



İHKİB CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE ANNUAL REPORT

2017

İHKİB CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

2017 ANNUAL REPORT

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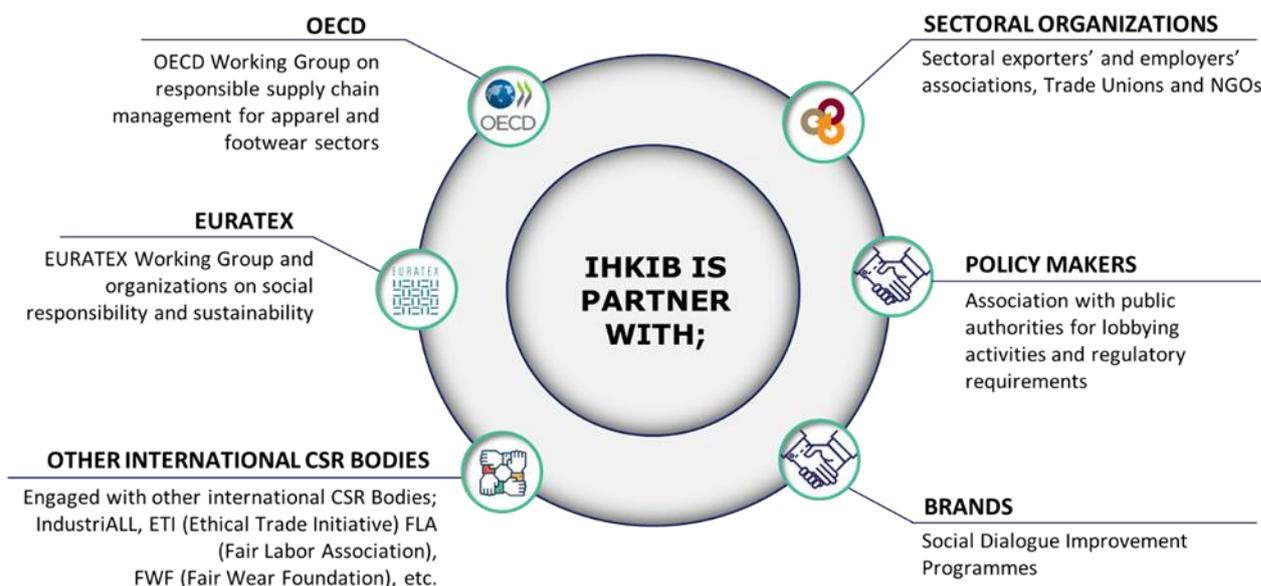
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A. LOBBY ACTIVITIES AND OUR COOPERATION

National & International CSR Partnerships



1. Platforms That IHKIB Take Place In

1.1 Turkey Ethical Trade Platform

The Platform was established in order to strengthen the Turkish clothing and textile sector's ability to implement the UNGPs by ETI (Ethical Trade Initiative) in 2016.

Governance of the Platform;

1. Steering Committee:

- Brands (Inditex, Asos, H&M)
- Trade Unions (IndustriALL)
- Trade Associations (IHKIB, TTSIS, TGSD)
- NGO's

2. Working Groups:

1. Purchasing Practices
2. Social Dialogue

3. Business and Human Rights
4. Local Stakeholder Group: ASDA, ASOS, Boden, Bonmarche, Burberry, C&A, Debenhams, Fatface, H&M, Hobbs, Inditex, John Lewis Partnership, Mayoral, M&S, Monsoon, Mothercare, N Brown Group, New Look, Next, Orsay, Primark, Shop Direct, SuperGroup, Tchibo, Tesco, White Company, Whistles & Z-Labels

1.2 Euratex Sustainability Group and Other Working Groups



“Sustainability Working Group” was established by Euratex, the Textile and Apparel Confederation of the EU. İHKİB Board Members Nilgün Özdemir and Cem Altan represent İHKİB in this working group.

