

**First Draft**

**ADAPTATION  
OF**



**NATIONAL GUIDELINES  
ON RESPONSIBLE  
BUSINESS CONDUCT**

**Readymade Garment Sector**

**Prepared by  
School of Business Environment | SBE**

## Acknowledgements

The development of Readymade Garment Sector-Specific Supplements of National Guidelines on Responsible Business Conduct was anchored by the School of Business Environment team from the Indian Institute of Corporate Affairs, under the leadership of the Director General & Chief Executive Officer of the Indian Institute of Corporate Affairs. The Indian Institute of Corporate Affairs is a premier policy research, advocacy and knowledge-dissemination institution, functioning autonomously under the aegis of the Ministry of Corporate Affairs, Government of India. With the institution's legacy of delivering strategic technical inputs on key national law and policy documents, it has been leading the robust development of the responsible business ecosystem in India through its School of Business Environment. For the purpose of guiding the process of development of these guidelines, Indian Institute of Corporate Affairs, set up an Advisory Committee. The members of the Advisory Committee, whose names are provided in Annexure XX, played a crucial role in drafting these guidelines. ICCSPL provided support throughout the process.

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# Chapter I: Introduction

## National Guidelines on Responsible Business Conduct (NGRBC)

### Background

In 2019, The Ministry of Corporate Affairs (MCA), Government of India, released the National Guidelines on Responsible Business Conduct (NGRBC) to provide guidance to businesses on what constitutes responsible business conduct. This was an updated version of the 2011 Document called the National Voluntary Guidelines on the Social, Environmental and Economic Responsibilities of Business (NVGs), incorporating several relevant global and Indian developments that happened subsequently such as Sustainable Development Goals (SDGs), the United Nations Guiding Principles (UNGP), the Paris Agreement on Climate Change and the Companies Act of 2013 to name a few. As with the NVGs, the NGRBC has been designed to assist businesses to perform above and beyond the requirements of regulatory compliance. The NGRBC was endorsed by the Hon'ble Prime Minister and the then Minister of Finance and Corporate Affairs, signalling the importance of the NGRBC.

### Outline of the Guidelines

The NGRBC contain the nine thematic pillars of business responsibility which are called Principles, which are interdependent, interrelated and non-divisible. Each Principle consists of 3 parts:

- An **“Introductory Statement”** articulating what the principle is about
- A narration of the essential aspects of the Principle, referred to as the **“Brief Description”**
- **“Core Elements”** which detail out the set of actions a business must take to be aligned with the Principle.

### The nine NGRBC principles are:

1. Businesses should conduct and govern themselves with integrity in a manner that is Ethical, Transparent and Accountable.
2. Businesses should provide goods and services in a manner that is sustainable and safe
3. Businesses should respect and promote the well-being of all employees, including those in their value chains.
4. Businesses should respect the interests of and be responsive to all their stakeholders.
5. Businesses should respect and promote human rights.
6. Businesses should respect and make efforts to protect and restore the environment.
7. Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
8. Businesses should promote inclusive growth and equitable development.
9. Businesses should engage with and provide value to their consumers in a responsible manner.

### About Sectoral Adaptation of NGRBC

The NGRBC was designed as a generic, high-level document that cuts across all business sectors and was applicable for large companies to small and micro enterprises. This is evident from the articulation of the actionable portions of the guideline – the **Core Elements**. All companies across all sectors were not expected to be in a position to act on every single Core Element.

It was, therefore, envisaged that **“sector supplements”** or **“sector guidelines”** will be developed, adapting the NGRBC to each sector, thus contextualising the guidelines to that sector, thereby making it easier for businesses in that sector to act on them. Once these sector adaptations are done, it may also enable businesses to tailor-make the disclosure formats – the Business Responsibility and Sustainability Report – to the sector.

