



GoodWeave Generic Standard for the Rug Industry

Standard Development Public Summary

Introduction

The launch of the GoodWeave™ program and certification label in 2009 marked an important new phase for RugMark International (RMI) in its work to end illegal child labour in the handmade carpet industry. After 15 years of protecting children and promoting ethical carpet and rug production, RMI has phased out the RugMark® certification label and logo, replacing it with the new GoodWeave brand and a plan to strengthen and enhance its core mission. The development of a new Generic Standard for the Rug Industry is a central part of this transformation.

Since the founding of GoodWeave,¹ significant progress has been made in reducing the incidence of child labourers in the South Asian carpet industry. The vision of GoodWeave is to bring that number down to zero, to help eliminate child labour from other industries, and to give every child an opportunity to go to school. While GoodWeave's mission – guided by the principles of the United Nations Convention on the Rights of the Child – remains the same, there is a growing recognition that the problem of child labour is intertwined with those of adult working conditions and environmental stewardship.

Additionally, much has changed in the Western marketplace over the past decade. Supplier codes of conduct are increasingly commonplace and consumer recognition of ethical labels is greater than ever.

In order to better serve children and families in carpet weaving communities and recognizing the need to adapt to the changing marketplace, the GoodWeave certification is developing a new, more comprehensive set of requirements for its standard. Through the new standard under development, GoodWeave label directives will also be more rigorous and transparent, with input from a multi-stakeholder consultation process including worker, manufacturer, importer, retailer, non-governmental organization (NGO) and technical input.

¹ RMI re-branded its certification label to GoodWeave in 2009. In 2010 the organization will also re-brand to GoodWeave and for the purposes of this summary, the name GoodWeave will be used when referencing the certification label and the organization.

GoodWeave Operations

If enough people decide to buy *one rug over another* because it was made without child labour, then retailers and importers will demand only child-labour-free rugs from their manufacturers in producing countries. This is GoodWeave's theory of change. There will be a snowball effect, a "tipping point" in the market: businesses will sign with the GoodWeave certification program, because they need to stay competitive and because they recognize the need to address child labour. In other words, GoodWeave will reduce the demand for rugs made with child labour and replace it with demand for certified child-labour-free rugs.

GoodWeave's five-country network, operating in both producer (India and Nepal) and consumer countries (U.S., U.K. and Germany) fulfils its mission through:

- **Standard-setting** – GoodWeave establishes the standard behind the certification label. The current standard's core requirement is no illegal child labour. Recognizing that child labour is a complex issue and cannot be addressed in isolation, GoodWeave's standard is currently being broadened to include additional humanitarian and environmental criteria.
- **Monitoring and Certification** – Inspectors in South Asia visit licensed manufacturers on a surprise, random basis. Companies that join GoodWeave and meet its strict no-child-labour standards are issued unique, traceable certification labels for their carpets.
- **Rehabilitation and Education to Child Workers** – GoodWeave inspectors rescue children engaged in illegal child labour who are offered rehabilitation, education, vocational training, and (eventually) job placement. Children are reunited with their families when possible. To date, GoodWeave has freed more than 3,600 children from weaving looms and prevented thousands more from ending up there.
- **Child Labour Prevention** – GoodWeave takes several direct actions to prevent child labour, from awareness work at all levels of producer communities, including the provision of day care and early childhood education for the children of carpet weavers and school sponsorship for children at-risk of working.
- **Market Promotion and Expansion** – GoodWeave offices in the U.S. and Europe implement consumer awareness campaigns and recruit importers and retailers to carry products certified child-labour-free with the GoodWeave label.
- **International Governance and Accountability** – A representative council from producing and consumer countries governs the international network and standards.

GoodWeave believes that ultimately industry should pay for its own regulation and was set up as a self-financing model. Importers and exporters who use the GoodWeave label on their rugs pay licence fees totalling 1.25 to 2 percent of the export value of shipments. The majority of these fees help to fund social programmes in South Asia, while the balance is invested in building

awareness among consumers and developing a marketplace in which child-labour-free certification is demanded and available.

New Standard Rationale and Initial Findings

In 2006 RMI began to investigate the need for a new international standard for the rug industry. At the same time the decision was made to change the name of the certification program and label to GoodWeave to make it clear that the standards would be changing and to position the organization to grow into new manufacturing sectors in the future. A research paper commissioned in 2007, which was based on field research in India and Nepal, as well as desktop research of other existing standards, showed the following:

- The rug industry is still a “cottage industry” in many areas, with wages being paid on a piece-work basis, and no regular employment being guaranteed.
- In many of the smaller manufacturing units, there is no culture of management systems or record keeping, and therefore no accurate information on payment of minimum wages.
- Environmental impacts include smoke emissions, untreated effluent from washing and dyeing plants, and incorrect waste disposal.
- No other existing standard addresses the particular social and environmental impacts of rug manufacturing in South Asia.