İHKİB Board Member Nilgün Özdemir and Işıl Sazak, expert from İHKİB Apparel R & D Department participated “Sustainable Business” meeting in Barcelona on 15-16 March 2017. İHKİB Representative and Euratex Vice Chairman Ruşen Çetin participated the Euratex General Assembly on 8 June 2017 during which Sustainable Business was the main theme.

“Sustainable Business” meeting was organized by Euratex in Brussels on 11-12 October 2017. Euratex member organizations were represented in this meeting in addition to İHKİB Board Member Nilgün Özdemir and Chief of Apparel R & D Department, Ahmet Şişman also participated the meeting.

During this meeting it was mentioned that our sector and industry is squeezed between regulators, buyers and consumers and people generally do not know our industry very well.

Circular Economy issue was also another focus point of the meeting.

Moreover, in a new working group in Euratex established with the demand of European Commission, protection of human and environmental health, updating of Reach and discussion on limits of prohibited chemicals are studied.

In Euratex, there is another new working group named ‘Market Surveillance and Consumer Protection’ that also updates Rapex rules and İHKİB is represented by Board Member Nilgün Özdemir in this working group.

1.3 OECD Supply Chain Management Working Group

İHKİB took place in the OECD working group formed to prepare a guide on due diligence on responsible management in apparel and footwear industries. Under the framework of this working group, 3 meetings were made, the first one was on 8-9 June 2016. İHKİB Board Members Nilgün Özdemir and Cem Altan represented İHKİB in these meetings. The second meeting took place on 8-9 February 2017 in Paris under the name of “Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector”.



During this process, OECD published “Due Diligence Guide for Garment and Footwear Sector” and this guide was translated to Turkish by İHKİB.

Finally, on 30-31 January 2018, OECD Due Diligence in Textile, Garments and Footwear Forum was organized in Paris. During the “Purchasing Practices and

due diligence” panel of this Forum, Ahmet Şişman from İHKİB delegation made a presentation about İHKİB, its activities and CSR practices.



1.4 Corporate Social Responsibility Association of Turkey (KSSD)

CSR Turkey aims to promote CSR notion within international standards in Turkey and to increase CSR awareness which already exists with foundations, associations and guild culture in Turkey. CSR Turkey operates with an approach based on sustainable progress, corporate governance, public-civil society & private sector partnership. İHKİB became a member of KSSD and participated to the “9. CSR Projects Marketplace” Event. CSR Projects were shared through the event.

2 National & International CSR Partnerships

2.1 Multi-Stakeholder Initiatives of Sector

Governance organizations, aiming to promote decent work conditions and having members from apparel brands, trade unions, employee and employer NGO's, such as FLA (Fair Labor Association), FWF (Fair Wear Foundation), ETI (Ethical Trade Initiative), IndustriALL, etc.

2.2 ACT (Action, Collaboration, Transformation)

ACT is a ground-breaking agreement between global brands and retailers and trade unions to transform the garment and textile industry and achieve living wages for workers through industry-wide collective bargaining linked to purchasing practices. ACT is a foundation jointly created by global brands and retailers in the garment and textile sector and IndustriALL. Brands, retailers and IndustriALL realised that purchasing practices facilitating the payment of living wages, through the establishment of industry wide collective bargaining requires collaboration among brands and between companies and trade unions. ACT has started to its activities both in Turkey and Cambodia in 2017-2018 period.

2.3 Meetings with European Sectoral Organizations

Several visits were organized to inform the sectoral organizations abroad and our customers about the current situation of the Turkish Apparel Industry and to increase the image of the sector abroad. Meetings were organized in Netherlands, France and Belgium.

A meeting was organized for Dutch customer firms in cooperation with Dutch Textile and Apparel Sectoral Organization Modint on December 9th 2016 in Lahey. Dutch firms were informed about the situation of Turkish Apparel industry and exports.

Two more meetings were made with European counterparts, the first with the French textile and apparel industry representatives on January 17th 2017 and the next with the Belgium sectoral representatives on January 18th 2017.

