



Guidance on Social and Environmental Due Diligence for China's Textile and Apparel Enterprises



Please cite this publication as:

China National Textile and Apparel Council (2023), Guidance on Social and Environmental Due Diligence for China's Textile and Apparel Enterprises.

Contact us: csr@ctic.org.cn

Preamble

Since the United Nations Guiding Principles on Business and Human Rights formally introduced “human rights due diligence”, the basic framework of due diligence has been established at the international normative level. In recent years, due diligence or supply chain due diligence based on human rights and environmental risks has become a core issue in the agenda of responsible business conduct in China and abroad. On the one hand, due diligence has become a policy lever and compliance orientation for an increasing number of public institutions to regulate supply chain responsibility, and on the other hand, it is increasingly becoming a basic practice and common approach for industry to address social and environmental risks in the supply chain. In September 2021, the Chinese government released Human Rights Action Plan (2021-2025) and brought forward “Promoting responsible business conduct in global supply chains.” It encourages Chinese businesses to abide by the UN Guiding Principles on Business and Human Rights in their foreign trade and investment, to conduct due diligence on human rights, and to fulfill their social responsibility to respect and promote human rights. This has laid the policy foundation for Chinese companies, including textile and apparel companies, to understand and implement social and environmental due diligence.

At the same time, more and more Chinese textile and apparel enterprises are growing into “chain owners” in their niche industries or direct-to-consumer brand enterprises, which makes maintaining and promoting a safe, stable, resilient and sustainable supply chain ecology a fundamental part of the enterprise’s longevity. This also means that due diligence based on supply chain and focusing on social and environmental risks must become the basic skills for enterprises to fulfill their social responsibility and promote sustainable development. For a large number of Chinese supply chain companies that rely on domestic and foreign buyers and brands, their customers’ supply chain due diligence based on legal compliance, risk management or value creation has also put forward more detailed and strict requirements, including fully understanding and adapting to supply chain due diligence.

This *Guidance on Social and Environmental Due Diligence for China’s Textile and Apparel Enterprises* aims to meet the needs of the above-mentioned growing number of companies at all levels of the industry to understand and apply due diligence. Based on the UN Sustainable Development Goals (SDGs), the industry development status and Chinese laws and regulations, and incorporating the essence and experience of domestic and international standards and guidelines related to due diligence, this *Guidance* aims to provide a practical, complete and systematic tool for enterprises to carry out due diligence and build a responsible supply chain. This *Guidance* also aims to enhance the ability of enterprises to identify and manage their own social and environmental risks and those of their supply chain, to take advantage of opportunities of social and environmental value, and to conduct constructive cooperation with stakeholders in the supply chain.

In the research and development process, strong support has been received from international organizations, including the Organization for Economic Cooperation and Development. The Office for Social Responsibility of the China National Textile and Apparel Council will track and evaluate the use of this *Guidance* and feedback from enterprises, and organize revisions when necessary.

Contents

Preamble.....	I
1. Social and Environmental Due Diligence	1
1.1 Introduction to Social and Environmental Due Diligence.....	2
1.2 Embed Responsible Business Conduct into Policies and Management Systems	3
1.2.1 Develop Responsible Business Conduct Management Policies	3
1.2.2 Embed Responsible Business Conduct into Management Systems.....	4
1.2.3 Embed Responsible Business Conduct into Supply Chains	5
1.3 Identify and Assess Adverse Impacts in Operations, Supply Chains and Business Relationships	7
1.3.1 Carry out a Broad Scoping Exercise	7
1.3.2 Identify and Assess Adverse Impacts	8
1.3.3 Prioritization of Risk Factors	10
1.3.4 Determine the Appropriate Responses.....	11
1.4 Cease, Prevent or Mitigate Adverse Impacts.....	13
1.4.1 Manage Risks Caused or Contributed to by Enterprises.....	13
1.4.2 Manage Risks Arising from Business Relationships	16
1.4.3 Collaborate in Carrying Out Due Diligence	18
1.5 Track Implementation and Results	20
1.6 Communicate How Impacts Are Addressed	21
1.7 Provide for or Cooperate in Remediation When Appropriate	22
1.7.1 Eliminate and Remediate Adverse Impacts	22
1.7.2 Address Differences.....	23
2. Employees	25
2.1 Embed Employee Rights and Interests Protection into Enterprise Policies and Management Systems.....	26
2.2 Identify and Assess Adverse Impacts on Employees	31
2.3 Cease, Prevent or Mitigate Adverse Impacts.....	34
2.4 Track Implementation and Results	36
2.5 Communicate How Impacts Are Addressed	38
2.6 Provide for or Cooperate in Remediation When Appropriate	38
3. Clients and Customers.....	41
3.1 Embed Client / Customer Rights and Interests Protection into Enterprise Policies and Management Systems.....	42
3.2 Identify and Assess Adverse Impacts on Client / Customer.....	42
3.3 Cease, Prevent or Mitigate Adverse Impacts.....	44
3.4 Track Implementation and Results	45
3.5 Provide for or Cooperate in Remediation When Appropriate	45



4. The Community	47
4.1 Embed the Community Relation Building into Enterprise Policies and Management Systems	48
4.2 Identify and Assess Adverse Impacts on the Community	48
4.3 Cease, Prevent or Mitigate Adverse Impacts.....	49
4.4 Track Implementation and Results	51
4.5 Communicate How Impacts Are Addressed	52
4.6 Provide for or Cooperate in Remediation When Appropriate	52
5. The Environment.....	54
5.1 Embed the Environment Protection into Enterprise Policies and Management Systems.....	55
5.2 Identify and Assess Adverse Impacts on Environment	56
5.3 Cease, Prevent or Mitigate Adverse Impacts.....	57
5.4 Track Implementation and Results	59
5.5 Communicate How Impacts Are Addressed	59
5.6 Provide for or Cooperate in Remediation When Appropriate	60
6. Anti-corruption.....	61
6.1 Embed Integrity Building into Enterprise Policies and Management Systems	62
6.2 Identify and Assess Risks of Bribery, Bribe Solicitation and Extortion	63
6.3 Cease, Prevent or Mitigate Adverse Impacts.....	63
6.4 Track Implementation and Results	65
Annex	66
Annex 1: Embed Due Diligence into Issues about the Employee	67
Annex 2: Embed Due Diligence into Issues about the Environment	109
Annex 3: List of References of Due Diligence.....	128