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Towards sustainability

How to increase responsibility and sustainability in
the supply chain?



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Towards sustainability

How to increase responsibility and sustainability in the supply chain

Clothing industry is a contradictory business. It contains many positive features as it allows us to be warm and protected and lets us express our individuality. It also provides work for millions of people around the world. On the other hand, clothing industry is infamous for its negative impacts. It pollutes the environment and wastes natural resources. It endangers the health of the workers and results in poor working conditions, exploitation and low income level in the countries where most of our clothes are produced.

The terms responsibility, sustainability and sustainable development are widely used in different contexts. Companies are expected to act in a responsible way and produce sustainable products. Investors appreciate sustainability and companies with proven sustainability efforts get funding easier or for cheaper price. Even the consumers know to look for more sustainable products. There are several initiatives and programs related to sustainability and responsible business conduct and one of the best known actors is United Nations.

The purpose of this thesis is to discuss the concepts of responsibility, sustainability and sustainable development and to examine what they mean to a Finnish small and medium sized company operating in clothing business. The study examines what the company is currently doing for responsibility and sustainability, and what it should do in order to improve its operations and to increase the level of sustainability in its supply chain. The study makes some proposals for development and produces a supplier code of conduct to improve the company's responsibility and sustainability work.

The thesis includes a literature review and presents some of the most relevant initiatives to clothing industry and to the case company. The theoretical framework is collected from textual sources such as books, articles and websites. The empirical part is based on a case study including observation and interviewing the company's representatives. The study method is qualitative research and benchmarking is used to examine other clothing companies to generate development ideas.

Keywords:

Clothing industry, code of conduct, responsibility, supply chain, sustainability, sustainable development

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Kohti kestävyyttä

Miten lisätä vastuullisuutta ja kestävyyttä tuotantoketjussa?

Vaateteollisuus on ristiriitainen toimiala. Siinä on hyviä ominaisuuksia, pitävähän vaatteet meidät lämpiminä ja suojaavat meitä. Niiden avulla voimme myös ilmaista yksilöllisyyttämme. Vaateteollisuus myös työllistää miljoonia ihmisiä eri puolilla maailmaa. Toisaalta vaateteollisuus tunnetaan myös negatiivisista vaikutuksistaan. Se saastuttaa ympäristöä ja tuhlaa luonnonvaroja monin tavoin vaarantaen samalla työntekijöiden terveyden. Huonot työolosuhteet, alhainen palkkataso ja työntekijöiden riisto ovat arkipäivää maissa, joissa vaatteen valmistetaan.

Termejä vastuullisuus, kestävyys ja kestävä kehitys käytetään laajasti eri yhteyksissä. Yritysten odotetaan toimivan vastuullisesti ja valmistavan kestäviä tuotteita. Rahoittajat arvostavat kestävyyttä ja tarjoavat halvempaa rahoitusta kestävästi toimiville yrityksille. Jopa kuluttajat osaavat etsiä kestäviä tuotteita kaupoista. Vastuulliseen ja kestäväan liiketoimintaan liittyviä aloitteita ja ohjelmia on runsaasti. Yksi tunnetuimmista ja merkittävimmistä toimijoista on Yhdistyneet Kansakunnat.

Tämä opinnäytetyö käsittelee vastuullisuutta, kestävyyttä ja kestävää kehitystä ja tutkii mitä nämä käsitteet tarkoittavat suomalaiselle, vaatealalla toimivalla perheyriykselle. Työn tavoite on tutkia, mitä yritys tekee vastuullisuuden ja kestävyuden eteen tällä hetkellä ja mitä sen pitäisi tehdä tehostaakseen toimintojaan ja lisätäkseen tuotantoketjun kestävyyttä. Opinnäytetyön tavoite on tehdä kehitysehdotuksia ja laatia tavarantoimittajien toimintaohjeet yrityksen vastuullisuuden ja kestävyuden lisäämiseksi.

Tutkimus sisältää kirjallisen katsauksen, joka esittelee vaateteollisuuden ja kohdeyrityksen kannalta olennaisimmat kestävyysaloitteet ja -ohjelmat. Teoreettinen kehys on koottu kirjallisista lähteistä mm. kirjoista, artikkeleista ja nettisivuilta. Empiirinen osuus perustuu tapaustutkimukseen ja sen materiaali on kerätty havainnoimalla ja haastatteleamalla kohdeyrityksen edustajia. Tutkimusmetodi on laadullinen tutkimus ja kehitysideoita on saatu tutkimalla ja vertailemalla toisia vaatealan yrityksiä.

Asiasanat:

Kestävyys, kestävä kehitys, vaateteollisuus, toimintaperiaatteet, tuotantoketju, vastuullisuus

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List of abbreviations

BCI	Better Cotton Initiative
BSCI	Business Social Compliance Initiative
EU	European Union
GDP	Gross Domestic Product
GHG	Greenhouse gas
GOTS	Global Organic Textile Standard
GRS	Global Recycled Standard
ILO	International Labour Organization
REACH	Registration, Evaluation, Authorisation and Restriction on Chemicals
SDG	Sustainable Development Goal
SMETA	Sedex Members Ethical Trade Audit
OECD	Organisation for Economic Co-operation and Development
UN	United Nations

1 Introduction

We all wear clothes. They keep us warm and safe and with them we have a possibility to express our individuality and stand out from others, or perhaps look exactly the same. What was earlier a necessity has become consumable and disposable. We buy more clothes than ever before and at the same time we use them less and dispose them only after few uses, or even before they are used at all. Clothes are easily accessible, and they are affordable. We don't even have to go out to get them, we can sit on the couch and order them home. If we do not know the correct size or can't decide the colour, no worries, we can order several sizes and colours and return the ones we do not want. So very easy and convenient, but all of this has a reverse side. We are overconsuming our natural resources and we are literally drowning in waste made of clothes.

A vast number of garments is disposed every year. Most of them are either incinerated or end up in landfills out of our sight, most likely in the developing countries. We waste both money and natural resources by doing this. The fibres used in our clothes use land that could be used for cultivating food, and water that could be drunk or used for watering the crop. The cotton is picked by children, who should be at school and the shirts are sewn by mothers, who should be home taking care of their children. We use oil to make our plastic polyester clothes which pollutes the oceans by shedding microscopic plastic flakes. It takes a lot of chemicals to turn the rough, bland fibres into comfortable, colourful pieces of clothing. Our clothes pollute the environment and bodies of waters in all stages of their life cycle and the workers suffer from the chemicals, too. In addition to all this, poor working conditions and breaches against workers are mundane in clothing industry.

Sustainability has become a trend word recently. Businesses want to be sustainable, and consumers want to buy sustainable products, but what does it really mean? The word sustainability can be difficult to define as it is used in so many different contexts and used also overlapping or as synonym to the word responsibility. However, one thing is sure – sustainability is here to stay, and it

will be required from all companies in the future. In this thesis I will discuss the concepts of responsibility, sustainability and sustainable development and their role in business. I will study how these concepts are present in a Finnish family-owned company operating in textile business, what kind sustainability activities the company has at present, and what it could and should do to be more responsible and sustainable. The focus is put on the production of the garments as that stage has a considerable impact on people and environment.

1.1 The case company

The case company is a Finnish family-owned company established in 1986. The company designs, manufactures, imports and sells toys and games, household goods, and clothing and bags under its own brands and under several well-known licences. The company operates mainly in wholesale business and its customers include the big Finnish hypermarket chains, smaller retailer chains, and private retailers and shops. The company's main market is Finland, but it also operates in Sweden through its Swedish subsidiary. In addition to this, the company sells its products through its own consumer webshop and exports products to several countries, for example to Germany, Norway, United Kingdom and Japan.

The case company's products are for the most part designed in Finland by the in-house design team. Some items are manufactured in the company's own factory in Finland, but all textile items are manufactured abroad by external suppliers. Textiles and bags are an important product group for the case company and their share has grown significantly during the last years. In 2020 the case company sold textiles for nearly 8,5 million euros and clothing and bags were the biggest product group with a share of 47 %. In 2021 the turnover of the case company was 18,7 million euros and the company employed 61 employees (Asiakastieto, 2022).

1.2 The objective of the study

As a member of the textiles team, it is justifiable for me to choose textiles from the company's versatile assortment and concentrate specifically on them. I have worked in the clothing business for the last two and a half years and I have never stopped to think about the impacts that clothes have on people and environment. The aim of this study is to develop my own knowledge and professional skills, and to learn more about sustainability and sustainable development. There are several initiatives and programs related to sustainability in the clothing business and I will present the ones relevant to the case company and my work. I will investigate how the company utilizes the initiatives and programs and how the company can improve its operations so that it produces its garments in the best possible way. The purpose is to improve the company's purchasing operations and create a supplier code of conduct for the company.

1.3 The structure and method of research

At the beginning of this study the negative impacts of clothing industry and the main reasons behind them will be addressed. After that the concepts of responsibility and sustainability are defined and some of the initiatives related to them are presented. The study will focus on the case company's operations and the level of sustainability will be examined through own observation and interviewing the representatives of the case company. Ideas and suggestions for improvement will also be generated by benchmarking clothing companies with successful sustainability policies.

Responsibility and sustainability are both such extensive concepts that it is impossible to cover them completely in one study. Hence the emphasis will be given to social and in some extent to environmental sustainability, and to the case company's purchasing operations. As this study concentrates on the case company and its activities, its findings cannot be adapted as such in another company. On the other hand, this is only appropriate, because sustainability

activities should always be planned from the company's own perspective and the company should choose the topics and methods relevant to its own business.

2 The impacts of clothing industry

Clothing industry is globally a 1,3 trillion USD business and it involves millions of people around the world. It is estimated that over 300 million people get their livelihood from this sector. (Ellen MacArthur 2017, 18.) Clothing industry is labour intensive as the garments are still mostly made by hand and all stages require manual labour. The employees include for example farmers on cotton fields, workers in factories and seamstresses at home. In Europe the clothing sector has a turnover of 147 billion euros and it employs about 1,3 million people (Euratex n.d.). An average EU citizen consumes about 26 kg of clothes every year and of this amount only 7,4 kg is produced inside EU. The main part of the production takes place outside EU and therefore also the negative social and environmental impacts are concentrated in other regions. 85 % of the primary raw material use, 92 % of water use, 93 % of land use and 76 % of the greenhouse gas emissions take place outside EU. The biggest importer countries of textiles into the EU are China, Turkey, Bangladesh and India. (European Environment Agency, EEA 2019)

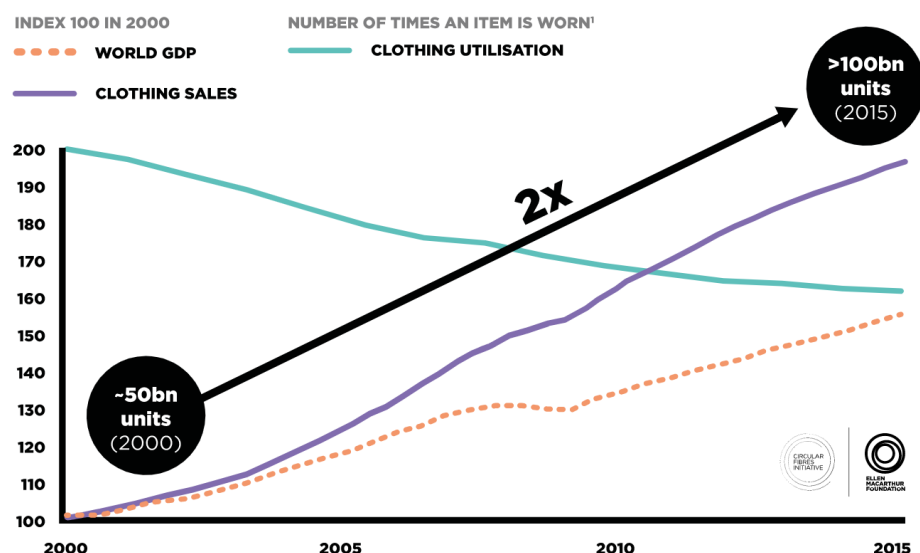
2.1 Fast fashion

Fashion industry has always had diverse impacts on people and environment, but the situation has become worse with the introduction of so-called fast fashion in the early 2000s, when clothing retailers started to present cheaper clothing collections more often and at a faster pace. Fast fashion is a business model that relies on impulse buying and recurring consumption, and which is based on offering consumers low-priced trendy products frequently (Niinimäki et al. 2020). New clothing collections and trends are introduced continuously instead of few seasonal collections per year. The increased consumption leads to increased production, which increases the consumption further and the vicious circle is ready. As the clothes are relatively cheap, they are affordable even for those who have limited funds to spend on clothes, like for example teenagers and students. The annual global textile production has increased

from 5,9 kg to 13 kg per capita over the period 1975-2018 and this increase is a direct consequence of the launch of fast fashion (Niinimäki et al. 2020).

Fast fashion not only increases consumption, but it also shortens the lifespan of clothing. The cheaply produced clothes are of low quality and they are seldom durable, repairable or reusable. Because of the cheap retail prices fast fashion garments are bought without further consideration and they are also easily discarded. Clothes are not valued in the same way as earlier or more expensive clothes are. It is estimated that the average garment use-time has decreased by 36 % compared with what it was in 2005 (Niinimäki et al. 2020). In addition to this, the introduction of on-line shopping has led to a situation where consumers buy a lot more than they need and then return the goods they don't want to keep. These returned clothes are seldom sold again, but they become dead stock and eventually end up being discarded.