Further, the Pilot Project carried out with exporters in Nepal between November 2008 and May 2009 has shown that:

- Nepal has adequate employment and environmental legislation in place, but there is virtually no government enforcement. Government Ministries have indicated that they would welcome voluntary compliance initiatives.
- The introduction of simple water treatment systems could reduce some of the harmful emissions. An initial environmental assessment has shown the main areas of impact to include discharge of acidic waste water from washing and dyeing plants, and damage to water quality from very high Biological Oxygen Demand (BOD) and Chemical Oxygen Demand (COD) rates.
- There is the potential to introduce solar power in many of the work places, and this would help the efficiency of the manufacturers who currently face severe electricity shortages and often turn to burning unclean fuel – further investigation is necessary.

- Existing social standards for workers in many weaving units are fairly low, and the whole industry could benefit from the introduction of basic management systems, proper recording of hours worked, as well as training on occupational health and safety.

The New Standard

The broad aims of the new international standard are as follows:

1. To end illegal child labour in the handmade rug industry and offer educational opportunities to children.
2. To have a positive impact on rug workers' lives, working conditions, and the industry as a whole, thereby helping to preserve and enhance a vital part of the economy and sustain a key sector of employment.
3. To ensure there are changes in the community growing out of the program.
4. To provide a coherent and consistent standard that can be applied across all rug producing countries, and which takes account of different methods of production.
5. To facilitate transparent monitoring and verification of working conditions.
6. To provide an independent assurance (label) for rug consumers worldwide.

The proposed structure of the standard is as follows:

- A progress standard with minimum entry requirements, which will include the prohibition of illegal child labour as well as payment of minimum wages and basic environmental and health and safety conditions.
- Generic content applicable to all rug producers meeting core International Labour Organization (ILO) requirements, as well as environmental criteria as identified by GoodWeave for the industry.
- Specific content dependent on type of production, e.g. factory production, village based weavers, bazaar/market purchasing, etc.
- The expectation that rug producers will make continuous improvements.
- Complaints system to allow for anonymous complaints to be made by workers and others where breaches of the standard have been observed.
- Major noncompliance system to be developed to allow for situations where a national solution needs to be found to an industry-wide breach of criteria.

The proposed principles overarching the new system are as follows:

1. No child labour is allowed
2. No forced or bonded labour is allowed
3. Freedom of association and collective bargaining are recognised
4. No discrimination is practised
5. Decent working conditions are respected
 - a) Workplace conditions
 - b) Wages
 - c) Working hours
 - d) No harsh or inhumane treatment
6. Negative environmental impacts of production are identified and minimised
7. Business processes are transparent and adhere to local regulations

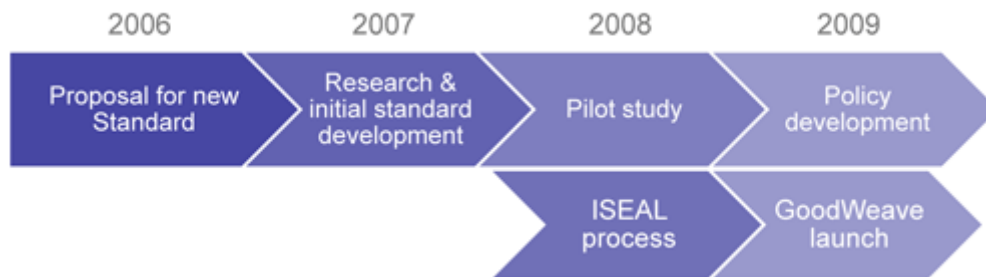
As with the current standard, producers will register their factories, manufacturing sites and subcontractors with the local GoodWeave office, and an initial inspection of all the facilities will be carried out. If this is satisfactory then the producer will be registered and a licence agreement signed to allow them to use the GoodWeave label. A dual system of ongoing inspections will be carried out with all licencees. An annual management review will take place with the licensee to ensure that the licensee is making progress against the requirements of the standard – these progress targets will be set on an individual basis by the liaison manager and will take into account the size and resources of the company. In addition, random inspections will be carried out on an ongoing basis to ensure that no children are working.

The new standard will initially only be applicable to the GoodWeave implementing organizations but could eventually become a generic international standard for the rug industry. In order to ensure that the best international standards are met GoodWeave is an associate member of the International Social and Environmental Accreditation and Labelling (ISEAL) Alliance and through the development of the new international standard is striving to meet the requirements of the ISEAL Standard Setting Code of Good Practice. (see <http://www.isealalliance.org/content/standard-setting-code>).

