX audit? If so, please elaborate on what happened and any monetary consequences.
- 16. How do you view the company's relationship with ABIT? Do you think ABIT properly represents the company's interests at the Consultative Committee? How effective can ABIT affect ABVTEX policy making to favor suppliers?
- 17. How do you view the fact that subcontractors are not ABVTEX members?
 - a. Do you think ABVTEX favor retailers more than suppliers?
- 18. Please elaborate on your answer to the above questions on how ABVTEX has impacted your company.
- 19. How would you evaluate the ABVTEX defined criteria to justify its penalty measures to the certified companies? Are there suppliers who are gaming the system?
- 20. Even though audits typically don't involve a fine, it can cause loss of business or suspension of business. Do you think ABVTEX should utilize other penalties? (For example, financial fines).
- 21. From the perspective of a subcontractor, do you think ABVTEX certification program is transparent enough?
- 22. ABVTEX does not publish any information about the other suppliers/ subcontractors, do you approve that decision? Why and why not?

IV. Relationship between Suppliers and Subcontractors

48. Do you know the exact number of ABVTEX certified suppliers? Will this information be useful to your business? What other information would you like ABVTEX to disclose more?
49. What is your current relationship with your suppliers?
50. How does ABVTEX affect your relationship with your suppliers?

V. Worker Conditions

51. Where are your workers mostly coming from?
52. Do you see increasing Venezuelan workers in recent years? How do they change the industry?
53. Have you ever employed workers who were previously slave labor?
54. Why do the number of discovered slave labor keep increasing?
 - a. The number of slave labor increases?
 - b. More investigation that reveals the slavery working conditions?

VI. Additional Questions

55. Are your workers unionized?
56. How has the changing political climate in Brazil impacted your business?
57. How often do you interact with watchdog agencies, NGOs, civil society organizations?
58. How often do you engage with government officials?
59. How has NGOs/ CSOs changed ABVTEX decision-making, hence affecting your business behaviors?
 - a. Example: Reporter Brasil/ SOMO
 - b. Increasing number of discovered forced labor
60. Have you ever faced any legal action in relation to workers' rights, labor conditions, etc.?
61. How would you evaluate the training/ technical assistance that is provided by SEBRAE, FUNAI, and other government bodies?
62. How do you evaluate the effectiveness of government bodies such as the *Secretária de Inspeção/ Auditores Fiscais do Trabalho, Ministério/ Secretaria do Trabalho, Procurador do Trabalho* in enforcing and monitoring labor regulations?

Appendix 13: Interview Guide - Public Sector Institutions

Purpose of Interview: To identify how the public sector institutions view the current labor conditions in Brazil's garment industry, understand the public sector's role and their relationship with other key stakeholders in this industry, get their perceptions and views of the ABVTEX Program (understand how they perceive the role and work of ABVTEX, the ABVTEX Program, its strengths, and opportunities for improvement), collect their opinions on other enforcement mechanisms to guarantee and monitor labor conditions in the garment industry. Finally, understand the public sector's views on the efficacy of audits and suppliers' certification programs as a mechanism to mitigate working conditions risks.

Our Project Background: Our client is the Brazilian Association of Textile Retail (ABVTEX). Founded in 1999, they represent the largest retail outlets in the Brazilian consumer market. A key part of their work is the ABVTEX Program, which functions as a combination of an auditing-based code of conduct and a supply chain modernization tool. ABVTEX has sought the assistance of SIPA's workshop team to improve the quality, efficiency, and effectiveness of its social and labor auditing protocols and processes, with the aim of converging on international best practices. To that point, we are currently conducting a benchmarking analysis of the ABVTEX Program and would be grateful for your thoughts on its efficacy to guarantee decent working conditions and mitigate labor-related risks in the garment industry value chains in Brazil.

Your responses to this interview will be anonymous, and only aggregated and anonymized data will be cited and analyzed in the final report of this consultancy project.

I. Background Information

1. Can you please provide your name and title?
2. What is the name of the organization? Or what branch of the government?
3. How long have you worked there?
4. What are the main roles in the organization/branch in relation to labor issues?