2.4 IndustriALL and Brands

Workplace Social dialogue, act against child labour, integration of Syrian refugees, clean production models, eco-labelling were around outstanding partnership issues evaluated with Brands and IndustriALL in 2017. Some examples from these meetings;

- ✓ Defining Concept Note for Integration of Syrian Refugees
- ✓ Evaluation of Legal Amendment in Apprenticeship
- ✓ Modelling Actions Against Child Labor
- ✓ Meeting on Clean Production and Environmental Sustainability Partnerships

ILO – Syrian Employment Model Stakeholder Meeting – 26 April 2017

The stakeholder meeting of the working model to increase Syrian employment was made on 26 April in İHKİB with the participation of ILO, İHKİB, Labor and Social Security Ministry Representatives and brands.





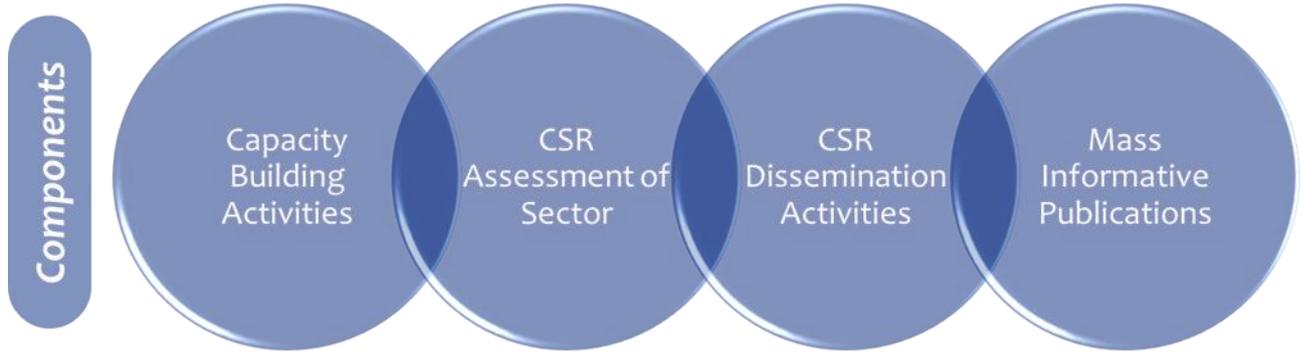
2.5 Social Compliance Partnership with ILO

ILO (International Labor Organization) and İHKİB has started a partnership programme on social compliance and HR management in apparel sector for 2018-2019 period, as a continuation of the joint project development and execution culture. The programme aims to support apparel sector in Syrian refugee employment through strengthening the social compliance and human resources management capacity of the sector.

B. CSR OPERATIONS

1. Harnessing Sustainable Linkages for the SMEs in Turkey's Textile Sector

- ✓ Period: 2010 – 2013
- ✓ Goal: Sustainability and rising CSR awareness in the sector
- ✓ Partners: With participation of İHKİB, UNDP, UNIDO and ILO (UN Joint Prog.)
- ✓ Budget: 1,1 million USD / Millennium Development Goal Achievement Fund



Capacity Building Activities: Trainings for 3.000 persons (workers, employers and staff of public & employer organizations) in 4 Pilot Provinces (Gaziantep, Malatya, Kahramanmaraş, Adıyaman)

- Labor standards and gender equality
- Clean production and environmental sensitivity
- CSR awareness

CSR Assessment of the Sector: Politic and Strategic CSR recommendations on micro, meso and macro levels was made in the Report and it was distributed to all members and also shared with policy makers. Dimensions of the Report;

- Sustainability and CSR Practices (Working Models) --- by İHKİB
- Environment and Clean Manufacturing --- by UNIDO
- Labor Rights and Women Workers --- by ILO

CSR Dissemination Activities: Promoting «Best CSR Practices» Report was prepared and distributed to the members. Additionally, a «Decent Work Film» was made with participation of employment and labor organizations, unions, labors and employers.