Progress Towards the New Standard

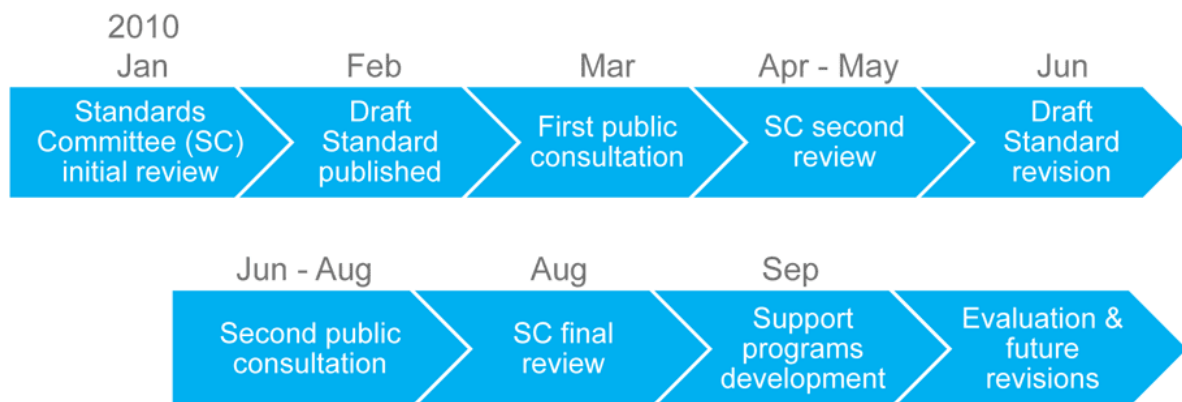
Since 2007 GoodWeave has been working towards developing the new standard.

1. In 2007 GoodWeave commissioned a Research Paper and commenced stakeholder outreach. Following this, the structure and criteria for the new standard were proposed (see above).
2. In 2008 GoodWeave commissioned a pilot study in Nepal working with seven GoodWeave exporters. The final results of the Pilot Project were produced in the autumn of 2009.
3. GoodWeave became an Associate Member of the ISEAL Alliance in June 2008, and plans to become a full member by June 2011.
4. In 2009, GoodWeave developed new policies for standard-setting:
 - a. Operating Procedure (OP) - Development of GoodWeave Standards (current version available online at <http://www.goodweave.net/documents/13>); and
 - b. Operating Procedure (OP) - Complaints Against GoodWeave Standards (current version available online at <http://www.goodweave.net/documents/13>).
5. In July 2009, GoodWeave introduced the new Good Weave label.
6. In November 2009, GoodWeave appointed a staff member to manage the standard development and stakeholder consultation process.



In 2010 the following actions have been initiated:

1. In January 2010, GoodWeave established a Standards Committee (SC) to lead the standard development process for the new label. Members of the SC are selected from key stakeholders, including manufacturers, importers, retailers, independent experts on child rights, adult workers and the environment, along with members of GoodWeave.
2. In February, GoodWeave prepared a draft Standard for public consultation and published it on the GoodWeave website (www.goodweave.net).
3. The first round of consultation took place from March 3 – May 1, during which GoodWeave conducted stakeholder outreach to gather feedback and suggestions on the new draft Standard. During this period over 300 individual comments were received from interested parties. A report detailing the results of the public consultation was prepared and is available by request to standards@goodweave.net.
4. In May the SC reviewed the results of the public consultation and revised the draft Standard based on stakeholder input.
5. The second round of consultation is scheduled to begin on June 30, 2010.



Next Steps in the Development of the New Standard:

1. Standards Committee to review the results of the second public consultation, conduct final revisions and sign off the new standard (August 2010).
2. Introduce the new Standard in all GoodWeave producer countries (Third Quarter 2010).
3. Confirm the appointment of an independent inspection organisation to visit registered producers and to check that they are complying with the new Standard (Fourth Quarter 2010).
4. Evaluate progress with the new Standard, including annual assessments of the impact of the new Standard in both exporting/producing and importing/consuming countries. The evaluation will look at:
 - a) The share of the market obtained by the new label;
 - b) Progress in the use of the new Standard throughout the industry;
 - c) Progress by producers in meeting the highest levels of the new Standard;
 - d) General change in working conditions in the whole industry;
 - e) Interest in extending the use of the new Standard to other producing countries; and
 - f) Knowledge of the GoodWeave label among consumers.
5. Each GoodWeave producer country may propose national variations to the international standard based on their experience of trying to implement it (2010-2011).
6. Become a full member of the ISEAL Alliance (June 2011).
7. The SC to conduct regular assessments and updates to the Standard (initially after 6 months and every 2 years thereafter).

Contributing to the Public Consultation

Interested parties may contribute to the consultation by submitting comments online at www.GoodWeave.net, by email to standards@goodweave.net, or by contacting a GoodWeave office in any GoodWeave producer or importer country. Comments on the process as well as the content of the draft Standard are encouraged.