## Adaptation of NGRBC for Readymade Garment Sector in India

### The Context

India's domestic garment market was estimated to be US\$ 68 billion in 2019 which has grown at an annual growth rate of 9% in the last 5 years. About 45 million people are employed by India's RMG sector, which makes it the largest employment provider for all sectors. The garment manufacturing supply chain is one of the most diverse supply chains in India. Of it, 60-70% of units are unorganized which is characterized by MSME in specific clusters across the country. This aspect throws light on various social issues in the sector ranging from child labour, and gender-based pay inequality to other pertinent labour rights issues. Apart from this, the garment manufacturing value chain is a resource and GHG emissions-intensive and contributes immensely to toxic waste accumulation, making it one of the most polluting manufacturing value chains in India. In the garment production stage, the harmful health impacts of handling toxic dyes during the dyeing process without protective equipment compounded with long working hours, poor working conditions and low minimum wages are other social impacts of this industry. India's domestic garment market was estimated to be US\$ 68 billion in 2019 which has grown at an annual growth rate of 9% in the last 5 years. About 45 million people are employed by India's RMG sector, which makes it the largest employment provider for all sectors.

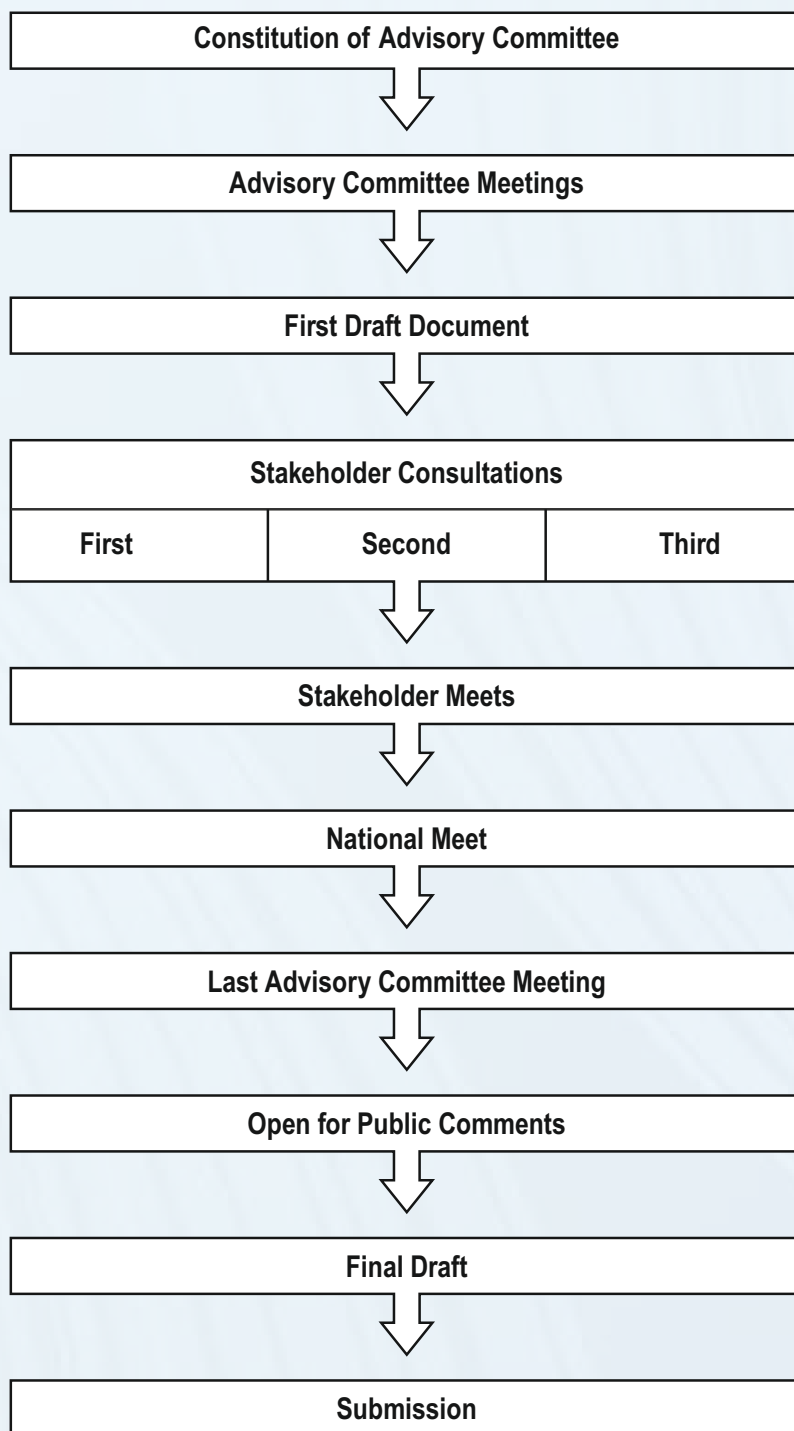
The garment manufacturing supply chain is one of the most diverse supply chains in India. Of it, 60-70% of units are unorganized which is characterized by MSME in specific clusters across the country. This aspect throws light on various social issues in the sector ranging from child labour, and gender-based pay inequality to other pertinent labour rights issues. Because of these issues, this sector was chosen for the development of first sector supplement of NGRBC.