According to Ellen MacArthur foundation's report the global textiles production nearly doubled between 2000 and 2015 as shown in the figure below. At the same time the utilisation of clothes has decreased significantly. The increased sales and grown GDP are the main reasons behind the grown production. (Ellen MacArthur 2017, 18.)



Picture 1. Growth in clothing sales and decline in utilisation since 2000 (Ellen MacArthur 2017, 18).

Fast fashion has decreased the price of clothing significantly. Between the years 1996 and 2018 the price of clothing has fallen by over 30 % (European Parliament 2020). The decreased prices increase consumption and shorten the life cycle of the garments further. A Finnish consumer buys annually between 13 to 16 kg of new clothes and the same person discards about 13 kg of textiles every year (Niinimäki et al. 2020). This exceeds the quantity of an average consumer in EU (11 kg) and is almost the same as the purchased quantity (EEA 2019). The decreased prices also mean that the producers of clothing are paid less. The low prices of clothing have a significant impact on the living conditions of the people who make the clothes used in the developed countries.

2.2 Insufficient recycling

The increase of consumption and the short use time of garments are increasing the amount of textile waste. Textiles account for up to 22 % of all waste generated in the world. Only about 15 % of all textile waste is collected separately for recycling purposes. Of this collected amount only about 1 % is recycled in a closed loop. Close loop recycling is a process where waste is collected, recycled and used to make the same product again. (Niinimäki et al. 2020.) At present the closed loop, textile to textile, recycling is insufficient and most of the recycled textiles are turned into lower-value items, such as insulation material (Ellen MacArthur 2017, 37). There are some recycling options for pure, one material waste, but blended materials or textiles including chemicals complicate the recycling. For example, elastane which is often used in fabric to add functionality and elasticity, cannot be separated from other fibres and it acts as a contaminant in almost all recycling technologies. (European Commission 2022, 3)

Textile waste can be recycled in three ways: mechanically, chemically or thermally. In mechanical recycling the basic molecular structure of the fabric is not changed when the garment is transformed into a secondary material,

usually by shredding. In chemical recycling textile waste is processed and separated chemically. The chemical process preserves the fibres better than mechanical process, but it causes a large amount of greenhouse gases and thus it is not an environmentally friendly option. Thermal recycling is used for thermoplastics, for example polyester, and the fibres are melted the same way as they were originally produced. However, the fibre combinations and details in garments require separation and the used chemicals might make recycling impossible. (Niinimäki et al. 2020) From a Finnish consumer's point of view recycling of textiles is difficult as the separate collection points for textile waste are almost non-existent. Collection points for disposed, usable clothing exist, but textile waste ends up incinerated or landfilled nearly without exception.

2.3 Greenwashing

The Cambridge dictionary defines greenwashing as “a behaviour or activities that make people think that a company is doing more to protect the environment than it really is” (Cambridge dictionary 2022). Greenwashing means that a company gives a false impression that a product is environmentally friendly or is less damaging to the environment than other products. As the consumers' awareness of sustainability has risen many clothing companies have introduced sustainable clothing lines and are selling their items as green, better for the environment and as sustainable choices. Unfortunately, in many cases this is not true, and the companies are greenwashing their actions and misleading consumers with their empty green and sustainable claims. The European Commission's study on green online claims from several sectors, including garment sector, concluded that 39 % of the green claims made by the companies were false or deceptive (European Commission 2022, 6). Greenwashing can be considered as misleading marketing which is prohibited by law.

According to Kuluttajaliitto's study up to 81 % of Finnish consumers find it difficult to recognize which items are sustainable and environmentally friendly (Kuluttajaliitto 2022). The consumers do not recognize the ecolabels and they

do not know what the ecolabels mean. One reason for this may be that there are over 230 ecolabels used in Europe, almost half of them belonging to the textile and garment sector (Ecolabel index). Regardless of being a global industry with highly complex supply chains, the fashion industry is very lightly regulated. As consumer awareness over sustainability and environmental issues has risen, the lack of regulation has led to the creation of multiple voluntary certification programs and initiatives. At present there are over 100 programs and green labels in the clothing sector. Some of these initiatives are limited in scope and they fail to make real improvements towards sustainability. Greenwashing is also increasing because of the green labels created by the brands themselves, as they seldom include comprehensive sustainability efforts. (Changing Markets foundation 2022, 9–11.)

2.4 Negative impacts of clothing industry

In the current linear clothing system clothes are produced, distributed, consumed and discarded as waste often after a short time of use. This system wastes both money and natural resources at the same time as it pollutes the environment and causes negative impacts on people. (Ellen MacArthur 2017, 39.) The impact of both textile production and consumption on environment, climate and people is significant and undeniable. Clothes and other textiles are responsible for wasting the natural resources, water pollution, greenhouse gas emissions and excessive landfill. The industry is also known for its sad stories of poor working conditions and workers health issues caused by the used chemicals and polluted water and environment. The negative impacts of textile industry come mainly from three stages in the value chain: the production of raw material i.e. fibres, material preparation and processing and end of life. The largest contributors to negative environmental impacts are cotton agriculture, man-made cellulose fibres, chemicals polluting water, microplastics and textile waste. (McKinsey & Company 2020.)

Many of the negative impacts of fashion industry are related to the two most used fibres: cotton and polyester. Cotton is a natural fibre that produces soft

and strong fabric. It is breathable and washable, and it can be made into different fabrics such as jersey, denim, flannel and velvet. Cotton can be used alone, or it can be mixed with other fibres, for example with polyester for durability and elastane for elasticity. Cotton is the most used natural fibre, and it accounts for almost 30 % of all fibre used in textile industry. Annual cotton production is estimated to be around 25 million metric tonnes. One bale of cotton fibre weighs 227 kg and it can be made into 215 pairs of jeans or 1200 T-shirts. (Cotton Up n.d.)

The most common fibre in clothing industry is polyester and it accounts for about 56 % of all used fibres. Polyester is made of polyethylene terephthalate, which is melted and spun into fibre. The woven fabric is durable, moisture-resistant and it dries quickly. Polyester holds its shape, and it doesn't wrinkle easily. It is cheap to produce, and it takes less chemicals to dye polyester fibre than for example cotton. Polyester is often mixed with other fibres to add durability to the fabric. China produces 78 % of world's polyester. (Suomen tekstiili ja muoti, STJM n.d.) The annual polyester fibre production in 2021 was 60 million metric tonnes (Statista 2022).

Overconsumption of natural resources

The clothing industry uses about 98 million tonnes of non-renewable resources every year. This amount includes about 342 million barrels of crude oil used to produce synthetic, plastic-based fibres such as polyester and polyamide, over 200000 tonnes of pesticides and fertilizers used in cotton cultivation and 43 million tonnes of other chemicals used in processing and finishing the fibres, fabric and ready-made garments. Textile and clothing industry also consumes about 93 billion cubic meters of water every year, which accounts for 4 % of global freshwater use. (Ellen MacArthur 2017, 38.) It is estimated that producing a single T-shirt takes 2700 litres of water, which is the same amount that one person drinks in 2,5 years (European Parliament 2020). Most of textile industry's water usage is related to the wet processes of textile manufacturing

such as bleaching, dyeing and printing, and cotton cultivation. Cotton is a water-intensive plant, which is often cultivated in originally water-stressed areas and fashion industry's demand for cotton fibre only worsens the water scarcity. (Niinimäki et al. 2020)

One of the saddest examples of clothing industry's overuse of natural resources is the drying of Aral Sea. Aral Sea, situated in Kazakhstan and Uzbekistan, was once the fourth largest lake in the world. Since the 1960s the lake has been used as a water source for cotton industry and this has caused Aral to shrink by more than 90 % of its size. The lack of water and the increased salinity has destroyed the ecosystem of the sea and thus the fishing economy, too. Cotton industry's chemicals have also polluted the land and cause health hazards to local people and the environment. (Marineinsight 2022) In addition to cultivation and production, water is used to wash the clothes. This amount is estimated to be around 20 billion cubic meters per year (Ellen MacArthur 2017, 38).

Use of harmful chemicals

Chemicals are used in textile production starting from cultivation of fibres to making of colourful, durable, water and stain repellent clothes. Many of these chemicals can be harmful or even hazardous for human health and the environment. According to European Environment Agency around 3500 substances are used in different textile production processes and of these 750 have been classified as hazardous for human health and 440 as hazardous for the environment (EEA 2019). Cotton is an attractive plant for pests and other insects, and it requires a lot of chemicals to grow a good crop. Cotton cultivation takes approximately 2,5 % of all arable land, but it accounts for 16 % of all used pesticides (Ellen MacArthur 2017, 38).

The wet processes of textile production (washing, treating, bleaching, dyeing, printing and finishing of the fibres and fabric) require a lot of chemicals which endanger the workers' health and also pollute the bodies of water as the water used in textile production is often released directly or improperly treated in the

nature. It is estimated that 20 % of industrial water pollution is caused by dyeing and other textile treatment (Ellen MacArthur 2017, 21). Even the ready-made garments can include chemical residues and when the garments are washed prior or during use, the chemicals pollute the water and environment further (European Parliament 2020). The residues of chemicals in clothing can also hinder the composting and worsen the waste problem (Ellen MacArthur 2017, 51).

Carbon footprint

Textile industry causes approximately 10 % of all global greenhouse gas emissions, which exceeds the emissions of all international flights and maritime shipping combined (Ellen MacArthur 2017, 20). If the fashion industry continues business as usual the emissions are estimated to be around 2,7 billion tonnes by year 2030 (McKinsey & Company 2020). Fashion industry's high carbon footprint is related to high energy use, and it is also influenced by the source of energy used. For example, in China textile manufacturing uses coal-based energy and the carbon footprint of China made clothing is 40 % larger than the carbon footprint of textiles manufactured in Turkey or Europe. In a garment's life cycle energy use is highest during initial fibre extraction especially concerning synthetic fibres as they originate from fossil fuel. Such fibres are for example polyester, acrylic and acetate. The carbon footprint of natural fibres is lower and the best way to decrease CO₂ emissions would be to use natural fibres instead of synthetic fibres, especially polyester. (Niinimäki et al. 2022)

Of the greenhouse gas emissions caused by textile industry 15 % is caused by fibre production, 28 % energy-intensive yarn processing and the use of fossil-based energy and 36 % by the dyeing and finishing phases (Wardrobe Change 2021, 13). Production method of the fibres also influences energy use, for example conventional cotton cultivation is estimated to emit 3,5 times more CO₂ than organic cotton cultivation, and the recycled materials have lower emission level than virgin materials. High energy demands are mainly related to textile

manufacturing as the production phase is about 70 % of the total impact when the garment is produced in Asia and used in Scandinavia. The distribution phase, for example shipping by air, causes about 4 % of the emissions. The user phase is responsible for almost 20 % of the emissions. This includes consumer use such as washing, drying and ironing of the garments. (Niinimäki et al. 2020) Even the end-of-life phase can cause emissions, especially if the discarded garments are incinerated.

Water pollution

Not only does the clothing industry use a lot of water, but it is also responsible for about 20 % of industrial water pollution (European Parliament 2020). The chemicals used in dyeing and treating the fabrics pollute the water, which is often returned to the water bodies without being properly treated, or in some cases completely untreated. The pesticides and fertilizers used in cotton farming have significant detrimental impacts on the water systems around the cotton fields. Harmful chemicals are also used in viscose production and manufacturing of synthetic fibres and the insufficiently treated wastewater harm and even kill aquatic organisms, hence having a significant harmful impact on the surrounding environment. (Ellen MacArthur 2017, 58.)

The pollution of water continues in the use phase when the garments are washed. It is estimated that 65 % of textiles are made of synthetic, non-biodegradable fibres, for the most part polyester and nylon (YLE 2018). All fibres shed when they are used and washed, and it is estimated that 35 % of microplastics, small plastic microfibrils up to 5 mm in length, entering the oceans are caused by washing the synthetic, plastic-based textiles. This equals 0,5 million tonnes of microfibrils, which end up in the bodies of water and eventually in the food chain. (European Parliament 2020.) Plastic itself is harmful for marine wildlife and the toxic chemicals included in the microfibrils worsen the situation further (McKinsey & Company 2020).

Grievances in working conditions

Clothing industry is highly competitive, and the cost and time pressure are often directed to the supply chain. The cost of raw material and production should be as low as possible, and the buyers require short lead times. The factory giving the cheapest prices and promising the fastest delivery often gets the contracts. This leads to low salary rates and the workers may not always be paid enough to make a decent living. The parents cannot afford to send their children to school and in some cases even the children must work. Because of the rushed timetable, poor working conditions are common in textile factories. Long working hours are normal, and the workers are not always allowed to take breaks or even go home for the night.

Many of the workers in clothing industry are women and immigrant workers and discrimination and exploitation may occur in countries, where women and minorities do not have equal rights with the rest of the population. The working conditions are not always safe as in addition to chemicals the workers are exposed to dust, loud noises and heat and they seldom use protection like face masks and hearing protection. (The true cost 2015.) The clothing industry is also infamous for its accidents. In 2012 a fire in a garment factory in Karachi, Pakistan, killed over 300 people as the emergency exits of the building were blocked. In 2013 an eight-storey factory building Rana Plaza collapsed in Dhaka, Bangladesh, killing over 1100 people, mainly women sewing clothes for Western brands. (Reuters 2019.)