2. Mass Informative Publications – Labor Rights Booklets

Labour Rights Booklets are prepared with the aim of recognizing the labour rights and guiding to employees. The Booklets were firstly prepared in 2012 within the scope of UN Joint Programme on Harnessing Sustainable Linkages for the SMEs in Turkey's Textile Sector Project which was financed by MDG-F and managed in ILO, İTKİB, UNDP and UNIDO partnership. Content has been revised by Labour Inspection Board of Ministry of Labour and Social Security in 2016 and designed & published by İHKİB.

Booklets in the Series;

- Coordinated Working Conditions in 10 Steps
- Health and Safety at Work in 10 Steps

- Working Conditions for Youth and Child Labour in 30 Questions
- Worker's Rights to Rest in Breaks in 30 Questions
- Salaries in the Labour Rights in 40 Questions
- Working Hours in Labour Rights in 50 Questions
- Working Conditions of Women in 60 Questions

Booklets are available in ihkib.org.tr



3. Vocational Training for Syrian Youth and Women Project

- ✓ Period: 2015-2016
- ✓ Goal: Improving livelihoods & social security of refugees, in particular the youth and women, by providing them with skills for (self) employment in Textile and Apparel sector
- ✓ Partners: With coordination of UNIDO and participation of İHKİB, AFAD (Disaster and Emergency Management Agency), MEB (Turkish Ministry of Education)

- ✓ Budget: 1 million USD / Japanese Humanitarian Relief Fund

Geographic coverage of the project was 3 refugee camps in 3 cities (Şanlıurfa Harran Camp, Kilis Öncüpınar Camp and Gaziantep Islahiye Camp). Vocational training ateliers have been founded in these camps. Practical training materials and equipment (118 apparel machinery and other needed equipment) have been supplied. Trainers who were served at the workshops were trained. Fabric sponsorship was made by İHKİB Board members. 1.000 Syrian youth and women was trained through the Project. Apparel goods (esp. traditional clothing – galabeya) needed in Camps are still produced by trainees under the supervision of MEB.





4. Social Dialogue Programs in the Workplace

Workplace Social Dialogue Programmes are operated by Brands with IndustriALL. Aim of the Programmes is to raise awareness of the rights and responsibilities of employees working in supply chains of brands. İHKİB supports these Programmes. In these factories, these trainings were given to employer and worker representatives;

- ✓ Global framework contracts,
- ✓ Sustainability,
- ✓ Competitiveness and CSR,
- ✓ Employee rights and responsibilities,
- ✓ Effective communication,
- ✓ Labor rights and responsibilities,
- ✓ Communication and negotiation techniques.

Related with this, “Social Dialogue in the Workplace Workshop” was organized under “Improvement of Social Dialogue at the Workplace Project” on October 11th 2017. Burç Demir from İTKİB Apparel R & D Department represented İHKİB in this meeting. Burç Demir made a presentation about “Corporate Social Responsibility and Competition” and informed about the CSR activities and projects of İHKİB.

5. SLCP (Social and Labor Convergence Project)

SLCP aims to bring together unique perspectives to create an efficient, scalable and sustainable solution for social audits with industry-wide framework to assess social and labor conditions. Over than 160 signatories are participating World-wide (brands, retailers, manufacturers, auditors, NGO's, public organizations, industry-sector organizations) İHKİB involved to SLCP as signatory in December 2017.



6. Seminars on Integration of Syrian Refugees

Turkey hosts and protects four million Syrians. In order to achieve long-term solutions that will enable four million people to live at or above humanitarian standards, it is necessary to employ refugees with work competence. Regarding

