

## **Responsible Trading Guidelines (RTG) – 2013 update**

### **Introduction**

In 2003, Retail Council of Canada (RCC) worked with its members to develop the Responsible Trading Guidelines (“RTG”). The RTG were intended as a baseline in responsible sourcing for all sizes of Canadian retailers. After the Rana Plaza tragedy in Bangladesh in 2013, their scope was expanded and updated with references to best practice conventions and codes from NGOs and multilateral organizations. The RTG are meant to provide guidelines for members that would like to create or update their own codes.

### **A. Scope**

The RTG shall apply only to finished consumer goods purchased for resale to consumers.

Retailers that adopt the RTG shall use reasonable efforts to require their suppliers to comply with the guidelines. Those suppliers will likewise use reasonable efforts to require their contractors to include the guidelines in their contracts for the purchase of goods and services forming a direct component of finished consumer goods.

Retailers that adopt the RTG may limit their application to certain goods made or sold by the retailer or to activities of any designated part of the retailer, provided the limitation is indicated by the company.

### **B. Definition**

Supplier means any natural or legal person from whom a Canadian retailer directly purchases finished consumer goods for resale to Canadian consumers.

Contractor means any natural or legal person that provides the supplier with goods or services directly used in the production of finished consumer goods purchased by the retailer.

### **C. Guidelines**

The guidelines provided below also have references to other codes and conventions, and are intended to provide further detail on the particular element.

#### **Compliance with Laws and Workplace Regulations**

The laws and regulations of the countries, including fire, building and equipment safety regulations, where goods are made, shall be complied with.

*Reference: ILO Convention 158 and Ethical Trading Initiative Base Code, article 8; Global Social Compliance Programme Reference Code, Version 2, page 4 (Compliance with international labour standards and national legislation); Fair Labor Association Workplace Code of Conduct, Employment Relationship Code Element*

### **Prohibition of Forced Labour**

Forced labour shall not be used, whether in the form of prison labour, indentured labour, bonded labour or otherwise.

*Reference: ILO Convention 29 and 105, Ethical Trading Initiative Base Code, article 1, Global Social Compliance Programme Reference Code, Version 2, Chapter 1; Fair Labor Association Workplace Code of Conduct, Forced Labor Code Element*

### **Prohibition of Child Labour**

No person shall be employed under the age of 15 (or 14 where the law of the country permits), or under the age for completing compulsory schooling, or under the minimum age required by law in the country, whichever is greater.

*Reference: ILO Conventions 138 and 182 and Recommendation 190, Ethical Trading Initiative Base Code, article 4, Global Social Compliance Programme Reference Code, Version 2, Chapter 2; Fair Labor Association Workplace Code of Conduct; Child Labor Code Element;*

### **Prohibition of Harassment or Abuse**

Corporal punishment and other forms of coercion, abuse or harassment, whether psychological, sexual or physical, shall be prohibited.

*Reference: Ethical Trading Initiative Base Code, article 9; Global Social Compliance Programme Reference Code, Version 2, Chapter 4; Fair Labor Association Workplace Code of Conduct, Harassment or Abuse Code Element*

### **Prohibition of Discrimination**

Discrimination in hiring or any other terms or conditions of work, other than bona fide occupational requirements allowed by law, based on race, colour, national origin, religion, disability, gender, sexual orientation, marital status or political opinion, shall be prohibited.

*Reference: ILO Conventions 100 and 111; Ethical Trading Initiative Base Code, article 7; Global Social Compliance Programme Reference Code, Version 2, Chapter 4; Fair Labor Association Workplace Code of Conduct, Nondiscrimination Code Element*

### **Prohibition of Unauthorized Subcontracting**

The supplier shall disclose to the retailer, for its approval, any and all contractors that provide the supplier with materials, components, goods or services directly used in the production of finished consumer goods purchased by the retailer.

Production and related processes carried out in an undisclosed, unapproved and/or prohibited facility by a contractor is prohibited.

### **Freedom of Association and Collective Bargaining**

Employees shall be permitted to exercise lawful rights of free association and collective bargaining.