Waste problem

The negative impacts of clothing industry do not end with the overconsumption of natural resources, exploitation of people and the pollution. Clothing industry causes a huge amount of textile waste, which is produced both before and after a textile is consumed. The number of textile waste produced by the clothing industry annually exceeds 92 million tonnes. The pre-consumer waste consists

of fibre, yarn and fabric, and it is produced mainly during the cutting phase. According to different studies 10-30 % of fabric is wasted in garment manufacturing. The so-called deadstock, new unsold, never worn garments, is also considered pre-consumer waste. It has been reported that well-known brands such as H&M and Burberry have incinerated their unsold inventory, which is a waste of resources and also causes emissions. (Niinimäki et al. 2020)

Post-consumer waste consists of garments which are discarded by consumers. The amount of textile waste has increased during the last years, mainly because of increased consumption and short use times of clothing. In USA and UK around 30 kg of textiles per person is discarded annually, whereas in Finland the amount is 13 kg per person. Textiles' share of all waste is around 22 % globally. Due to insufficient recycling systems industrial countries have handled their textile waste by exporting it to developing countries. There part of it is re-used as clothing, but a large amount ends up in landfills. However, this practice must change as many countries are prohibiting the import of foreign textile waste. (Niinimäki et al. 2020)

3 Guidelines for responsibility and sustainability

The terms responsibility and sustainability are often used overlapping, even as synonyms, in business talk. Responsible business means that a company operates in an open and ethically correct way, and identifies and considers its impacts on its different stakeholders, such as owners, employees, investors, customers, consumers, suppliers and the environment. There are three dimensions in responsibility: economic, social and ecological. Economic responsibility means that the company invests and uses its financial resources in economically profitable way and generates profit to its owners and investors. A socially responsible company takes care of its employees' well-being and treats all employees equally and equitably. The company maintains the employees' skills and knowledge and helps them succeed in their work. An ecologically responsible company strives to minimize its impacts on environment by saving natural resources and tackling climate change. (Kangas et al. 2021) The dimensions are interconnected, and a comprehensively responsible company includes all three in its operations.

3.1 Corporate social responsibility

The concept of corporate social responsibility, CSR, has developed slowly during several decades. From the start a company's obligation has been to make money and profit for its owners and shareholders. CSR started as voluntary, philanthropic actions, when successful companies and their decision-makers wanted to give something back to the people and improve the conditions of the surrounding society (Moon 2011). Corporate social responsibility was first formally defined in the 1950s by Howard Bowen in the book "The social responsibilities of a businessman". In his book Bowen presented that companies should consider their impact on society and people in addition to financial performance. In the early 1990s A.B. Carroll introduced his pyramid of corporate social responsibility. According to Carroll the first responsibility of a company is to be viable and profitable. The second obligation

is to obey the law and follow the regulation. Ethical responsibilities are on the third place and philanthropic responsibilities on the fourth place. (Sheehy & Farneti 2021). The essence of Carroll's pyramid is still valid as financial resources enable other responsibility actions in the organization.

By the early 2000s the economical, public and political climate had changed and the society and even governments started to require more responsible behaviour from the business organizations. The United Nations Global Compact was created as a set of principles encouraging companies to act in more socially responsible way. The stakeholder pressure grew, and companies started to realize that they have to consider their impacts on all stakeholders, not just on the shareholders and the closest society. At present CSR is an international business regulation concentrating on environmental and social issues and it also takes into consideration the ethics of the business. (Sheehy & Farneti 2021.)

Corporate social responsibility is not stationary, and it has evolved together with the changes in the society. In the 1980s the discussion involved the mass unemployment and a decade later the focus moved on to child labour. At the beginning of this century there has been discussion about ethics and dangerous products and climate issues. These public discussions have meant that companies need to adjust and act in a different, yet responsible way. Shortly, CSR means that a company identifies and takes responsibility for its activities and especially for the negative impacts of the company. (Moon 2011.) CSR does not mean the same for all companies as the size of the company, the field of industry and the stakeholders involved influence on the responsibilities.

CSR is led by the company itself and it should be adjusted to the company's conditions. CSR goes beyond the legal obligations and despite of the bottom-up, voluntary nature, it can be seen as a soft law. It is not legally binding, but in many ways, it is obligatory for a company wanting to succeed in the business. (Sheehy & Farneti 2021) A successful CSR gives competitive advantage to a company, and it differentiates the company from others. It improves the company image, and reduces risks and operation costs and helps in attracting

the customers and employees. Through all of this it creates economic value and affects the financial performance of a company. (Lotila 2004, 37.)

Globalisation and international supply chains have changed the business operations and the CSR. The companies must look outside their own premises and identify what kind of impacts their business has on people and environment at the other end of the supply chain. The environmental issues have become a priority as the public and the companies have realized that the business as usual is overconsuming the natural resources and harming the environment in an irreparable way. Corporate social responsibility has evolved from local activities into global phenomenon as companies have identified new stakeholders and different regulation in foreign countries (Dahlsrud 2008). When a company commits to socially responsible operations, it also means that sufficient resources are assigned to these operations. Lack of resources indicates the management is not fully committed to responsible activities. Management support and commitment are necessary for CSR activities to succeed in a company. (Stenberg & Sutinen 2006, 98.)

3.2 Sustainability and sustainable development

Sustainability and sustainable development have become a trend in business. It is a well-known fact that the current production and consumption level is overconsuming the natural resources, causing climate change and threatening the biodiversity worldwide. Crisis, like the COVID-19 and the war in Ukraine, have made people and organizations realise that the business cannot continue as usual anymore. Different stakeholders are expecting companies to act in a more sustainable and responsible way. It is no longer enough to be financially profitable, but companies should identify what kind of impacts their operations have on people, environment and society locally and globally. Once the impacts have been identified, they should also be managed and mitigated.

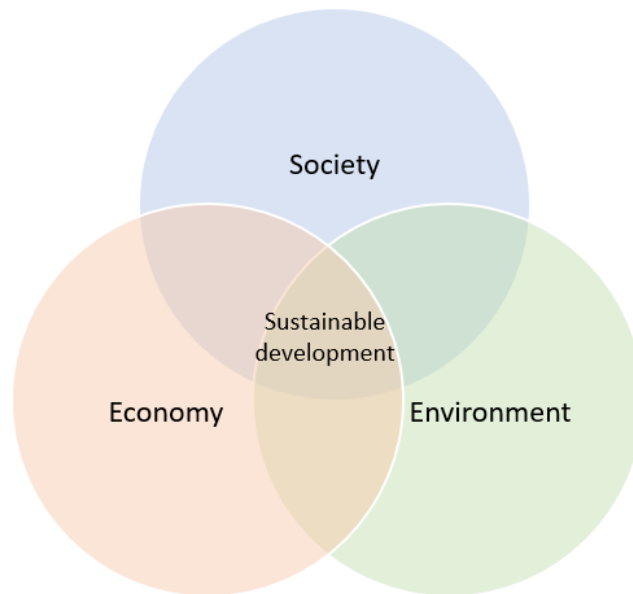
Sustainable business operations are based on ethical business conduct, good governance and following the laws and regulation (Molthan-Hill 2017, 262).

However, they go beyond the compliance with law and create value for the company by increasing sales, creating new market opportunities, strengthening the brand, and improving the company's efficiency and resilience. Sustainable business activities can increase employee commitment and productivity, and a sustainable attracts employees, especially from the younger and more conscious generation. Consumers may make their purchasing decisions based on the company's sustainability, and irresponsible companies and products are easily disregarded. Sustainability is important even from the investors' point of view and responsible companies can get funding easier. Sustainable business practices are a competitive necessity in the global market, and they will enhance the organization's operational efficiency, profitability and resilience, and increase the brand value. Sustainable organizations are more responsive to their stakeholders such as employees, customers and society and the relationship with them will be stronger and trusting. (SDG compass 2015.)

Sustainability is often defined as an effort to use natural resources less wastefully. However, to be veritably sustainable, an organization should also meet the economic needs and consider the social aspect as well. (Thiele 2016, 3–5.) Sustainable development is defined as economic development that increases social well-being without wasting natural resources or harming the environment. The best known and most used definition of sustainable development comes from the United Nations' report Our common future from 1987. This so called Brundtland report defines sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (Sheehy & Farneti, 2021.)

There is a consensus that sustainability refers to maintaining society's well-being in the long run. Another commonly used approach refers to the three dimensions, or three pillars, of sustainability. In 1997 John Elkington introduced his concept of the triple bottom line. In this concept, instead of focusing just on the conventional financial bottom line, the company adds social and environmental aspects to its accounting. The triple bottom line concentrates on economic prosperity, environmental quality and social justice (Elkington 1997,

70). According to this approach sustainability can only be reached when each pillar is supported by the other two. The three pillars of sustainability, also known as people, planet and profit, can be pictured as three overlapping circles highlighting the links between social, economic and environmental sustainability as shown below (Molthan-Hill 2017, 84).



Picture 2. Three pillars of sustainability (Molthan-Hill 2017, 84).

Sustainable development requires that all three dimensions of sustainability are in balance. To implement sustainability in the company's operations successfully, it is necessary that the performance improves in all three dimensions of sustainability at the same time. (Molthan-Hill 2017, 91.) To succeed, sustainability should also be embedded in the company's value, culture and communication, and the leadership and the employees should all be committed to it (Molthan-Hill 2017, 264).

3.3 United Nations Global Compact

The United Nations (UN) plays a key role in global sustainability and sustainable development, and it has recognized the need for coordinated global efforts towards more sustainable business practices. For this purpose, UN developed the Global Compact, which is now the largest corporate sustainability initiative in the world and has an important role in the companies' CSR work around the world. The Global Compact was launched in 2000 by the former UN Secretary-General Kofi Annan. At present it has over 20000 participants in 179 countries. (UN Global Compact n.d.) All companies have a responsibility to comply with all relevant legislation, maintain internationally recognized minimum standards and to respect the universal human rights. The Global Compact provides tools and resources helping companies meet and exceed the minimum requirements to improve the social and environmental goals. (SDG Industry Matrix, 2016)

The Global Compact participants strive to align their operations and strategies with the compact's principles of human rights, labour rights, environment and anti-corruption (One Global Compact, 2021). Businesses play an important role in creating a more sustainable and equitable world and the UN Global Compact enables companies to achieve their sustainability objectives. For this purpose, it provides companies with knowledge, support, education, and tools to be responsible and successful in their business and to build trust and transparency in the business operations. (UN Global Compact n.d.)

The Global Compact presents ten principles to be incorporated into business strategies and daily operations for more sustainable and responsible business. These principles are a practical and ethical framework for corporate sustainability, and they are based on the Universal declaration of human rights, the International Labour Organization's (ILO) Declaration on fundamental principles and rights at work, the Rio Declaration on environment and development, and the United Nations Convention against corruption. (UN Global Compact n.d.) The organizations engaged in the UN Global Compact

are committed to adopt and implement the following ten principles (UN Global Compact n.d.) in their operations:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights and

Principle 2: make sure that they are not complicit in human rights abuses

Less than 20 % of the UN Global Compact participants assess human rights in their supply chain though human rights should be considered as the foundation of sustainable business. Companies should set targets to address the issues and apply due diligence processes in their operations to guarantee human rights for all workers in the entire supply chain. (One Global Compact, 2021.)

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: The elimination of all forms of forced and compulsory labour

Principle 5: The effective abolition of child labour

Principle 6: The elimination of discrimination in respect of employment and occupation

It is estimated that 160 million children are involved in child labour, 7500 people die from unhealthy or dangerous working conditions every day and over 630 million people worldwide earn so little that they and their families live in poverty. In addition to these deficits in 74 % of the countries, workers do not have the right to form or join trade unions. Companies should adopt sustainable and responsible business practices to enhance decent working conditions and raise the living standards of the workers. (One Global Compact, 2021.)

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

The world's temperature rise is estimated to be over 3°C during this century. The warming is currently at 1,2°C and extreme weather conditions and volatility are more and more frequent on every continent. Climate change doesn't only affect the environment, but it also has a significant negative impact socially. Businesses have a key role in tackling the increasing social inequalities and in progressing zero-carbon and resilient economy. (One Global Compact, 2021)

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

The annual cost of bribery, which is only one form of corruption, is estimated to be 1,5–2 trillion US dollars, which accounts for approximately 2 % of global GDP. Corruption is a considerable obstacle to economic and social development and companies should implement policies and tangible actions to enhance anti-corruption. (One Global Compact, 2021)

The ten principles are an important step towards globally accepted moral norms. The UN Global Compact engages organizations in corporate social responsibility (CSR) and these ten principles describe how organizations should conduct themselves for the benefit of all present and future stakeholders. The Global Compact offers a platform for learning and development, and it can be considered as a role model for global governance initiatives. The Global

Compact has local networks that help companies understand what sustainable and responsible business is in another country and within different cultural context and give guidance in putting the sustainability commitment into action (One Global Compact, 2021). The Global Compact is a starting point for companies who want to act responsibly. Once the Global Compact's ten principles are implemented into the company's strategies and operations, the company can start the work with the broader goals of UN Sustainable Development Goals.

3.4 United Nations Sustainable Development Goals

The 2030 Agenda for Sustainable Development was signed by all United Nations' member states in 2015. This agenda includes the Sustainable Development Goals, SDGs, which aim to eradicate extreme poverty from the world and ensure wellbeing and development in a sustainable way. There are 17 goals, which apply to all countries in the world. The 17 SDGs are long-term targets for governments, businesses and other stakeholders to operate more sustainably. The states have the main responsibility for the agenda, but local governments, business industries, civil societies and even citizens must participate to reach the goals. The SDGs are applicable in both developing and developed countries and governments are expected to translate them into national action plans and policies so that they are realistic for the country in question. (SDG compass 2015.)