### The Process

An Advisory Committee, consisting of representatives from the Indian Institute of Corporate Affairs, Ministry of Textile, SEBI, NITI Aayog, International Labour Organization (ILO), UNICEF, BMS, ICCSPL, Partners-in-Change, Toxic Links, Save the Children and other relevant stakeholders from the private sector and non-governmental organisations was constituted in 2022 to guide the process of development of the RMG Sector-Specific NGRBC Adaptation. On the advice of the committee four Pan-India stakeholder consultations were held with stakeholders ranging from relevant Governmental bodies, leading corporates, think-tanks and NGOs in this sector, making this a representative process.

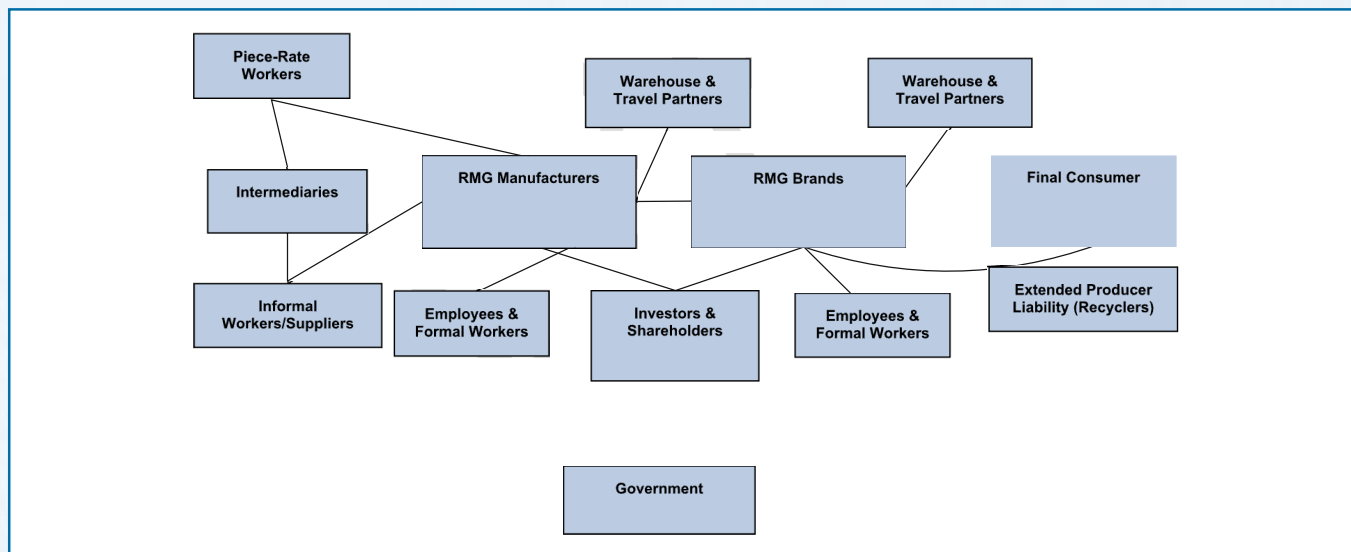
In terms of the way forward, this draft, which has the approval of the Advisory Committee, will be put in the public domain to seek comments. These comments will be taken cognisance of and the views of the Advisory Committee will be sought on their inclusion. Based on this process, a final draft will be prepared and presented to the relevant Ministry for further action.

The chart shared below, depicts the process of development of sector-specific supplements.



## Chapter II. Scope of the Guidelines

The sector is complex in terms of the number of actors and the roles that they play. This is illustrated in the diagram below.



The Advisory Committee decided to focus these guidelines to two main actors in this ecosystem – RMG Manufacturers and RMG Brands – as they have a significant impact on the sector and its stakeholders. In case, the Brand is engaged in manufacturing of the ready made garment, then these guidelines would apply to the brand as it applies to the RMG Manufacturer as well as the RMG Brand. Based on the experience of these two actors using the guidelines, other actors can be included.