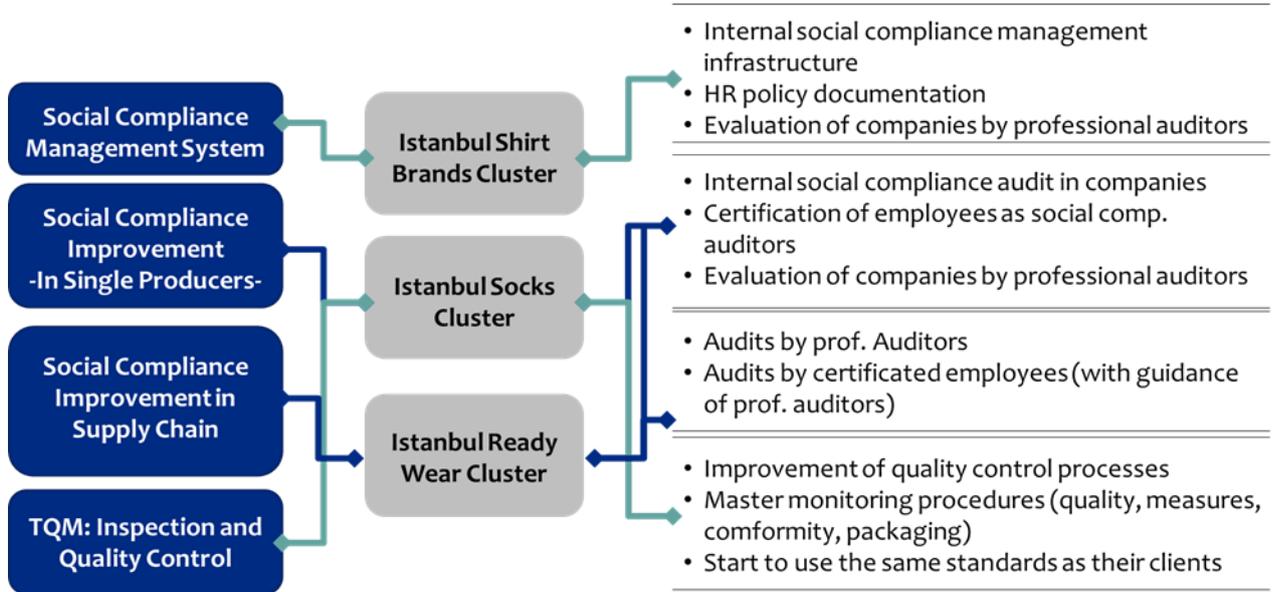
this fact, a number of foreign employment info-days were arranged for members and related meetings were followed by İHKİB.





7. Social Compliance Improvement Programmes

These programmes have been implemented in sub-sector Cluster Projects which are coordinated by IHKIB and financially supported by Ministry of Economy since 2016.



C. WORKS ON PUBLIC POLICIES

1. International Cooperation Proposal for the Creation of Employment Opportunities for Syrian Refugees Residing in Turkey – Communication from Turkey in WTO Ministerial Conference

“Initiatives in International Arena to Create Employment for Syrian Refugees Living in Turkey” meeting was organized by Economy Ministry in Ankara on December 5th 2017. İHKİB Board Members Jale Tuncel and Nilgün Özdemir as well as Ahmet Şişman from Apparel R&D Department participated the meeting.



The following communication, dated 10 December 2017, is being circulated at the request of the delegations of Qatar and Turkey in WTO Ministerial Conference in Buenos Aires, 10-13 December 2017. The international cooperation proposal is prepared in accordance with the following facts:

- Due to the Syrian Civil War, Turkey has become home to the world's largest refugee population.
- Normalization will take years in Syria, even after the civil war, which is in its sixth year.
- Refugees who have come to Turkey may be living in Turkey for at least 15 years more.
- Therefore, the projects for solving humanitarian problems should be long-lasting.
- Considering that refugees will likely live in Turkey for many years, and that many will reach working age during their time in Turkey and prefer to live in Turkey in

the post-war period, employment opportunities for refugees should support a healthy socio-economic integration.



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COOPERATION FOR PROVIDING EMPLOYMENT FOR DISPLACED SYRIANS

COMMUNICATION FROM TURKEY

The following communication, dated 4 December 2017, is being circulated at the request of the delegation of Turkey.