The Sustainable Development Goals build on the Millennium Development Goals, which the UN member states tried to achieve by the year 2015. The 17 Sustainable Development Goals and their 169 targets are integrated, and they balance the economic, social and environmental dimensions of sustainable development. (United Nations, UN n.d.)

The Sustainable Development Goals are:

1. End poverty in all its forms everywhere
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture
3. Ensure healthy lives and promote well-being for all at all ages
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
5. Achieve gender equality and empower all women and girls
6. Ensure availability and sustainable management of water and sanitation for all
7. Ensure access to affordable, reliable, sustainable and modern energy for all
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
10. Reduce inequality within and among countries
11. Make cities and human settlements inclusive, safe, resilient and sustainable
12. Ensure sustainable consumption and production patterns
13. Take urgent action to combat climate change and its impacts
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development (UN n.d.)



Picture 3. The UN Sustainable Development Goals
(UN n.d.)

The work with the SDGs should start by considering the value chain of the company and by recognizing the negative and positive impacts the business operations have throughout the whole value chain including the supply base and inbound logistics, production, distribution and use and end-of-life of the products. When the impacts have been clarified, the company should assess the impacts and determine the priorities across the SDGs. As not all 17 SDGs are relevant for all companies and it is difficult to tackle all at the same time, the company should choose the ones with the largest impacts, either positive or negative. When defining the priorities the company should consider the significance, severity and likelihood of the existing and potential negative impacts, and how important the impacts are to the key stakeholders. The company should also consider how it can gain advantage or increase the positive impacts. Once all impacts are assessed and prioritized the company can set its own sustainability goals. (SDG compass 2015)

The company's sustainability goals should be an integral part of the company's strategic, financial and operational targets in order to be the most effective. They should be embedded to all functions and in the company's culture to be successful. The goals should cover all defined priorities on all three

sustainability dimensions, and they should include a clear definition of the goal's extent and the timeline to reach the goal. Some timelines should be long to set goals that make significant change for the whole industry, but short and medium-term goals are needed, too. It is recommended that the company makes its goals public as this shows commitment to sustainable development and may engage employees and business partners and create constructive dialog with the external stakeholders. There is also more pressure to meet the targets, when they public as not meeting the targets in time will create criticism towards the company. (SDG compass 2015)

Sustainability reporting is a good way to build trust and improve the company's reputation. It is also a strategic tool that supports decision making, advances organizational development, enhances performance, and engages stakeholders and attracts investors. In addition to formal reports the company can communicate its sustainability performance effectively on the company website and social media channels. All communication on the made efforts as well as on the success and challenges should be open, transparent and regular. An effective sustainability report consists of issues that are relevant and significant for the stakeholders. For each relevant SDG the company should describe why the SDG has been identified as relevant, what are the positive and negative impacts related to the SDG, what are the company's goals and what kind of practices and strategies are used to manage the SDGs and achieve the goals related to them. (SDG compass 2015.)

3.5 United Nations Guiding Principles

The United Nations Guiding principles on business and human rights were introduced in 2011 by the United Nations Human Rights Council. The Guiding principles refer to the International bill of human rights and the ILO's Declaration on fundamental principles and rights at work. The set 31 principles are based on three pillars: the state duty to protect human rights, the corporate responsibility to respect human rights and the access to effective remedy in cases of work-related human rights abuse. (UN Guiding principles n.d.) The

states are expected to set effective policies, laws and regulations to protect the human rights, so that all people are treated with dignity. These laws should require business companies to respect the human rights in their operations. The states should also provide the companies guidance on how to protect the human rights. Additional steps are expected in companies owned by the states. (UN Human rights 2019.)

The business companies are expected to conduct in such manners that their operations do not violate the human rights. The companies should have due diligence policies and processes to protect the human rights and to identify and mitigate the human rights abuses. The responsibility goes beyond the companies' own operations as they are expected to assess the human rights impacts even in areas which are linked to their operations. The companies should also make a public statement of their commitment to human rights. In case of human rights violations effective remedies should be accessible for the victims. The grievances should be addressed as soon as possible and corrected immediately. The Guiding principles apply to all countries and all businesses regardless of their size, sector, location, ownership and structure. The aim of the principles is to increase the level of social sustainability globally and to prevent human rights abuses in business organizations and in their operations. (UN Human rights 2019.)

3.6 Organisation for Economic Co-operation and Development

The Organisation for Economic Co-operation and Development, OECD, was established in 1961 to advance world trade and economic growth. It strives for sustainable economic growth and employment and increasing standard of living in member countries while maintaining financial stability. It also supports economic development in non-member countries. OECD has 38 country members from all over the world and it also works together with key partners including world's largest economies such as China and India. The members include most European countries, and the European Commission also participates in OECD's work. (OECD n.d.) The OECD guidelines are a set of

principles and standards of good practice for both multinational and domestic companies. The guidelines are voluntary, and they are consistent with applicable laws and internationally recognized standards. They are not legally binding and they do not substitute the domestic law and regulation. The guidelines are to be followed in a way that does not violate the law and regulation. (OECD Guidelines, 2011.)

The OECD guidelines are an instrument of responsible business conduct, and they aim to ensure sustainable development and economic, environmental and social progress. According to the OECD guidelines companies should minimize the negative impacts and possible problems caused by their operations. Companies are expected to respect the human rights of the people affected by their activities and they should work in close cooperation with local communities and create employment opportunities. Companies should prevent and mitigate environmental damage and strive to improve their environmental performance. They should develop good governance practices and carry out risk-based due diligence to identify, prevent and mitigate harmful impacts caused by their own activities or directly linked to their operations. Companies should also encourage their suppliers and sub-contractors to follow the principles of responsible business conduct. (OECD Guidelines, 2011.)

Due diligence

The garment industry employs millions of people all over the world and companies in this sector have potential to create growth, employment, and skill development through their activities. As the garment industry is well-known for its grievances and negative impacts on people and environment OECD has created specific recommendations for the garment industry on how to implement due diligence in the companies' operations and in their supply chain. (OECD, 2018a.) Due diligence is a process used to identify, prevent, mitigate and handle the actual and potential harmful impacts caused by the company's operations. Due diligence is an ongoing process, and it should be included in the company's own operations, and on its suppliers and business partners throughout the whole supply chain. (OECD, 2018b.)

Due diligence should be risk-based, and the measures should be proportional to the risks, probability and severity of the negative impact. Companies should identify the risks from raw material to retail and they should specify which are the most significant risks in their own operations and in the supply chain. Clothing industry is characterized by short lead times and dispersed production. It is labour-intensive and the workers are low-skilled and often low-income women. These properties are apt to increase the sector risks in clothing industry. The most common sector risks include for example low wages and long working hours, child labour, forced labour, discrimination, bribery and corruption and lack of right to join trade unions. The used materials and their processing cause additional risks such as health and safety risks, excessive water consumption and water pollution, hazardous chemicals and extensive CO₂ emissions. (OECD, 2018b.)

As the risks and the negative impacts are severe, it is difficult for a single actor to change the overall situation. OECD encourages companies to work together in collaboration to manage the risks on the sector. This concerns especially the small and medium-sized companies who are encouraged to take part in industry initiatives and multi-stakeholder initiatives. Companies are also encouraged to build long-term relationships with their suppliers and concentrate on few suppliers instead of large number of suppliers. This will help the companies to know the suppliers, to understand the risks better and to work in closer cooperations with the suppliers. Local sourcing offices and visiting the suppliers in person will also help building mutual trust and strengthen the collaboration. (OECD, 2018b.)

3.7 International labour organisation

The International Labour Organisation, ILO, was established in 1919 and its tripartite organisation consists of government, employer and worker representatives. In 1946 the ILO became a specialized agency of the United Nations. At present it has 187 member states, and it sets standards and policies to enhance the working conditions all over the world. The ILO's objective is to

increase social justice and create globally recognized human and labour standards. (ILO n.d.) In 1998 ILO created its Declaration on fundamental principles and rights at work which obliges its members to respect, promote and realize the following:

- freedom of association and the effective recognition of the right to collective bargaining
- the elimination of all forms of forced or compulsory labour
- the effective abolition of child labour
- the elimination of discrimination in respect of employment and occupation
- a safe and healthy working environment (ILO Declaration n.d.)

The fifth principle on safe and healthy working environment was added to the declaration in June 2022. ILO regularly supervises the application of the conventions in the member states and offers assistance, advice and support for implementing the principles and rights. All member states are required to report regularly on the measures they have taken to achieve the principles. ILO also has a follow-up policy which is meant for members who have not yet ratified the conventions of the declaration, and it helps to identify the areas that need assistance and cooperation. (ILO Declaration n.d.) The work of the ILO aligns with the UN sustainable development goals and ILO helps its members to achieve especially the goal Decent work and economic growth. (ILO n.d.)

4 Product safety and voluntary sustainability initiatives

The starting point for a responsible actor in clothing business is to ensure that the products are safe for their users. The products imported and sold in EU must not endanger the health and safety of their user (Tukes n.d.). The safety of the clothing can be ensured by knowing and complying with the EU regulation and national law. In addition to the legal requirements the safety of clothing can be increased by voluntary programs such as OEKO-TEX® which limits the use of chemicals in clothing manufacturing.

There are several internationally recognized voluntary programs and certifications for more sustainable and environmentally friendlier products. Collaboration and participating in the initiatives can help companies to start their sustainability work or achieve their sustainability goals depending on how long the company has pursued sustainability. The collaboration and the unified policies and procedures have bigger impact on the whole industry and hence they help to improve the overall circumstances. The case company has chosen to use OEKO-TEX® Standard 100 to ensure the safety of the products. Sustainability is added to products by using certified cotton by the organic cotton standard GOTS and supporting Better Cotton standard BCI. The recycled materials used by the case company are certified by Global Recycled standard (GRS). The clothing suppliers are required to conduct social audits in the factories and provide the case company with a valid amfori BSCI or SMETA audit report. This chapter will address product safety, certificates related to more sustainable materials and finally the initiatives concentrating on social sustainability and social audits.

4.1 EU regulation

All items sold in the EU must comply with the EU's General Product Safety Directive (GPSD) 2001/95/EC. In addition, there are also product specific requirements which precede the GPSD. For babywear and children's clothing

there is a specific standard EN 14682 containing requirements on safe use of cords and drawstrings to avoid strangulation and choking hazard. For example, the cords and drawstrings in the hood and neck area are prohibited in children's, up to 7 years of age or with height up to 134 cm, clothing. (Tukes n.d.) Another standard EN 17394 contains requirements on how buttons, snap buttons and decorations are to be attached on children's clothing as the detachment of these small components may cause a choking hazard for the child. Technical report CEN/TR 16792 includes instructions and recommendations on designing children's clothing and assessing the existing risks. (STJM, 2022.)

All clothing imported in EU must comply with the REACH regulation EC 1907/2006 (Tukes n.d). REACH stands for registration, evaluation, authorization and restriction of chemicals and it entered into force in June 2007. The purpose is to improve the protection of human health and the environment from the risks of chemicals. (European Chemical Agency ECHA n.d.) The regulation restricts the use of several chemicals in clothing. For example, the use of certain azodyes, flame retardants, waterproofing and stain-repelling chemicals in fabrics are restricted. Also the amount of nickel in metal parts like zippers and snap buttons, and phthalates in plastic and rubber parts, like prints and zipper pullers, is restricted. (Tukes n.d.)

Some EU countries have additional national regulation on specific chemicals. In Finland there is a government decree specifying the limits of allowable formaldehyde concentration in textiles. Formaldehyde is used to prevent wrinkles and mildew in clothing, and it is an allergenic substance irritating the skin, the eyes and the airways. It is also classified as a cancer-causing substance. The Finnish customs laboratory makes random tests on imported textiles for hazardous chemicals and examines if the small parts and cords pose a danger to children. (Tulli n.d.) If the tested products do not pass the laboratory tests, the import of the items will be rejected, and the items will be returned to the sender country or destroyed under the supervision of the Finnish customs. Insufficient labels can usually be corrected if possible.

The EU also regulates on the fibre names and the labelling of the textile products. Textile products shall be labelled or marked with the fibre composition, washing instructions and manufacturer's or importer's details. The label attached on the garment must include all constituent fibres in percentage in descending order and it should also include the washing instructions as symbols and/ or verbal. The information on the label must be given in the official language of the country where the items are sold and the marking shall be durable, visible and securely attached to the garment. (Your Europe n.d.)

Voluntary ecolabels attached to clothing give consumers important information about the garment, but the producer should be careful with them as there is a risk of misleading the consumers.

4.2 OEKO-TEX®

The OEKO-TEX® Association was founded in Switzerland in 1992 with the aim to test textile products to make sure they are harmless to human health. At present the organization consists of 17 independent research and test institutes in Europe and Japan and contact offices in over 60 countries. The widely known and recognized certification for textiles tested for harmful substances, Standard 100 by OEKO-TEX® was also introduced in 1992. (OEKO-TEX® n.d.)

To get a Standard 100 by OEKO-TEX® label, every component of the finished item, including thread, buttons, zippers, linings, prints and coatings, is tested in an independent test laboratory. The test considers several regulated and non-regulated substances, which are potentially harmful for human health. The limit values of Standard 100 are often tighter than the national and international requirements. For Product class 1, which includes products for babies, the criteria and limit values are the strictest. OEKO-TEX® complies with the REACH regulation and the criteria catalogue is updated at least once a year. (OEKO-TEX® n.d.)