II. General questions

1. How do you view the role and effectiveness of your organization for the prevention of labor rights violations?
2. What are some of the challenges faced by your organization in relation to preventing labor abuses in the garment sector?
3. What are some of the strategies your organization has implemented to address labor issues in the garment industry in Brazil?
4. In your opinion, what are the main general challenges for preventing forced labor and other labor abuses in the garment industry in Brazil?
5. What are some ways the labor sector changed in Brazil with the new Presidential administration?
6. Repórter Brasil reported that more workers were found in conditions similar to slave labor during the first half of 2019 in São Paulo than in the entirety of 2018, what do you think explains this increase?
7. How do you view the current administration's impact on the Labor Inspectorate (budget, low number of inspectors) for addressing labor issues in Brazil?
8. While the Bolsonaro administration has downgraded the original labor ministry under the Economic ministry, do you see evidence of continued professionalization and expansion of the

activity of the labor inspectorate? Have public prosecutors remained active in investigating and taking action against abuses such as forced labor and collective bargaining? Do TACs work as a mechanism for holding retailers jointly responsible for labor violations in their supply chains? Can they be effectively enforced?

9. Has the dirty list remained an effective instrument for combating forced labor particularly in garments?
10. In your opinion, is the conditional cash transfer program Bolsa Familia effective for combating child labor violations?
11. How has the conditional cash transfer program Bolsa Familia program been affected under the Bolsonaro administration?
12. Do you believe most citizens are aware of labor issues in Brazil? (forced labor, child labor, etc.)
13. Do you believe most citizens in Brazil care about labor issues?
14. Do you believe most citizens in Brazil think differently about labor abuses/issues when they pertain to foreign workers instead of Brazilian workers?
15. Could you describe your department's relationship with the garment industry's buyers (retailers, brands) and suppliers?
16. Could you describe your department's relationship with labor unions?
17. Could you describe your department's relationship with NGOs working on labor issues (CAMI, Repórter Brasil)?
18. What do you believe is currently most effective at preventing forced labor in supply chains? The courts, private auditing, inspectors?
19. In your opinion, how effective is ABVTEX, as a private arrangement to promote public labor law compliance in the apparel sector?
20. It seems that many of the private governance schemes for monitoring labor law compliance emerged at a time when public action and oversight seemed to be undergoing reinvigoration, what do you think explains this?
21. How is the ongoing interplay of private governance and public regulation of labor standards? Is it declining? Or is it still holding the potential for multi-stakeholder interaction in monitoring labor standards" across the private-public lines?
22. In your opinion, what is the role played by "soft law" initiatives (like certification programs) in relation to the public sector for the prevention of labor abuses in the garment sector?
23. In your opinion, what are the main incentives driving retailers to participate or require suppliers to participate in "soft law" initiatives (like auditing and certification programs)?
24. Do you believe private auditing and certification programs (like ABVTEX) can effectively prevent labor abuses in supply chains?
25. Do you think that small/micro-level apparel suppliers, which are often informal producers, are able to fully enforce the state regulation?
26. Do you think suppliers tend to prioritize profits over compliance with state regulation?
27. Do you think suppliers in Brazil ever falsify records or use other similar tactics to avoid implementing the changes needed to comply with state regulation?
28. How does the public sector approach these types of problems? (suppliers prioritizing profits, falsifying records, lacking capacity to enforce regulation, etc.)
29. How do you think private auditing and certification programs or other "soft law" approaches could evolve to better complement the work of the public sector?
30. What do you view is the role of transparency (publishing names of brands or suppliers with violations for example) for addressing labor issues in the garment industry?
31. Should there be joint liability between retailers, suppliers, and subcontractors regarding labor conditions?

32. How do you view the role and effectiveness of the Labor Justice (Labor Courts) to guarantee labor rights?
33. Do you believe it is possible to ensure decent labor conditions without enforcing “punishments” on buyers/brands/retailers?
34. How do you view the role and effectiveness of the *Cadastro de Empregadores que tenham submetido trabalhadores a condições análogas à de escravo?* (“lista suja”)
35. How do you view the role and effectiveness of the *Pacto Nacional pela Erradicação do Trabalho Escravo?*
36. Have you heard about the ILO Better Work Program?
37. Do you think Brazil may join the ILO Better Work program in the future?