1.1. The conflict in Syria has created the worst humanitarian crisis of our time. The death toll has surpassed half million and half the country's pre-conflict population — more than 11 million people — have been forced to flee their homes and been displaced.

1.2. There are more than 3 million Syrians just in Turkey and more in other neighbouring countries. Countries that are hosting displaced Syrians have mobilized all their resources to bring sustainable solutions for the issues of migration and displaced persons in terms of humanitarian assistance to improve the living conditions of the people they host.

1.3. However, as the Syrian humanitarian crisis has clearly proved, refugee and migration issues require mutual responsibility sharing and international cooperation, especially taking into account the fact that the major host countries in this case are developing countries. Keeping in mind that the normalization will take years in Syria, it is an absolute necessity to take urgent measures and to formulate selective policies that will have an enduring effect to increase the participation of Syrians to social and economic life in host countries.

1.4. This is essential both for the wellbeing of the displaced persons (and refugees) and economic, political and social stability of the host countries.

1.5. In this regard, believing that "trade" can be used as a means for more equitable sharing of responsibility by the international community to alleviate the adverse impacts on the countries hosting especially significantly large number of refugees, we call on the international community to ease the financial, economic and social responsibility of the host countries.

1.6. The Annex includes a draft Ministerial Decision that declares the intention to cooperate for providing employment for Syrians in host countries. Turkey proposes that Members consider adopting this decision at MC11 as an important sign of international solidarity and cooperation in terms of coping with the side effects of this continuing important humanitarian crisis.

- The project under the WTO is aimed to begin in the new year and all WTO members are demanded to apply the same derogation (preferred tariff rates).
- The support of the participants to the meeting and international support for the project are needed at global level.
- The support of the EU and the USA is needed at the WTO level.

Under this framework, our representative in Brussels submitted the "Cooperation for Providing Employment for Displaced Syrians" communication to Euratex and requested the support of the Euratex at the EU level.

2. Child Labor Prevention Platform

In parallel with the recent news in international media claiming that child labor is employed in our textile, apparel and leather industries and considering that such news negatively influence international competition of our sectors, a platform

was decided to establish to solve child labor problem in Turkey with the participation of all sides.

Under this framework, a working meeting “on child labor and Syrian workers” was organized on March 9th 2017. The establishment of the Platform was decided in this meeting but afterwards it was noticed that the ILO, IndustriALL and some brands have hesitation on the compliance of “Vocational Technical Education Law Amendment” and “Candidate Apprenticeship” to international norms and standards. Best practices are needed to follow therefore information on best practices were requested from the Ministry of Education, General Directorate for Vocational and Technical Training. The establishment of the platform will continue depending on the information and best practices from the Ministry of Education.

3. Position Paper on Child Labor Problem in Turkey

“Position Paper on Child Labor Problem in Turkey” was prepared by İHKİB to show the position of İHKİB in child labor and its activities in this field.

The Position Paper was prepared in Turkish and English. The Paper includes the reality of Syrian refugees in Turkey, the international treaties that Turkey signed about child labor and EU legislation in this issue. The Paper also includes the activities of İHKİB in preventing child labor in Turkey.

4. Official Letters

- On March 28th 2017, official letter was sent on behalf of apparel sector to Labor and Social Security Ministry requesting the removal of fees paid for foreign labor permission since they create a burden on firms.
- On April 20th 2017, official letter was sent to Economy Ministry, General Directorate for Exports about “The OECD Guideline of Due Diligence in Supply Chains in Textile, Apparel and Footwear Sectors.” and informed about the ongoing process.
- On November 9th 2017, official letter was sent to Economy Ministry, General Directorate for Exports telling that the working of the “Child Labor Preventing Platform” would continue only after the best practices are identified in “Vocational Technical Training Law Amendment” and “Candidate Apprenticeship” fields.

- On November 24th 2017, official letter was sent to Ministry of Education, General Directorate for Vocational and Technical Education telling that the ILO and brands have hesitations on the amendment for vocational education law and requesting the best practices in this field to be shared with İHKİB.