The Standard 100 by OEKO-TEX® criteria catalogue includes legal regulations such as banned azo colourants, pentachlorophenol, cadmium and lead, but also

several harmful chemicals, which are not yet legally regulated. It also takes into account numerous substance classes, which are relevant to the environment, and it includes the limit values and relevant substances of REACH regulation's Annexes XVII and XIV and the ECHA-SVHC-candidate list. To receive the Standard 100 by OEKO-TEX® -certification the material and all constituents of a textile must comply with the conditions, test criteria and the limit values of the standard. An operational quality assurance and a successful quality audit are also required. The certificate is valid for one year, after which it can be renewed if the conditions remain the same. (OEKO-TEX®, 2021) The validity of the certificate can be checked in OEKO-TEX® label check.

For consumers the OEKO-TEX® -label means that a garment or any other textile has been tested for harmful substances and found out to be harmless for human health. Consumers recognize the label and they know to look for it. However, OEKO-TEX® it is not a quality label. It only relates to the as-produced state of the item and does not say anything about the properties of the item such as how the garment fits the user or how it reacts when it is washed. The label does not guarantee the product safety of the construction or the accessories of the textile. It also does not declare anything about the possible harmful substances which can be transferred on the item during transportation or storing. The item can also be contaminated by the packaging or inadequate sales display. (OEKO-TEX®, 2022.)

4.3 Global Organic Textile Standard

Global Organic Textile Standard, GOTS, was introduced in 2006 with the aim to integrate the different standards existing in the organic textile market and causing confusion among producers, retailers and consumers. Since the start GOTS has become the leading standard for the processing of organic textile products. It is a whole chain sustainability standard, and it is based on organic natural fibres like cotton, wool and linen. It considers all stages of processing textiles, and it includes both environmental and social requirements. GOTS also requires an annual inspection and audit. It can be considered as the preferred

standard for certified organic textiles, and it is recognized also by the retailers and consumers. GOTS is reliable and transparent with its environmentally friendly productions systems and social accountability. (Global Organic Textile Standard, GOTS n.d.)

To carry a GOTS label, a textile product must contain at least 70 % certified organic fibres, which are grown according to the principles of organic agriculture. In organic agriculture the fibres are grown without the use of harmful chemical pesticides and fertilisers or genetically modified organisms (GMO). To protect the soil and avoid exhausting, the crops are rotated. The organic cultivation reduces climate impact, and it is safer for the farmers and for the environment. The production of the fibres is not directly covered by GOTS, as GOTS does not set standards for the cultivation. Instead, the cultivation of organic fibres is often defined by the national governments. After the cultivation, GOTS standard covers all stages in the processing, manufacturing and trading of organic textiles. (GOTS n.d.)

The GOTS certification starts from the first processing stage – ginning, where the seeds are removed from the cotton balls. Thereafter all stages must comply with the strict ecological and social criteria set by GOTS and it is mandatory to meet all criteria in order to be GOTS certified. The environmental criteria include the identification of organic fibres and their separation from conventional fibres. Only GOTS certified chemicals are to be used in wet-processing, hazardous chemicals are prohibited in all processes and the toxicity and biodegradability of chemicals is evaluated. Accessories and additional fibre materials are restricted and a certain quality for colour fastness and shrinkage for finished items is required. In the facilities an environment management is required, for example wastewater must be treated before it is released to the water bodies. (GOTS n.d.)

GOTS standard sets also requirements for working and social conditions in the facilities. The social requirements are based on the norms of International Labour Organization (ILO), United Nations Guiding Principles on business and human rights (UNGPs) and Organization for Economic Cooperation and

Development (OECD). According to the social criteria employment should be freely chosen and forced labour is not allowed. The employees have a freedom of association and collective bargaining. They also have the right to join trade unions and the employer does not hinder or interfere in the activities of the unions. Child labour is prohibited, and young workers shall not work in hazardous conditions or at night. All kind of discrimination, harassment, violence and abuse are strictly forbidden. Working conditions shall be safe and hygienic and human rights are respected. The wages shall be enough to meet the basic needs and working hours shall comply with the national laws. (GOTS n.d.)

When all stages of the supply chain comply with the GOTS criteria, the final product can be labelled with the GOTS logo. The different stages are inspected annually by independent third-party certification body and there are two different certificates: Scope certificates prove that the supplier is compliant to process GOTS items and Transaction certificate prove that the items meet all GOTS criteria. The comprehensive criteria of the GOTS standard and the annual inspections and audits guarantee that GOTS labelled items are credibly sustainable. (GOTS n.d.)

4.4 Better Cotton Initiative

World's largest sustainability initiative for cotton, Better Cotton Initiative i.e. BCI, was introduced in 2010, when the first BCI standard was published. The purpose of BCI is to decrease the harmful impacts of cotton farming and to make the global cotton production better for the people, the environment and the sector's future. BCI aims for sustainable cotton production, which includes all three pillars of sustainability: social, environmental and economic. (BCI Principles, 2018.) At present about 20 % of the world's cotton is produced under the Better Cotton standard by over 2 million trained cotton farmers in 24 countries. BCI has about 2400 members that include retailers, suppliers, producer organisations, civil societies and associates. (Better Cotton n.d.)

The mission of BCI is to help cotton farmers to survive and thrive while protecting and restoring the environment. BCI teaches cotton farmers to use more sustainable farming practices and use water and chemicals rationally in order to reduce the impacts on environment. To be licenced to produce Better Cotton a producer must fulfill certain standards. There are seven Better Cotton principles for the farmers to follow when producing cotton which is better for people, their communities and the environment. (BCI Principles, 2018.)

The Better Cotton Principles:

1. Crop protection

Cotton attracts several pests and it is also subject to diseases and weed infestations. Therefore, chemicals are necessary to protect the crop. Many of the chemicals are hazardous to human health and they also contaminate the water resources, food crops and the environment. BCI teaches farmers proper pest control techniques and how to use the different chemicals safely. The aim is to stop using hazardous chemicals, which pose risks to the health of farmers and workers and the environment. (BCI Principles, 2018.)

2. Water

Cotton needs a lot of water and it's often cultivated in dry areas with water scarcity. Cotton production uses freshwater resources and the use of chemicals in cotton cultivation also affects the water quality. BCI teaches farmers water stewardship, which means using water in an environmentally sustainable, economic and socially equitable way. Farmers using water efficiently can achieve larger crops, pollute water less and be more resilient to climate change. (BCI Principles, 2018.)

3. Soil health

Poor soil management in cotton cultivation may lead to poor crops, soil depletion, surface runoff and land degradation. Healthy soil is the starting point for productivity and sustainability in farming and with the help of BCI

farmers can learn better soil management. BCI's techniques include crop rotation i.e. growing cover crops to improve soil quality when cotton is not grown, and using biopesticides made from natural ingredients and attracting birds and bats to prey the cotton pests. These lead to better quality and quantity of the crop, reduction of pests and weeds and to reduction of erosion and soil degradation. (BCI Principles, 2018.)

4. Biodiversity

Land used for cotton cultivation is usually cleared of other vegetation and natural habitats and this clearing has a significant negative impact on biodiversity. The farming of a single plant on a large area reduces the number of species that can live in the area, and it also eliminates the breeding and changes migratory routes of many species. The overreliance on chemicals in cultivation also has a negative impact on biodiversity. With the help of natural pest control and crop rotation farmers can increase the biodiversity on their lands, improve soil and increase the crop. (BCI Principles, 2018.)

5. Fibre quality

The value and marketability of the cotton fibre depends on the fibre's quality. The fibre should be long, strong and uniform, not too wet or dry, and also free of trash and contaminants. BCI trains farmers to harvest, manage, store and transport in ways that minimize the trash, contamination and damage of the fibre. Good crop management practices will have a direct impact on the quality of the fibre and by training and teaching the farmers the quality can be enhanced significantly. (BCI Principles, 2018.)

6. Decent work

Cotton farmers face several work challenges including low wages and long working hours, pesticide exposure, discrimination, forced and bonded labour and child labour. BCI considers International Labour Organization to be the international authority on labour matters and BCI standards align

significantly with ILO standards. Better cotton farmers are required to strive for the freedom of association and the right to collective bargaining, the elimination of child labour, the abolition of forced labour and the elimination of discrimination in employment and occupation. The producers are also responsible for the safety and well-being of the workers, and they must ensure that the workplaces, processes and tools are safe for the workers. (BCI Principles, 2018.)

7. Management system

An effective management system enables Better Cotton farmers to achieve the other six principles and improve farming practices continuously. Management practices ensure that farmers are trained to adopt improved practices, different risks are identified and remediated, progress in production is monitored and assessed, and field-level data is accurately managed and systematically reported. BCI has defined a set of common criteria to be a relevant part of an effective management system including a continuous improvement plan, regular training of farmers and workers and a data management system. The producer must also monitor the risks of noncompliance and implement corrective actions. (BCI Principles, 2018.)

The BCI has an assurance programme to follow that the farmers fulfil all requirements of the principles. Learning and continuous improvement are an important part of the BCI's programme and producers are required to make ongoing sustainability improvements in order to keep their licence. The practices are assessed by third-party actors, country teams and implementing partners. The producers' own regular self-assessments play an important role in the evaluation. There are two different chain of custody models for Better cotton. The BCI standard requires a product segregation model from the farm to the gin i.e. the farmers and ginners must store, process and transport Better cotton separately from conventional cotton. This ensures that Better cotton can be traced back to licenced Better cotton farmer. When the cotton leaves the gin, it can be substituted or mixed with conventional cotton. This so-called mass

balance is volume-tracking system, which ensures that the amount of Better cotton sold is the same as Better cotton purchased. (Better Cotton n.d.)

The Better cotton logo can be attached on garments, if the retailer or brand is investing in Better Cotton Initiative and purchasing at least 10 % of their cotton as Better cotton and additionally plans to increase that share to at least 50 % in the next five years. The retailer or brand must comply with strict criteria, before they can communicate about their commitment and sourcing of Better cotton (Better cotton n.d.) From the consumer's perspective Better cotton's system might be misleading as the Better cotton logo attached on the product does not mean that the product contains Better cotton, it only means that the retailer or brand is investing in sustainable farming practices. Nevertheless, the more Better Cotton practices are adopted by the farmers with the help of retailer and brand investors, the better and more sustainable the cotton farming will be.

4.5 Global Recycled Standard

The Global Recycled Standard (GRS) was developed in 2008 to increase the use of recycled materials. The objectives of the GRS are to align the definitions in different applications, track and trace the recycled materials and assure that materials in final products are indeed recycled and produced more sustainably. It is a voluntary, international standard, and it includes requirements for certification of recycled content and the chain of custody. In addition to these, it contains social and environmental practices and restricts the use of chemicals in production of the materials. The certified companies are subject to annual third-party audits. (Textile Exchange, 2014.)

Recycled material can be made of post-consumer waste which is collected after its original use has ended and which cannot be used for its intended purpose anymore. Even pre-consumer waste generated in the manufacturing processes can be used in recycled materials. Recycled material can be mixed with virgin material and in some case it is necessary. For example, recycled cotton fibres are so short that virgin cotton must be added to enhance the durability of the

product. A product must contain at least 50 % recycled content to have the GRS-label (Textile Exchange, 2014.)

The social requirements of GRS include prohibition of child labour, and bonded and forced labour. Discrimination, harassment and abuse are also forbidden. The workers shall have freedom of association and collective bargaining, and the working conditions shall be clean and safe for all workers. The standard also requires that wages should be high enough to meet the basic needs of the workers and their families, and the working hours are restricted to 48 hours per week. The environmental requirements include waste management, and chemical management which restricts the use of certain chemicals. The emissions to air, and the energy and water use are monitored, and wastewater must be treated before released. (Textile Exchange, 2014.)

4.6 amfori BSCI

BSCI, the Business Social Compliance Initiative, was created in 2003 by Foreign Trade Association, FTA. In 2018 FTA changed its name to amfori and the initiative is now known as amfori BSCI. amfori is the leading non-profit association of global commerce. In 2020 amfori had 2412 members in 45 countries. Almost 22 % of the members operate in garment and textile industry and 89 % are based in Europe. The top five sourcing countries for amfori members are China, Bangladesh, India, Turkey and Vietnam. amfori drives to build a better social, environmental and economic world for the global business and people by offering a monitoring system and remediation process. The aim of amfori BSCI is to provide organizations with a practical and efficient system to measure and improve their social compliance and the working conditions in their supply chain and for this purpose amfori offers tools and services to its members. The mission of amfori is "to enable its members to enhance human prosperity, use natural resources responsible and drive open trade globally" and this mission is aligned with the aims of the United Nations Sustainable Development Goals. (amfori n.d.)

There are several reasons why companies should implement amfori BSCI into their operations. Customer-companies and consumers have become more aware of responsible business operations, and they expect sustainable business manners and good working conditions when buying goods produced in high-risk countries. amfori BSCI members can effectively manage the stakeholders' expectations as amfori BSCI is in line with the latest human rights norms. The supply chain social compliance has been recognized as an important issue on EU level and new regulations are on the way. Implementing amfori BSCI helps companies to establish a credible system to operate and prepare for these future regulations. When the BSCI members improve the working conditions in the supply chain, they help their business partners to increase their efficiency, which will have a positive impact on their performance in the long run. Implementing BSCI also means strong commitment in high-risk countries, and it will build team loyalty and attract workers in the company. (amfori BSCI, 2018.)

When joining amfori, the members sign the amfori BSCI code of conduct, which is a set of principles and values to improve working conditions in the supply chain. The code of conduct requires the companies to follow the laws, and it is based on United Nations (UN) Universal Declaration of Human Rights, International Labour Organization (ILO) Conventions and Recommendations, UN Guiding Principles on Business and Human Rights (UNGPs), OECD Guidelines for Multinational Enterprises and UN Children's Rights and Business Principles. By signing the code of conduct, members commit to exercise responsible purchasing practices and respect human rights. (amfori BSCI, 2017.)