III. Questions about ABVTEX and the Program

38. What has been your organization’s relationship with ABVTEX?
39. Do you think ABVTEX has evolved since it was established?
40. Has your organization been invited to participate in the Consultative Council of ABVTEX?
41. How do you view the public and private synergy featured by ABVTEX?
42. How do you see this synergy evolving in the next five years?
43. Are you familiar with ABVTEX’s Program to promote the compliance of suppliers with labor laws?
44. What do you think are the strengths of this Program?
45. Do you think there are any ways the Program could be improved?
46. In your opinion, is the ABVTEX certification program sufficient on its own to address labor and social risks in garment supply chains?
47. In your opinion, to what level does the ABVTEX Program meet the needs of the sector? (it exceeds them, it is adequate, it still needs to evolve?)
48. What is your opinion of the auditing compliance requirements and procedures of the ABVTEX Program?
49. Do you think that audit findings are used effectively to improve labor conditions in supply chains?
50. How have the changes in the labor sector by the new Presidential administration affected the relationship between the public sector and ABVEX?
51. Have the public sector, NGOs, and ABVTEX ever worked together in any capacity to address issues of non-compliance identified in the supply chains of ABVTEX members (particularly Zara)?

Appendix 14: Interview guide – Labor unions

Purpose of Interview: To identify how the labor unions view the current labor conditions in Brazil's garment industry, understand labor unions' role and their relationship with other key stakeholders in this industry, get their perceptions and views of the ABVTEX Program and its auditing procedures (understand how they perceive the role and work of ABVTEX, the ABVTEX Program, its strengths, and opportunities for improvement), collect their opinions on other enforcement mechanisms to guarantee and monitor labor conditions in the garment industry. Finally, understand labor unions' views on the efficacy of audits and suppliers' certification programs as a mechanism to mitigate working conditions risks.

Our Project Background: Our client is the Brazilian Association of Textile Retail (ABVTEX). Founded in 1999, they represent the largest retail outlets in the Brazilian consumer market. A key part of their work is the ABVTEX Program, which functions as a combination of an auditing-based code of conduct and a supply chain modernization tool. ABVTEX has sought the assistance of SIPA's workshop team to improve the quality, efficiency, and effectiveness of its social and labor auditing protocols and processes, with the aim of converging on international best practices. To that point, we are currently conducting a benchmarking analysis of the ABVTEX Program and would be grateful for your thoughts on its efficacy to improve the working conditions and mitigate labor-related risks in the garment industry value chains in Brazil.

Your company's responses to this survey are anonymous, and only aggregated and anonymized data will be cited and analyzed in the final report of this consultancy project.

I. Characterization of the labor union

1. Organization Name: _____
2. Type of organization: Trade union federation___ ; Labor union that belongs to a Trade union federation_____.
3. Name: _____
4. Lead contact name: _____
5. Contact position within the labor union: _____
6. Contact information (Email and phone): _____
7. Can you tell us a bit about the labor union you represent, and its main interests?
8. *(Only ask this if we are interviewing a federation)* How many labor unions are part of the federation? How many of them and which ones are linked to the garment and apparel industry?

II. View of the current labor conditions in the garment and apparel industry

9. From a general perspective, what are the current labor and social situation of workers in this industry? Please mention the challenges, benefits, issues, specific important cases, etc.
10. What do you consider to have been the roots of this labor and social situation of workers in this industry?
11. Does gender, age, place of origin, ethnicity, sexual orientation, religion and/or political affiliation matter when identifying, understanding and responding to workers' current labor situation? If so, can you explain in what sense? Do you consider labor and social issues differ when considering these categories in the analysis of working conditions?
12. What are your organization's interests and objectives in response to these labor and social issues in this industry?

13. What have been the strategies (Advocacy, legal, political, economic, etc) your organization has designed and implemented to address the current labor issues in the garment industry in Brazil?
14. What does your organization think are the principal legal and non-legal obstacles that contribute to this workers' situation? Please mention any specific law, decree, constitutional article, court's interpretation of law, government policy/program that your organization considers as obstacles.

III. Relationship with other stakeholders

15. What has been your organization's relationship with ABVTEX?
16. What has been your organization's relationship with the industry's retailers and suppliers?
17. What has been your organization's relationship with CSOs that also represent the interests of workers in this industry?
18. What has been your organization's relationship with the Ministry of Labor and the Labor Inspection Secretariat regarding the labor issues in this industry?
19. What has been your organization's relationship with academic institutions regarding the labor issues in this industry?
20. What has been your organization's relationship with international organizations regarding the labor issues in this industry (ILO, OECD, Interamerican Commission of Human Rights, CEDAW, etc.)?