*Reference: ILO Conventions 87, 98 and 135; Ethical Trading Initiative Base Code, article 2; Global Social Compliance Programme Reference Code, Version 2, Chapter 3; and Fair Labor Association Workplace Code of Conduct, Freedom of Association and Collective Bargaining Code Element*

### **Hours of Work**

The laws on working hours of the countries where goods are made shall be complied with and employees shall be entitled to at least one day off in every seven day period, except as required to meet urgent business needs.

*Reference: ILO Convention 1 and 14 and Recommendation 116; Ethical Trading Initiative Base Code, article 6; Global Social Compliance Programme Reference Code, Version 2, Chapter 7; and Fair Labor Association Workplace Code of Conduct, Hours of Work Code Element*

### **Health and Safety**

Conditions in all work and workplace residential facilities shall be safe, clean and consistent with all applicable laws and regulations regarding health, fire, building and equipment safety. Suppliers and contractors should regularly inspect and provide adequate safeguards against fire, and should maintain the strength, stability and safety of buildings and equipment, including residential facilities where provided.

*Reference: ILO Conventions 155, 161 and Recommendation 164; Ethical Trading Initiative Base Code, article 3, Global Social Compliance Programme Reference Code, Version 2, Chapter 5; Fair Labor Association Workplace Code of Conduct, Health, Safety and Environment Code Element; and The Alliance for Bangladesh Worker Safety Fire Safety and Structural Integrity Standard*

### **Wages and Benefits**

Employees shall be paid the higher of the minimum wage required by laws of the countries where goods are made or the prevailing industry wage and shall be entitled to all legally mandated benefits.

Deductions from wages, not provided by the laws of the countries where goods are made, shall not be permitted without the express permission of the employee.

*Reference: ILO Convention 95 and 131 Recommendation 85 and 135, Ethical Trade Initiative Base Code, article 5; Global Social Compliance Programme Reference Code, Version 2, Chapter 6; and Fair Labor Association Workplace Code of Conduct, Compensation Code Element*

### **Corruption and Unethical Practices**

Suppliers must not tolerate, permit, or engage in bribery, corruption, deception or any other unethical practices.

*Reference: UN Convention Against Corruption*

### **Environment**

Suppliers must comply with all national, local, provincial or other applicable environmental laws and regulations of the country where products are manufactured including but not limited to those related to

solid waste, wastewater, hazardous materials, ozone depleting substances, noise and air pollution. Suppliers are encouraged to implement management systems to reduce energy usage and minimize the negative impact of their operations on the environment, in particular water and air.

*Reference: Global Social Compliance Programme Environmental Requirement; and Fair Labor Association Workplace Code of Conduct, Health, Safety and Environment Code Element;*

#### **D. Principles of Implementation**

The RTG shall form part of any agreement the retailer enters into with its suppliers.

The retailer shall evaluate its suppliers by assessing their observance of the RTG.

Retailers that adopt the RTG shall use reasonable efforts to require their suppliers to comply with the guidelines.

The retailer shall assign responsibility for the implementation of the RTG to a responsible member of management and have a company representative, or require its suppliers to have a company representative, and not an agent, responsible for monitoring compliance with the RTG in all countries from which it is sourcing product.

Employees to whom the RTG applies shall be informed of it through the posting of the code in a prominent place in the local languages spoken by the employees and managers.

Employees to whom the RTG applies shall be provided with a confidential means of reporting violations of the RTG to the retailer and shall not be disciplined, dismissed or discriminated against for providing information about the observance of the guidelines.

#### **Application**

The RTG applies only to finished consumer goods purchased for resale to consumers.

The RTG ask retailers to use reasonable efforts to require their suppliers to provide decent, safe, legal and humane working conditions at the manufacturing stage. Those suppliers are also asked to use reasonable efforts to require their contractors to include these guidelines in their contracts and have prohibited unauthorized subcontracting.

#### **Implementation**

Implementation of these guidelines is a collaborative effort with retailers, suppliers, government, and others. Nevertheless, to promote the implementation of these guidelines, retailers who adopt these guidelines have been asked to commit to the principles outlined above. Retail Council of Canada urges all Canadian retailers to join its member organizations in adopting the RTG.