The principles of the amfori BSCI code of conduct (Appendix 1) are a minimum expectation that amfori BSCI members have for their supply chains' social performance and the suppliers are expected to conform to the principles. amfori BSCI members should take reasonable measures to follow the principles, especially in those regions or sectors where the risk of grievances is higher. As full observance at all times requires considerable resources and time, it is not

always possible, and gaps, shortcomings and failures are always a possibility. The members are expected to detect, monitor and remediate the failures and shortcomings in the supply chains. Terminating a business relationship or a contract is not recommended. However, if the business partner repeatedly fails to act according to the amfori BSCI code of conduct or is unwilling to undertake corrective measures to fulfil the obligations and improve the current situation, terminating a business contract may be necessary. (amfori BSCI, 2017.)

Supply chain responsibility should start internally by integrating social requirements into the company's own policies and processes. Only after this the company can start requiring social audits and improving the working conditions in their supply chain. BSCI member should execute a due diligence process and advance social changes by forwarding the BSCI principles in the supply chain. The implemented processes should encourage worker input and involvement as workers are usually the best source of information about how the existing policies are working and what kind of improvements are needed. By mapping the supply chain a BSCI member is able to evaluate the importance of their business partners and to detect, mitigate and manage the risks related to them. amfori BSCI provides its members with training and tools to increase the level of social responsibility and to enhance the working conditions. The audits are an important tool to implement the due diligence in the supply chain. (amfori BSCI, 2018.)

The purpose of an audit is to define the management system of a company and compare it against certain indicators and targets (Elkington 1997, p. 82) The amfori BSCI audits can be either internal or external. In an internal audit the supplier assesses independently its own social performance. An external audit is performed by a BSCI-approved, independent auditing company. The audits can be either full audits or follow-up audits, which must be organized in those areas where deficiencies were found during a full audit. Both audit types can be either fully announced (an exact audit date is given), semi-announced (a time frame for the audit is given) or un-announced. A full audit includes 13

performance areas, which correspond to the principles of amfori code of conduct. (amfori BSCI, 2017.) The performance areas are:

- Social management system and cascade effect
- Workers' involvement and protection
- The rights of freedom of association and collective bargaining
- No discrimination
- Fair remuneration
- Decent working hours
- Occupational health and safety
- No child labour
- Special protection for young workers
- No precarious employment
- No bonded labour
- Protection of the environment
- Ethical Business Behaviour (amfori BSCI, 2017.)

The performance areas are rated A, B, C, D or E and zero tolerance. Some performance areas are critical and may lead to zero tolerance status if the violations are obvious and flagrant. These areas are child labour, bonded labour, ethical behaviour, and all cases of immediate threat to worker's life, health and safety. With zero tolerance rating remedial actions are required immediately. Even ratings D and E will lead to corrective actions. (amfori BSCI, 2018.)

4.7 Sedex and SMETA

The Supplier Ethical Data Exchange, Sedex, is a non-profit ethical trade organization working with businesses to improve working conditions in global supply chain. Sedex was founded in 2001 by a group of retailers and it has over 60000 member organizations in over 180 countries. Sedex's aim is to collaborate with organizations and provide information, tools and service to manage risks and protect people, environment and business in a sustainable

and ethical way. The purpose is to help organizations align with the United Nations Guiding Principles, meet the Ethical Trading Initiative Base Code and the conventions of the International Labour Organization. Sedex's newest strategy from 2020 focuses on improving gender equality, better detection and remediation of forced labour, building sustainable livelihoods and enabling worker representation. (Sedex,n.d.)

The so called SMETA (Sedex Members' Ethical Trade Audit) is a social auditing methodology, which enables organizations understand working conditions in the supply chain. In a social audit, an auditor visits the supply site and evaluates the health and safety of the workers, standards of labour, and environment and business ethics. An organization can request a social audit after reviewing supplier's responses in a self-assessment questionnaire or their risk score in the risk assessment. The audit may also be requested by the organization's customer. After completing the audit, the buyer and the supplier can work together to address the possible issues. A corrective action plan can be used to improve the working conditions. Sedex aims to ease the suppliers' auditing burden by sharing the audit reports on their platform. Hence the suppliers can avoid duplication and save money and time. (Sedex, 2019.)

The audits are conducted by authorized independent third-party audit companies, which meet the criteria set by Sedex. SMETA uses the ETI Base Code and the local law and in some cases the customer's code of conduct as measurement standard. The UN Guiding principles are also used as a framework for the measures used to protect human rights. An audit at the site includes a tour on the premises, management and worker interviews, document review and opening and closing meeting. Sedex has prepared a detailed guidance manual for the audits to help with the auditing process and also to make sure that different audits are consistent. The quality of the audit reports is also checked before publishing. This eliminates the need for quality control from the customers. (Sedex, 2019.)

5 Research method

5.1 Qualitative research

The research method in this study is qualitative research. Qualitative research often produces written, non-numeric data, whereas quantitative research is based on numbers and statistics (Saunders 2019, 175). Qualitative research methods are suitable when the object of the study requires profound insight of a phenomenon. They can be used for studying organizations as they are flexible and explorative and help to uncover and understand behaviour and activities. (Ghauri & Grønhaug 2005, 110–112.) Qualitative research is often inductive which means that conclusions are made based on limited number of empirical findings (Ghauri & Grønhaug 2005, 15). Qualitative research aims to generate and develop descriptions and explanations instead of testing hypotheses like quantitative research. The methods used for data collection are relatively unstructured as the research often takes place in a natural environment where situations fluctuate. Qualitative research often concentrates on one or small number of cases which are examined in-depth and within certain context. The cases may also be compared to find factors which are relevant for the investigated topic. (Hammersley 2013, 12–14.)

The purpose of this research was to study the operations of the case company, to clarify the level of current sustainability work and to define measures to improve responsibility and sustainability in the case company. The data for the empirical study was collected by observation and interviews. The theoretical part was collected from different literary sources including books, scientific articles and websites. Ideas for improvement were generated by benchmarking other clothing companies.

5.2 Case study

A case study can be used when the research takes place in its natural setting, for example inside an organization. A case study often uses different data collection methods such as written reports, observation and personal interviews, and it is often used when a study examines a single organization. A case study is often exploratory, explanatory or descriptive. (Ghuri & Grønhaug 2005, 114–115.) An exploratory study is used to find out what is happening and to gain understanding of a certain issue, problem or phenomenon. Exploratory research can be conducted by a literature search and by interviewing experts. The interviews are usually unstructured and include open “what” and “how” questions. Evaluative study is used to assess the performance and effectiveness of something such as organisational policy, initiative or process. The typical research questions start with “what”, “how”, “which” and “why”. (Saunders 2019, 187–188.) This study is a combination of exploratory and evaluative research as it strives to explain what is happening in the company and how well the company is succeeding in its activities.

5.3 Collection of data

5.3.1 Interview

An interview is a verbal interaction, where the interviewer gathers information or opinions from another person, the interviewee. It is possible to obtain detailed information in an interview with open-ended questions as the interviewee can express their opinion freely and is not constrained by the answer. The interviewer can also ask supplementary questions if needed. (Ghuri & Grønhaug 2005, 133.) Research interviews can be either structured, semi-structured or unstructured. Structured interviews are done by using questionnaires including a set of predetermined questions and they are often used to collect quantitative data. Semi-structured and unstructured interviews are not standardised, and they are used to collect qualitative data. In semi-

structured interview the interview is guided by predetermined themes and key questions. (Saunders 2019, 437.) The structure of the interviews in this study was semi-structured.

The interview questions and the interviewed people were determined beforehand. When collecting data through interviewing it is important to choose the right interviewees who are involved in the studied processes (Ghauri & Grønhaug 2005, 119). In this study the interviewees were the CEO of the company and two textile product managers, who have the best knowledge about the operations and experience from several years in the business. The interviewed product managers received the questions beforehand to be able to prepare for the interview. However, this possibility was not utilised by the first interviewee, and she was not able to answer all questions. The purpose of the interview was to obtain background information for certain issues observed by the researcher and to find out the explanation for made decisions. The researcher also wanted to obtain information about the personal values and opinions of the interviewees as they are the persons making the decisions in the case company and responsible and sustainable conduct require personal values and commitment.

For an interview to be efficient, the interviewer must know the interviewees and their background and values. Interviews demand a certain level of skill and knowledge from the interviewer, and they can be difficult to interpret as the interviewer may influence the result subjectively (Ghauri & Grønhaug 2005, 131–133). As a member of the textile team, the researcher works daily in close cooperation with the interviewed product managers and has a possibility to hear and see how things are handled in the organisation. Interviews are seldom completely objective as both the interviewer and the interviewee have their own values and opinions about the topic.

5.3.2 Observation

Observation is a data collection method which contains listening and watching other people and their behaviour and phenomena so that learning, understanding and analytical interpretation are possible. Observation produces first-hand information in natural setting. (Ghuri & Grønhaug 2005, 120.) Observation as data collecting method is often used together with other methods such as for example interviews and documents. Observation can be either non-participant observation or participant observation in which the researcher is an activate part of studied organization. In participant observation the researcher is part of the studied organization and has access to the actual operations. (Saunders 2019, 381.) In this case the researcher works in the organization and has direct access to the company's daily operations.

The structure of observation can be either structured and formal or unstructured and informal. The structured observation is more used in quantitative research and unstructured in qualitative research. Unstructured observation is exploratory as it aims to understand the setting and describe what is happening. (Saunders 2019, 382.) The downside of observation is that the observer can be too involved in the process and may not be able to be objective. It may also be difficult to turn the findings into scientific information and generalize them. (Ghuri & Grønhaug 2005, 121.) The values and opinions of the researcher and the observed organization may have an impact on the interpretation of the observation. However, as the purpose of this study is to describe the existing situation and to improve it, it is important to find out what people are thinking and how they value responsible and sustainable policies. Sustainability and responsibility are in many ways based on values and for them to succeed it is important that people involved are engaged and willing to work for them.

5.4 Benchmarking

Benchmarking is a process to study other companies to identify and understand their best practices. By benchmarking it is possible to understand own

processes better and identify areas for improvement. (Tuominen 2021, 76.) It is used to find success factors in other companies and to improve own operations based on them (Tuominen 2021, 24.) Learning from others is cheaper and more successful than creating and experimenting new procedures from the very beginning, especially when the circumstances are the same. However, benchmarking does not mean copying processes as such from other companies (Tuominen 2021, 9). The practices and procedures should always be carefully considered and adjusted to the company's own operational environment.

Benchmarking is a suitable method to find out what other companies in the clothing industry are doing. The two companies for benchmarking purposes were chosen from Eetti's Ränkkää brändi -list. Eetti – Eettisen kaupan puolesta ry (Pro Ethical Trade Finland) is a non-profit organisation promoting sustainable business, sustainable value chains, and ethical consumption. Eetti publishes annually a report Ränkkää brändi, where they investigate how responsible Finnish clothing companies are regarding human rights and the environment. The benchmark companies have both received high scores on Eetti's list, which indicates they have efficient and recognized sustainability policies. (Eetti 2021) Both companies design, produce and sell children's clothing and clothes and accessories for adults. The data for benchmarking was collected from the company websites and their responsibility reports.

5.5 Reliability and validity

The trustworthiness and quality of a study is measured with reliability and validity, especially in quantitative research. A study can be considered reliable if the same results are obtained when the study is repeated. Validity means that a study measures right issues and its findings are true. In qualitative research these properties can be difficult to measure and estimate. (Kananen 2014, 146-147.) The validity of a qualitative research can be enhanced by so-called triangulation, in which data is collected from different sources by using different methods (Burns 2000, 419). In a case study reliability means dependability that

the findings are understandable, and they are approved by the people who are involved in the study (Burns 2000, 475).

In this study data was collected through observation, interviews and from textual sources and the findings supported each other. The interviewees gave similar answers to the interview questions, and they were also convergent with the observation results. Hence it is assumable that the findings of this study are reliable at present. The results are probably different if the study is repeated later. However, this is also desirable, as the purpose of this study and its findings is to improve the current processes.

Internal validity means that the results of the research are true. External validity means that the findings of a study can be generalised (Ghauri & Grønhaug 2005, 65). The purpose of this study was to understand the case company's situation in-depth and not to make generalisations. The study describes one company and its operations, and the findings cannot be moved to another context as such. However, the results are true and valid for the case company at present.

6 The research

Based on the interviews, responsibility means that the case company takes care of its employees and their well-being. The company also has a financial responsibility to be profitable. The company has a liability to conduct in an ethically correct and judicious way and obeying the laws and regulation is the company's obligation. The company chooses its stakeholder partners carefully and favours dependable, well-known partners in all operations. It is the company's responsibility to know all products, and design and produce improving and long-lasting products which are safe for their users. The company is against the throw-away culture, and it favours timeless design. It is also the company's responsibility to take care that the products are produced in good working conditions without exploitation or child labour.

According to one interviewee the sustainability is shown in small deeds in daily operations. The company recycles all waste, and it has assembled solar panels on the roof. The company tests the products in accredited test laboratories before they are imported to Finland, especially if there are some risks related to quality or safety. When choosing suppliers the case company prefers companies of same size, big global operators are not the first choice. The company pursues long-lasting cooperation with suppliers who know the regulation concerning the produced items. The materials for the products are carefully considered and they are safe and of good quality. Sustainability was also associated with environment, and according to the respondents it means that the case company strives to use environmentally friendlier materials in the clothing production. Shipments by air raised a concern over the carbon footprint. Shortly, both responsibility and sustainability mean a multitude of things depending on the respondent.