The value chain of this sector, including but not restricted to the processes and actors outlined below is shared for reference purposes:

### Primary Activities

- **Inbound Logistics:** Receiving and storing raw materials.
- **Operations:** Converting raw materials into finished products. This includes the activities undertaken by RMG Manufacturers and RMG Brands, the two important actors covered by these guidelines.
- **Outbound Logistics:** Transportation to the Retailers for sale to customers/distributing the finished product to customers via online shopping portals.
- **Marketing and Sales:** Promoting and selling the product.
- **Service:** Providing after-sales support and customer service.

### Support Activities

- **Firm Infrastructure:** Organizational structure, management, finance, and planning.
- **Human Resource Management:** Recruiting, hiring, training, developing employees and workers.
- **Technology Development:** Research and development, innovation, & technological improvements.
- **Procurement:** Sourcing raw materials and other necessary inputs.

## Chapter III. Description and Explanation of Terms

- 1. Circular Economy:** The circular economy is a model of production and consumption that involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and garments as long as possible. In this way, the life of garments, fabric and its parts is extended.
- 2. Discrimination:** Unjust or prejudicial treatment of people, especially on the grounds of, but not limited to, caste, creed, sex, race, ethnicity, age, colour, religion, disability, socio-economic status, political opinion, national extraction or social origin, HIV/AIDS status, sexual orientation, nature of employment or occupation (regular/ informal/ piece rated/ casual/ daily wage etc.) Any distinction, exclusion or preference in respect of a particular job based on the inherent requirements thereof shall not be deemed to be discrimination.
- 3. Extended Producer Responsibility:** It is a practice and a policy approach in which RMG Manufacturers or RMG Brands take responsibility for management of the disposal of garments they produce once those garments are designated as no longer useful by consumers.
- 4. Employee:** Employee is an individual who works for an RMG (Ready-Made Garment) manufacturer or RMG brand in exchange for remuneration, which may take the form of wages or salary, based on Annual, Monthly, Weekly or daily basis or task-based or piece rate basis; and may work on the premises of the Brand or Manufacturer or Contractor and sub-contractors (registered or otherwise) or from their own home; and the nature of employment may be: Permanent; Non-permanent; Contractual or casual. The term, "Employee" may variously be called by different entities as employee, worker or home based worker.
- 5. Environment Impacts:** The environmental impacts of the RMG sector in India refer to the adverse effects on ecosystems and resources resulting from the production, transportation, and disposal of clothing, including pollution, water usage, and waste generation.
- 6. Equity:** An approach which recognizes the need, plans and delivers a fair and equivalent opportunity across stakeholders to engage gainfully from their interactions with the business.
- 7. Equality of Opportunity:** It means that all employees have equal access to opportunities for recruitment, employment, advancement, and development, regardless of gender, race, or other factors.
- 8. Excluded Categories:** The term excluded categories is used to signify the categories of persons that are often placed at a disadvantaged position and are affected by different inequalities disproportionately in the RMG sector, due to various socio-economic or physical factors. Such categories face discrimination based on the nature of employment (regular/ informal/ piece rated/ casual/ daily wage etc.), gender, colour, religion, caste, creed, and place of residence, age, disability, HIV/AIDS status. The term Excluded categories, when used in the document, means the categories excluded on account of discrimination based on above mentioned factors.
- 9. Living Wages:** A wage sufficient for a family to meet its basic needs and which provides some ability to deal with emergencies.
- 10. Governance Structure:** The formalized individual or group of individuals charged with the ultimate responsibility of oversight of a business.
- 11. Greenhouse Gases:** The term Greenhouse Gases means those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and re-emit infrared radiation.
- 12. Home-Based Suppliers:** Home-based suppliers for the RMG Manufacturers are (i) decentralized individuals/small groups/units, (ii.) producing ready-made garments or their components or performing related tasks; (iii.) from their homes for RMG Manufacturers.

**13. Homeworkers/Home-Based Workers:** Homeworkers/Home-based workers for the RMG Manufacturers are the workers who carry out work (i) in his or her home or in other premises of his or her choice, other than the workplace of the employer; (ii) for remuneration; (iii) which results in a product or service as specified by the employer, irrespective of who provides the equipment, materials or other inputs used.

