



The investigations into working conditions in the textile industry

According to the Guidelines for Observation and Exclusion from the Government Pension Fund Global (GPF), the Council on Ethics may recommend the exclusion of a company when there is an unacceptable risk that the company contributes to or is responsible for serious or systematic human rights violations. In relation to this criterion, the Council has in 2015 particularly focused on workers' rights in the textile industry.

The fund is invested in a large number of textile companies, from spinning mills to large brands, in many countries. Most of the fund's textile companies do not manufacture textiles themselves, but buy them from many different factories in numerous countries. The Council's work has nevertheless targeted companies that manufacture their own textiles. Although companies have a responsibility for human rights violations in their supply chain, a buyer's contribution to human rights violations may be a complex issue. However, there is no doubt that a company is responsible for such violations when they take place in its own operations.

At this time, the Council has prioritised companies that own factories in countries where generally very poor working conditions have been reported in textile factories. The Council has written to the companies asking for information on working hours, trade unions, contracts and working conditions in the factories, as well as what measures the companies are taking to prevent violations of workers' rights. With the help of consultants, the working conditions at some of the companies' factories in Cambodia and Vietnam are now being investigated. Workers have been interviewed and some factories have been visited. The investigations show that violations of workers' rights also take place in the fund's companies and to a large extent confirm that revealed by other corresponding investigations. The most serious violations that have been disclosed are some cases of hazardous work being carried out by young employees and cases of child labour. Discrimination, mandatory overtime, unlawful short-term contracts, illegal pay deductions and measures implemented by the factory management to prevent workers from joining trade unions are more common. Based on these findings, the Council is now in dialogue with several companies.

The ILO Conventions and other human rights conventions are the basis for the Council's assessment of violations of workers' rights. While violations of some conventions, such as forced labour or the worst forms of child labour, may on their own be enough for a company to be excluded from the fund, the Council will in the case of less serious violations place emphasis on the cumulative effects – on whether the violations in total lead to unacceptable working conditions.

Compared to other companies contacted by the Council, fewer textile manufacturers have replied to the Council's questions. They also publish little information on their websites and annual reports and do not seem to have systems for protecting workers' rights in their operations. In accordance with that stated in White Paper no. 20 (2008-2009), the Council finds that *"a lack of information on a company's conduct and, not least, the company's lack of willingness to disclose information may in itself contribute to the risk of complicity in unethical conduct being regarded as unacceptably high."*

The Council will continue its work relating to textile manufacturers in 2016 and will expand its research to include companies with operations in India and Bangladesh. The work so far shows that few of the fund's companies manufacture their own textiles in these countries. Once the work on these companies has finished, the Council will decide whether production in other countries is to be included in its investigations and whether it should take a closer look at companies which buy textiles from these countries.