6.1 The suppliers

The case company introduces four clothing collections in a year. The seasonal collections include three brands and clothing for babies, toddlers and adults. The company is known for its playful and colourful patterns which are designed by the company's in-house designers in Finland. The clothes are produced outside EU. The case company is a relatively small company, and the number of suppliers is limited. The chosen suppliers are small and medium sized companies which are often family-owned like the case company itself. The main production countries are China with its four suppliers and Turkey with three suppliers. Some single items are produced in India and Pakistan, but they are purchased through a Finnish agent. The case company has worked with most of the suppliers for many years and it has managed to create a successful collaboration based on mutual trust.

The case company's representatives have visited the factories and met the suppliers in person. Earlier, before the COVID-19 pandemic and the restrictions, the suppliers and the factories were visited twice a year. Because of the pandemic the new suppliers in Turkey have not been visited yet. During the last two-three years all visits have been on hold, but as the situation is normalising, plans on resuming the visiting policy have been made. The case company has a local sourcing manager in China. He works in close cooperation with the clothing suppliers, and he has been able to visit the suppliers' premises even during the pandemic. The sourcing manager takes care that the factories renew the factory audits on regular basis, and he makes production inspections before shipments. He is an asset to the case company as he knows the local customs and the language, and he monitors that the products are of good quality and comply with the requirements.

In addition to this, the factories have been audited by third-party auditing companies and the audits are repeated on regular basis. The case company requests an amfori BSCI report from all new suppliers and some suppliers also conduct SMETA audits. In case the supplier has not done a BSCI audit at the

premises and is not willing to conduct it, the cooperation will be re-considered as the reluctance for the audit might mean that the working conditions are not what they should be. At present the case company has one supplier in China which has not been audited yet. However, the audit process is commencing, and the supplier will be audited in the near future.

New suppliers have been sourced through websites by browsing other actors on clothing industry and some contacts have been received from the case company's customers. The chosen suppliers have been working with other European, Nordic or Finnish customers and they are already familiar with the EU regulations and are producing items complying with the requirements. This helps ensuring the quality and compliance of the products. At the beginning of the cooperation the production and the quality of the items were monitored more carefully. The case company used third-party testing services to make sure the items fulfilled all requirements and complied with the quality and safety regulations of the EU. As the quality and compliance became consistent the tests were gradually given up. At present tests are more random. The Finnish Customs sometimes takes samples from the shipments and checks the compliance of the samples. The checked items have complied with all requirements, and they have been released for the market every time.

6.2 Material choices

The case company prefers more sustainable and environmentally friendly materials and relies on certificates. The cotton used in children's clothing is organic cotton, except in items containing a mix of cotton and polyester. The organic cotton used is GOTS certified. However, the products cannot be labelled by GOTS as the assembly stage of the garments has not been certified. The suppliers also source Better cotton, but because of the Better cotton's mass balance system it is possible the garments do not contain Better cotton. The case company is not a Better cotton member and therefore it cannot label the garments with Better cotton logo. Most of the case company's suppliers have got the OEKO-TEX® certificate proving the clothes are produced

without harmful chemicals. One clothing supplier does not have the certificate, but this does not mean that the products would be unsafe. It only means that all components in the garments have not been tested against the OEKO-TEX® criteria. This supplier's items have been examined by other test laboratories and also by the Finnish customs and they have been approved every time. The suppliers with a valid OEKO-TEX® certificate can label the products with the OEKO-TEX® logo, which proves the garment does not contain hazardous chemicals.

The choice to use organic cotton in children's clothing is principled. In adults clothing the use of organic cotton is not as important and price is often the defining factor. Organic cotton is more expensive than conventional, and it would increase the price points of the garments and lead to reduced sales. The customers are price sensitive and in some cases, the customers' demands have meant that the case company has changed recycled material into conventional. The material decisions are also determined by durability and use. The organic cotton fibres are shorter than conventional ones which means the quality of the garments is not as good as if the garment was made from conventional cotton. In some cases, the durability can be increased by polyester and then the use of organic cotton would be hypocritical. The material choices are made balancing between the customers' demands, durability and sustainability.

6.3 Towards sustainability

The management of the company guides the product managers towards sustainable choices, but the customers also make demands for sustainability. Customers have requested the reduction of plastic packing materials and they prefer the use of sustainable materials such as organic cotton and recycled polyester. However, in current challenging economy sustainability is not appreciated enough. The fact is that sustainable products are more expensive, and consumers simply cannot afford them now when all prices have risen and there is not enough money to provide for the family. Nevertheless, at some

point the circumstances will get better and the economy will start growing again. It is also possible that the consumption patterns will change completely, and consumers start to appreciate items which are more durable and sustainable. That is why the case company must continue its efforts towards responsible and sustainable business.

The case company has been a member of amfori BSCI since July 2021. The company recognized the need for support in sustainability issues. As amfori BSCI is a well-known, dependable actor especially in the clothing industry, it was natural to choose its membership. The clothing industry and the market in its entirety is full of different initiatives and actors related to responsible and sustainable business. The business is run by certificates and sustainability labels, and they all cost money. It is impossible to be part in everything and it is difficult to choose. The case company believes that with amfori BSCI it can map its suppliers, monitor them better and always know which audit reports are valid and which need to be renewed. With amfori's tools the company can also evaluate the suppliers' compliance and take remedial measures if necessary. Alone it might be a difficult task for a small company, but with amfori BSCI's support the case company has a chance to achieve actual changes in the suppliers' working conditions towards sustainability.

6.4 The benchmark companies

Both benchmark companies have a business idea, which is based on sustainability and eco friendliness. The clothes are designed in Finland and the production takes place in European countries such as Portugal and Estonia. These countries are classified as low-risk countries, and it is probable that the working conditions and environmental policies are more sustainable per se. Social audits are not mentioned in the companies' materials. Company A shares openly information about their production sites. Company B has an own factory in Portugal, and they also publish the production sites on the website. In this way both companies increase the transparency in their supply chain. In textile materials the benchmark companies prefer same materials as the case

company does. The companies rely on the same certificates, i.e. GOTS and OEKO-TEX®, as the case company.

The benchmark companies are communicating openly about their sustainability and they both measure their energy use and carbon footprint and have set public targets to decrease them. They tell openly about their sustainability activities, and they publish their code of conduct and sustainability reports on their website. Company B has a detailed questions and answers section on the website, where they answer questions concerning their supply chain. This section gives a clear understanding of the operations and what kind of sustainability elements are implemented in them. Words and claims are supported by numbers and other facts.

It is obvious that the case company's business differs from the benchmark companies. All companies design clothing in Finland and produce them abroad. But instead of launching several collections multiple times a year, the benchmark companies rely on fewer items and long-term collections. The retail prices of the benchmark companies are considerably higher, which indicates that the products are not as commercial and widespread as the case company's products. Hence, it's possible to make a conclusion that being intrinsically sustainable is expensive and the price points must be higher for the company to be profitable.

The purpose of the benchmarking was not to compare the case company to similar companies, but to find out what kind of activities evidently sustainable companies have implemented in their operations, and to learn from them. The comparison with other companies proved that the case company is doing the right things, but inadequately. The communication of responsibility and sustainability is also insufficient. It does not contain facts and numbers which are important in sustainability communication. For example, information about sustainable materials should include numbers, such as the share of organic cotton from all cotton and how much the company aims to increase it. Concreteness adds credibility even in sustainability.

6.5 Development suggestions

When the purchase orders are placed, 80 % of the items are already pre-sold to retailers and 20 % will be sold during the season. In this way the company can take care of that the production of clothing does not exceed the demand. The suppliers' lead times are relatively long as the suppliers do not store fabric in their facilities, and everything is produced to orders. The case company should improve the purchasing operations so that orders are placed in good time before the delivery times. This will remove the time pressure from the supplier and the workers are not forced to work overtime to complete the orders. When the orders are placed in time, they can also be shipped by sea instead of by air and the emissions caused by the shipment method will be considerably smaller. Air shipments should be avoided completely. The case company should also consider shipping larger quantities less often which is also more cost-efficient and environmentally friendly. Better planning and respecting the deadlines will help in this work.

According to the observation and the interviews it is unclear who, the product manager or the designer, ensures the compliance of the products and who has the needed skills and knowledge. One respondent suggested that the case company should name a person who oversees the standards and changes in the regulation. This same person could take care of examining the audit reports and other certificates. The person could share the correct information with the suppliers and take care that the requirements comes from the case company and that the suppliers comply to them. If it is the supplier who must follow the changes in regulation, there is a bigger risk for mistakes and non-compliance as the suppliers are outside EU. So far, the case company has been lucky and bigger incidents have been avoided, but it is irresponsible to trust that the suppliers are always up to date.

The company does not have a proper policy to guide and instruct the suppliers. The company relies on the suppliers' knowledge and trusts that they know what they are doing. This may be a sufficient policy when working with suppliers

which have been producing the company's garments for several years. However, with newer or recently sourced suppliers it is a necessity to have written instruction and guidance including the company's expectations and requirements. Without them the collaboration is more complicated, and it slows down the production process as the supplier must inquire all details separately. A written instruction or guidance will also reduce the company's risks if mistakes or other problems occur. The most needed documents are a packing instruction, which is currently in course of preparation and nearly finished, and the supplier code of conduct including the company's requirements on supplier's social and environmental sustainability.

The absence of a person responsible for sustainability issues might be one reason why the sustainability activities are random and sporadic at present. The company knows that something must be done but does not have the human resources to do it properly. The audit reports should be carefully examined instead of skimming and moving aside. The report itself is not important, but the content is. If there are any warning signs, they should be tackled immediately as the purpose of the audits is to improve the working conditions, not make the case company content. Concerning the other certificates, the case company should be more consistent and ensure that all stages and details are tested, audited and approved and all suppliers have certificates for all stages. In some cases, it might be necessary to participate in the costs to help the supplier with the certification process.

There are many smaller and even bigger deeds the company does for sustainability, but it has not succeeded in communicating about them. There is an obvious need for sustainability communication in the company, both internal and external. To gain competitive advantage from responsibility and sustainability the case company should communicate about its activities. The communication should include facts, actions and tangible objects instead of long-term plans and wishes. Vague expressions should be avoided, and the terms and language should be precise and understandable. It is important to communicate about everything related to sustainability: current actions,

successful past actions, failed actions and corrective measures, and future plans. The internal communication will increase the employees' knowledge and commitment to sustainability and help implementing sustainable practices in the company.

The study shows that the case company does not have a clear sustainability strategy. The company does correct things, but the execution is not quite consistent. To be able to respond to the challenges and requirements set by the new regulation, customers and consumers, the company should commence veritable sustainability work including tangible goals and a profound strategy. The case company can start the sustainability work easily, yet reliably by

- creating a code of conduct to be used with all suppliers
- mapping and auditing all suppliers by using amfori BSCI tools
- completing the certification processes so that all suppliers have all certificates
- planning a sustainability strategy and choosing the UN sustainable development goals to pursue
- enhancing the sustainability communication, both external and internal

When the suggested improvements have been accomplished the case company can start thinking about measuring and reducing the carbon footprint. Sustainability reporting comes after that. There is lot to be done and it is not possible to tackle everything at the same time. However, it is important to start somewhere and remember that sustainability is not a project that will end or be ready at some point, but it is an ongoing process towards better future for all stakeholders.

6.6 The code of conduct

A code of conduct is a set of ethical guidelines made by the buyer for the supplier. It includes requirements for the social and environmental conditions in which the goods are produced. The code of conduct often refers to recognized

international standards and regulation, such as the conventions of ILO, the principles of UN Global compact and the guidelines of OECD. (Molthan-Hill 2017, 382.) The code of conduct makes the buyer company's values visible, and it also mitigates the risks related to the working conditions. A code of conduct is not a legal document, but in it the buyer company can clearly declare what they expect from the supplier related to workers, working conditions and environment.

The case company has not had a code of conduct earlier. One purpose of this study was to create a code of conduct which the case company can use in its purchasing operations. The first version of the code of conduct was called a Supplier agreement (Appendix 2) and it was sent to and acknowledged by the company's all textile suppliers in October 2022. The agreement included requirements related to product safety and compliance, labour and human rights and safe and healthy working environments. It also requested the supplier to take all necessary measures to protect the environment and conduct regular social audits on the premises. The supplier agreement referred to the UN Guiding principles on business and human rights and the ILO's conventions and recommendations.

The new code of conduct is based on the supplier agreement, but it is more explicit. There are several codes of conduct in garment industry developed by the different initiatives and actors. OECD encourages companies to align their policies with existing codes of conduct to create sector collaboration. This would also integrate the requirements and eventually enhance the conditions on the sector. OECD also recommends that the codes of conduct align with their requirements (OECD, 2018a.) Hence the case company's new code of conduct (Appendix 3) refers to OECD guidelines for multinational enterprises in addition to the Universal declaration of human rights, UN Guiding principles for business and human rights and International Labour Organization (ILO) Declaration on fundamental principles and rights at work. As amfori advises its members to communicate their code of conduct with the suppliers, the case company's code of conduct aligns with the amfori BSCI's principles.

7 Conclusion

From a relatively small company's perspective producing clothes in a sustainable way is challenging. The current way of overconsumption and littering is unsustainable in every way. Clothes should be designed to be durable, and the materials should be environmentally friendly and sustainable. Companies should produce less and fast fashion with its excess production and questionable quality should be discontinued. The consumption patterns should change, and the consumers should start to value their clothes. It is apparent that the whole clothing industry and utilization of clothes must change.