**14. Human rights:** Human rights are the fundamental rights and freedoms to which every person is entitled simply because they are human. These rights are universal, inalienable, and inherent to all individuals, regardless of nationality, race, religion, gender, or any other status. Human rights are based on principles of equality, dignity, and respect for all people and include labour rights.

**15. Human Rights Due Diligence:** Human rights due diligence is the process through which RMG Manufacturers and RMG Brands can identify, prevent and mitigate their actual and potential adverse impacts on human rights and account for how they address such impacts.

**16. Hygienic:** The term hygienic generally refers to practices or conditions that are conducive to maintaining health and preventing disease, particularly through cleanliness.

**17. Intermediary:** An Intermediary is an individual who acts as a go-between between the RMG Manufacturer or RMG Brand on the one hand and an individual employed directly or indirectly by the former on the other hand. The Intermediary may be called an Agent, Commission Agent, Contractor, Sub-agent, Sub-contractor, Manpower Recruiters or any such name and is paid a commission for the services rendered.

**18. Just Transition:** It means greening the economy in a way that is as fair and inclusive as possible to everyone concerned, especially those whose lives and livelihoods will be adversely affected, creating decent work opportunities and leaving no one behind. A just transition involves maximizing the social and economic opportunities of climate action, while minimizing and carefully managing any challenges – including through effective social dialogue among all groups impacted, and respect for fundamental labour principles and rights.

**19. Law:** Law includes any Ordinance, Order, by-law, rule, regulation, notification, judicial order, custom or usage having in the territory of India the force of law.

**20. Manpower Recruiter:** Manpower Recruiter are intermediaries who recruit employees on behalf of the RMG Manufacturers.

**21. Nature-Based Solutions:** Nature-Based Solutions are actions to protect, conserve, restore, sustainably use and manage natural or modified terrestrial, freshwater, coastal and marine ecosystems, which address social, economic and environmental challenges effectively and adaptively, while simultaneously providing human well-being, ecosystem services and resilience and biodiversity benefits.

**22. Operations:** Operations encompass activities such as sourcing materials, production and quality control for RMG Manufacturers, and retailing and marketing to meet consumer demand for RMG Brands.

**23. Pollution:** Pollution, the addition of any substance (solid, liquid, or gas) or any form of energy (such as heat, sound, or radioactivity) to the environment at a rate faster than it can be dispersed, diluted, decomposed, recycled, or stored in some harmless form.

**24. Post-Consumer Waste:** It is the waste produced at the end of the intended lifecycle of the garment. The garment which has been bought and consumed by the intended consumer and disposed of.

**25. Pre-Consumer Waste:** It is a material that was discarded before it was ready for consumer use.

**26. Ready-Made Garments:** Ready Made Garments (RMG) are apparel/clothing, intended to be worn by an individual, which are mass-produced or produced in small batches and includes a wide variety of handmade, knitwear and woven garments.