IV. View of public sector enforcement mechanisms

21. What is your organization's opinion with regard to the role and performance of the State Commission for the Eradication of Slave Labor (COETRAE)?
22. What is your organization's opinion with regard to the role and performance of the Municipal Commission for the Eradication of Slave Labor (COMTRAE)?
23. What is your organization's opinion with regard to the role and efficacy of the Ministry of Labor and the Labor Inspection Secretariat in guaranteeing labor rights and issuing administrative sanctions against retailers and suppliers due to labor rights violations? What are your thoughts on the policies, programs and administrative decisions these institutions have taken to address labor issues in the garment and apparel industry? Please refer to the frequency, rigor, and results of inspectors' audits to retailers' and suppliers' workplaces.
24. What is your organization's opinion with regard to the Labor Jurisdiction (Labor Courts) role in guaranteeing labor rights and sanctioning retailers and suppliers for labor rights violations? What are your thoughts on the line of case law ruling decisions about labor issues in the garment and apparel industry?
25. What is your organization's opinion regarding the government's effort to promote and enforce the *Pacto Nacional pela Erradicação do Trabalho Escravo*?
26. What is your organization's opinion of the *Cadastro de Empregadores que tenham submetido trabalhadores a condições análogas à de escravo* maintained by the Ministry of Labor and InPacto?
27. What is your organization's opinion regarding the government's and the courts' efforts on enforcing the compliance with the Fundamental Conventions of the International Labour Organization, and following this organization's recommendations for their implementation? (See the list of the ILO Fundamental Conventions in page 12 of the final report).

V. View of the private sector and civil society enforcement mechanisms

28. Does your organization have representation within the Production Chain Committee for the Textile, Tailoring and Clothing Industry, of the State of Sao Paulo Federation of Industries (COMTEXTIL)? If yes, what initiatives and projects have you promoted and proposed within this committee?
29. What is your organization's opinion regarding the role and performance of COMTEXTIL? What are its strengths and/or opportunities for improvement?
30. What is your organization's opinion with regard to the role and performance of the following civil society organizations?:
 - Instituto Pacto Nacional pela Erradicação do Trabalho Escravo (InPACTO)
 - Réporter Brasil
 - Instituto Ethos de Empresas e Responsabilidade Social
 - CAMI (Centro de Apoio e Pastoral do Migrante)
31. What is your organization's opinion regarding the potential effectiveness of "social audits" to monitor, prevent and/or reduce labor-related risks in the garment industry's value chains?

VI. Relationship between retailers and suppliers of the garment industry

32. Does your organization think retailers should publish the names and locations of their suppliers on their websites?
33. Does your organization consider the retailers should be legally and/or ethically responsible for labor conditions throughout their supply chains? In other words, should there exist joint liability between retailers, suppliers, and subcontractors regarding labor conditions?

VII. Questions about ABVTEX's role and the Program

34. What is your organization's opinion on ABVTEX's initiative to create the ABVTEX Program to promote the compliance of retailers and their suppliers with decent labor conditions in the light of Brazil's labor law and international standards? What are this Program's strengths and/or opportunities for improvement?
35. Does your organization consider that the ABVTEX has evolved throughout its almost 10 years of existence? If yes, in what sense?
36. What are the motivations and interests your organization considers retailers and suppliers have to join the ABVTEX Program?
37. What is your organization's opinion regarding the responsibilities required for companies to participate in the ABVTEX Program? Are these too easy, easy, neither easy nor difficult, difficult, too difficult? Why?
38. What is your organization's opinion regarding the ABVTEX Program auditing protocols and procedures? Do you think these auditing protocols and procedures allow auditors to identify labor-related risks? Are these protocols effective for retailers and suppliers to mitigate labor-related risks in their businesses?
39. Has any of your organization's members been interviewed by the auditors of the ABVTEX Program? If yes, can you share what were their opinions on the auditing requirements checklist, the audit's procedures, and the Program in general?
40. Does your organization consider audit findings are effectively used by retailers and suppliers to improve the labor conditions in their value chains?
41. Has your organization been invited to participate in the Consultative Council of ABVTEX?

42. In case you know of other social auditing mechanisms and/or certification programs, what is your organization's opinion regarding the ABVTEX Program in comparison with these?
43. In your opinion, is the ABVTEX certification program sufficient on its own to address the labor and social risks in your supply chains?
44. In your opinion, the ABVTEX program exceeds the needs of the market, is adequate for the needs of the market, still needs to evolve to meet the needs of the market, or should be totally transformed into a different kind of program for it to effectively promote and achieve decent labor conditions in the industry?

Appendix 15: Benchmarking Analysis & Stakeholder Analysis

Please kindly see the benchmarking analysis and stakeholder analysis in the two files that are attached to this report.