One of the company's responsibilities is to be profitable and producing less is not an option when the company's business is based on producing and selling commercial products. The case company must find out the correct measures to produce clothes in a more responsible and sustainable way. The work starts by choosing the right suppliers and designing durable, long-lasting products. After that the company's responsibility is to ensure that the goods are produced in a responsible and sustainable way. A supplier code of conduct with its ethical guidelines plays an important role, and different certificates help, too. There is an abundance of sustainability initiatives and certificates in the industry, but none of them is inclusive and the company must choose few to cover all dimensions of sustainability and responsible business.

The work with the different certificates requires concrete activities, knowledge and human resources to be effective. Communication about the sustainability work is also important as without it the activities and the achievements will remain unknown and they will not generate any competitive advantage, either. Small, sporadic actions may make a difference in small scope, but strategic, coordinated and continuous work towards beforehand set targets will have a bigger impact on the company and on the overall sustainability, and eventually it will make this world a little bit better for us and the future generations.

Suggestions for further study

To limit the length and scope of this study, some topics were excluded, and they are presented as suggestions for further study. The European Commission has adopted a new circular action plan which is likely to lead to comprehensive regulation to increase the sustainability and circularity of the products. Textiles are one of the focus areas and the Commission is developing measures to increase circularity, and extending producer responsibility to repairing, reusing, sorting and recycling the textiles. The action plan is also going to tackle the waste problem and separate collection points for textile waste will be obligatory by 2025. (European Commission 2020.) Another research could examine how the circularity of the case company's textiles can be increased, and what the case company can do with the used clothing. New recycling technologies are being developed at the moment and a study could investigate what kind opportunities that brings to the case company.

The case company's carbon footprint has been excluded from this study. At present it is not measured in any way. A new study could examine how the case company can measure its carbon footprint in scopes 1, 2 and 3, and in which ways the company can reduce its environmental impact. Sustainability reporting has also been excluded from this study. EU's new corporate sustainability reporting directive includes detailed reporting requirements on sustainability issues such as social and human rights, environmental issues and governance factors (European Council 2022). The directive applies to large companies, but requirements are likely to flow down to smaller companies at some point. Another study could research the sustainability reporting, including the Global reporting initiative's standards (GRI n.d). The study would produce a comprehensive sustainability report for the case company.

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amfori BSCI Code of Conduct (short version)

Our enterprise agrees to respect the following principles to exercise human rights due diligence and environmental protection in as set out in the amfori BSCI Code of Conduct.

amfori BSCI Principles

Social management system and cascade effect

Our enterprise endorses the amfori BSCI Code of Conduct Principles through all the functions of our company and embeds the principles in our system.

Workers' involvement and protection

Our enterprise informs all workers about their rights and responsibilities and protects workers in line with the aspirations of the amfori BSCI Code of Conduct.

The rights of freedom of association and collective bargaining

Our enterprise respects the right of workers to form and join trade unions – and bargain collectively.

No discrimination, violence or harassment

Our enterprise treats all workers with respect and dignity, ensure that workers are not subject to any form of violence, harassment, and inhumane or degrading treatment in the workplace and does not discriminate against workers.

Fair remuneration

Our enterprise respects the right of workers to receive fair remuneration and works progressively towards the payment of a living wage.

Decent working hours

Our enterprise observes the law regarding working hours and adheres to the international references for specific exceptions.

Occupational health and safety

Our enterprise ensures a healthy and safe working environment, identifying potential and actual risks to the health and safety of workers and taking all necessary measures to eliminate and reduce them.

No child labour

Our enterprise does not employ, directly or indirectly, any worker below the legal minimum age.

Special protection for young workers

Our enterprise provides special protection to young workers against conditions of work which are prejudicial to their health, safety, morals, and development.

No precarious employment

Our enterprise does not engage in, or through business partners, complicit to, any form of servitude, forced, bonded, indentured, trafficked or non-voluntary labour and adheres to international principles of responsible recruitment.

No bonded, forced labour or human trafficking

Our enterprise does not engage in, or through business partners, be complicit to, any form of servitude, forced, bonded, indentured, trafficked or non-voluntary labour, including state-imposed forced labour.

Protection of the environment

Our enterprise implements adequate measures to prevent, mitigate and remediate adverse impacts on the surrounding communities, natural resources, climate, and the overall environment.

Ethical business behaviour

Our enterprise does not take part in any act of corruption, extortion, or embezzlement, nor in any form of bribery.

www.amfori.org/content/amfori-bsci-platform

Supplier agreement

This supplier agreement consists of general requirements related to the products, the supplier and the production conditions. All details concerning products, prices, terms of payment and shipment terms are provided in the purchase order and in its attachments.

The supplier shall comply with all applicable national laws and regulations. The buyer also expects the supplier to follow the below requirements.

PRODUCT SAFETY AND COMPLIANCE

All products must be safe and in compliance with all applicable EU laws, regulations and standards, without any exceptions. These include, but are not limited to, General product safety directive, Textile regulation, REACH regulation, Toy safety directive and related standards. Valid test reports and EU Declaration of conformity shall be provided to the buyer before shipment or upon request.

SOCIAL AUDIT

The buyer expects the supplier and their sub-contractors to implement sustainable business practices and conduct a social audit in their premises. As an amfori BSCI member, the buyer prefers BSCI audit, but accepts also SA8000 and SMETA. Social audits shall be repeated on regular basis and the audit reports shall be sent to the buyer without delay.

LABOUR AND HUMAN RIGHTS

The supplier shall be committed to high ethical standards and respect human rights in its operations according to internationally recognized human rights including, but not limited to, the UN Guiding Principles on Business and Human Rights, and International Labour Organization's (ILO) conventions and recommendations.

The supplier shall secure a safe and healthy working environment for all employees. The supplier shall treat all employees in a fair and equal manner, any form of discrimination is prohibited. The supplier shall not use forced labour or child labour i.e., hire workers under the age of 15 or under the local legal minimum age for work. The employees shall have right to form and join trade unions and bargain collectively. The supplier shall pay its employees fair remuneration, which complies with the applicable wage laws relating to minimum wages and decent working hours.

ENVIRONMENT

The supplier shall implement best possible measures to protect the environment, and to prevent, mitigate and remediate any harmful environmental impacts of its operations. The supplier shall comply with all applicable environmental laws and regulations.

Acknowledged and approved

The Supplier

The Buyer

Date _____

Date _____

Company name _____

Company name _____

Signature _____

Signature _____

Supplier code of conduct

Product safety and compliance

All products must be safe and in compliance with all applicable EU laws, regulations and standards, without any exceptions. These include, but are not limited to, General product safety directive, Textile regulation, REACH regulation, Toy safety directive and related standards. Valid test reports and EU Declaration of conformity shall be provided to the Buyer before shipment or upon request.

Social audit

The Buyer expects the Supplier and their sub-contractors to implement sustainable business practices and conduct a social audit in their premises. As an amfori BSCI member, the Buyer prefers BSCI audit, but accepts also SA8000 and SMETA. Social audits shall be repeated on regular basis and the audit reports shall be sent to the Buyer without delay.

Human rights

The Buyer company is committed to respect the human rights in its operations and business relationships. This Code of Conduct sets the values and ethical guidelines the Buyer company strives to implement in its supply chain. The Code of Conduct is based on international conventions such as the Universal Declaration of Human Rights, UN Guiding Principles for Business and Human Rights, International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and OECD Guidelines for Multinational Enterprises.

The principles of this Code of Conduct represent the minimum expectations set to the Supplier, their suppliers and sub-contractors. The Supplier is expected to share this information with all their employees and business partners involved in the production of the Buyer's products.

Legal and ethical requirements

The Supplier shall comply with all applicable laws and regulations. The Supplier shall also commit to the requirements of this document and ensure sustainable working methods in their operations.

The Supplier shall commit to high ethical standards in all operations. The Supplier shall not be involved in any act of corruption, extortion or embezzlement, or in any form of bribery. The Supplier is expected to keep accurate information regarding their activities, structure and performance, and they shall not participate in falsifying any information in the supply chain.

Workers' right

The Supplier shall have a written employment contract with all employees. The Supplier shall provide employees with understandable information about their rights, responsibilities and employment conditions, including working hours, remuneration and terms of payment. The employment relationship shall not cause insecurity and social or economic vulnerability for the employee.

No discrimination

The Supplier shall treat all employees in a fair and equal manner. The employees shall not be discriminated, excluded or favoured in any way on the basis of gender, age, religion, ethnic or national origin, social background, sexual orientation, diseases or disability, political opinions, or any other condition that could give rise to discrimination.

No forced labour

The Buyer does not accept any form of forced, bonded or non-voluntary labour. The Supplier shall ensure that all employees are treated with dignity and respect, and that migrant employees have the same rights as the local employees. The Supplier shall ensure that employees are not subject to degrading treatment, corporal punishment, mental or physical coercion or verbal abuse. All employees have the right to leave work and freely terminate their employment.

Child labour

The Buyer does not accept child labour. The Supplier shall not employ children under the age of 15, under the local minimum age for work or mandatory schooling age, whichever is higher. The aim is to protect children from any exploitation, and to encourage them to go to school and get an education.

In case the Supplier removes children from the workplace, they shall identify in a proactive manner, measures to ensure the protection of affected children. When appropriate, the Supplier shall pursue the possibility to provide decent work for adult household members of the affected children's family.

Protection for young workers

When young workers below the age of 18 are employed, the Supplier shall ensure that the work and the working conditions are not harmful for their health, safety and development. The young workers shall not work at night and the working hours shall not prejudice their attendance at school and getting an education.

Health and safety

The Supplier shall ensure safe and healthy working conditions for all employees. The premises shall be regularly maintained and cleaned, and the Supplier shall ensure that there are systems to detect, assess, avoid and respond to potential threats to the health and safety of workers. Effective measures shall be taken to prevent accidents, injuries or illnesses related to work.

Hazardous equipment or unsafe buildings are not accepted. Emergency exits must be clearly marked and unblocked, and all employees must have right to exit the premises from imminent danger without seeking permission. First aid equipment and personal protection equipment shall be available for all employees.

The Supplier shall ensure access to drinking water, clean and safe cooking and food storage areas as well as clean and safe eating and resting areas.

Wages

The Supplier shall respect the employees' right to receive fair compensation that is sufficient to provide them with a decent living for themselves and their families. The wages shall reflect the skills, education and experience of the employees, and they must be paid regularly, on time and according to the regular working hours.

The Supplier shall pay at least the statutory minimum wage, the prevailing industry minimum wage or collectively bargained minimum wage, whichever is higher. The wage shall include compensation for overtime work and annual leave.

Working hours

The Supplier shall ensure that the employees are not required to work more than 48 regular hours per week. Overtime work is accepted in exceptional cases. It must be voluntary for the employee, and it shall be compensated in accordance with the applicable wage laws. The overtime work shall not represent higher risk for occupational hazards, and it shall not exceed

12 hours per week. The employees shall have the right to resting breaks in every working day and the right to at least one day off in every seven days.

Freedom of association

The Supplier shall respect the employees' right to bargain collectively, and form and freely join trade unions. The employees shall not be harassed or discriminated in any way because of trade union membership.

In countries where trade union activity is unlawful, the Supplier shall allow the employees freely elect their representatives with whom the company can discuss the workplace issues.

Protection of the environment

The supplier shall comply with all applicable environmental laws and regulations, and they must have the relevant environmental permits for their operations. The Supplier shall assess the environmental impacts of their operations and they shall implement adequate measures to avoid environmental degradation.

The Supplier shall prevent or minimise their harmful effects on the surrounding community, natural resources and the overall environment. The measures shall include, but are not limited to, wastewater treatment, waste handling and recycling, efficient use of energy and resources, and reducing of greenhouse gas emissions.

The Supplier commits to comply with the principles of this Code of Conduct and ensures that all of its employees, suppliers and sub-contractors recognize and comply with the set requirements.

Acknowledged and approved

Place and date

Company

Signature

Interview questions

QUESTIONS FOR THE CEO

What does responsibility mean to our company?

How is this visible in our operations?

What does sustainability mean to us?

How is this visible in our operations?

Who is responsible for the responsibility of clothing?

Where does the impulse for responsible and sustainable procedures come from?

What are the responsibilities of our sourcing manager in China?

Why did we become a member in amfori BSCI? What is our goal?

QUESTIONS FOR THE PRODUCT MANAGERS

Responsibility and sustainability

What does responsibility mean to our company?

How is this visible in our operations?

What does sustainability mean to us?

How is this visible in our operations?

Suppliers and production conditions

What do we know about our suppliers?

What do we know about the production conditions?

How have we gained this information?

Have the factories been audited? When, by which auditor?

Do we request the audits or do the suppliers take care of them spontaneously?

Do we monitor the factories ourselves? When, by whom? Is this regular or random activity?

Certificates

What information and which certificates are required from the suppliers?

What do we do with the information and certificates?

How do we monitor the certificates (validity, renewal)?

What happens if the supplier does not have a certificate/ audit report?

How do we instruct the suppliers?

Do we need a code of conduct?

What requirements do we have for a new, potential supplier?

Product safety and quality

How do we make sure a product is safe?

How do we ensure a product's good quality?

What requirements does EU set for clothing?

Do we have enough information about the standards and requirements?

How does the supplier receive the information about the standards and requirements?

How does the designer consider the responsibility and sustainability?

Material choices

How do we choose a certain material for a product?

What affects the choice between organic cotton, BCI cotton and conventional cotton?

What affects the choice between recycled polyester and conventional polyester?

How do we consider sustainability and environment in material choices, including packaging?