- 27. RMG Manufacturers:** Any entity that produces any ready-made garment by the process of sewing, cutting, making, processing, repairing, finishing, assembling, etc. from raw materials and/or subcontracts part of the work to other manufacturers.
- 28. RMG Brands:** It means an entity that sells or markets any garment under a Brand.
- 29. Retailers:** Retailers for RMG Brands are those entities that sell ready-made garments from one/ various brands to consumers through physical stores or online platforms. Nature of ownership of these retailers can vary as they can be either owned/ franchised by Brands or be independent of the control of RMG Brands.
- 30. Safe and healthy Working Environment:** A safe and healthy working environment in India is a workplace that ensures the safety, well-being, and protection of all employees.
- 31. Scope 1 Carbon Emissions:** They are direct greenhouse (hereinafter referred to as GHG) emissions that occur from sources that are controlled or owned by an organization (e.g., emissions associated with fuel combustion in boilers, furnaces, own vehicles).
- 32. Scope 2 Carbon Emissions:** They are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Although scope 2 emissions physically occur at the facility where they are generated, they are accounted for in an organization's GHG inventory because they are a result of the organization's energy use.
- 33. Scope 3 Carbon Emissions:** They are the result of activities from assets & services not owned or controlled by the reporting organization, but that the organization indirectly impacts in its value chain.
- 34. Social Impacts:** The social impact in India's RMG sector refers to the consequences and changes in the lives of employees, workers, communities, and society as a whole resulting from employment, labour conditions, and economic contributions within the industry. It encompasses aspects like employment opportunities, working conditions, wages, and the sector's role in local economies and societal development.
- 35. Sourcing:** It is the act/ process of obtaining inputs (goods/components, services) from a specified source.
- 36. Stakeholders:** Stakeholders are any individuals, groups or institutions that are impacted by an organisation's operations and/or whose actions can influence the organisation's behaviour. In case of the RMG Manufacturers, the term stakeholders mean their suppliers, including home-based suppliers and workers, transporters, RMG Brands, displaced communities, investors, employees and workers, whereas, in the case of the RMG Brands, the term stakeholders mean Consumers, RMG Manufacturers, Investors, Shareholders, Transport and Warehousing Partners. It may be noted that this is an indicative, and not an exhaustive, description of stakeholders and all organisations must endeavour to identify and classify their own stakeholders.
- 37. Suppliers:** Suppliers for RMG Manufacturers are entities, including home-based and micro and small formal and/or informal units that engage in contract manufacturing of the garments or part of the garment/apparel/apparel accessories, or provide materials, fabrics, accessories, equipment, services and other goods and services, essential for the production of finished garments. Whereas, Suppliers for RMG Brands are RMG Manufacturers and those other entities that provide finished garments to RMG Brands for onward sale, encompassing a wide range of apparel items produced and tailored to brand specifications as well as providers of various services.
- 38. Transporters:** Transporters for the RMG sector in India are entities responsible for the movement of garments from RMG Manufacturers to RMG Brands, Retailers, or other entities within the supply chain or between the RMG Manufacturers and their suppliers.
- 39. Violence and harassment:** Violence and harassment in the world of work refers to a range of unacceptable behaviours and practices, or threats thereof, whether a single occurrence or repeated, that aim at, result in, or are likely to result in physical, psychological, sexual or economic harm, and includes gender-based violence and harassment which means violence and harassment directed at persons because of their sex or gender, or affecting persons of a particular sex or gender disproportionately, and includes sexual harassment and discrimination.

**40. Value-Chain:** Value Chain for RMG sector in India includes the full range of activities that a RMG Brand/business goes through to create the garment/apparel and includes the processes that add value to the final product, from the initial idea or raw material to the final delivery to the customer. It includes primary activities required to manufacture the garment and secondary support activities which are essential for making the garment production.

**41. Warehousing Partners:** Warehousing Partners for RMG Brands and Manufacturers provide storage and distribution solutions to efficiently manage ready-made garments inventory and support supply chain activities.

**42. Waste-Generation:** Materials that are not primary products for which the entity has no further use for its own purpose of production, transformation or consumption, and which it discards, or intends or is required to discard.

**43. Well-being:** It is the state of feeling healthy and happy. Workplace Wellbeing relates to all aspects of working life, from the quality and safety of the physical environment, to how workers feel about their work, their working environment, the climate at work and work organization.

**44. Workers:** The description of the term workers has been included under Employees.

# **Chapter IV. Principles and Core Elements**

**as**

**Adapted For Ready-Made Garments  
Sector in India**

# **Principle 1:**

**Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent and accountable.**

## BRIEF DESCRIPTION

This Principle recognizes that ethical behaviour in all operations, functions & processes, is the cornerstone of businesses guiding their governance of economic, social and environmental responsibilities. The Principle emphasizes that disclosures on business decisions and actions that impact stakeholders form the fundamental basis of operationalizing responsible business conduct and should be accessible to all relevant stakeholders. It recognizes that businesses are an integral part of society and that they will hold themselves accountable for the effective adoption, implementation, and the making of disclosures on their performance with respect to the Core Elements of these Guidelines. The Principle further emphasizes that the governance structure of the business should ensure this, in line with SDG 16.

## CORE ELEMENTS

**1** All the Entities in the RMG sector should have a Governance Structure, responsible for ensuring that the entity's operations are in alignment with all the Principles of NGRBC. For those Entities, registered as Companies, the Governance Structure shall comprise the Board of Directors. Entities in the RMG Sector, registered as sole proprietorships, LLPs, Cooperatives, Producer Companies or any similar legally constituted entity should put in place such a Governance Structure comprising at least 2 persons and can also include independent persons from outside the organisation. Where possible, at least 1 woman should be included in the Governance structure.

**2** The Governance Structure of the **RMG Manufacturers and Brands** should develop and put in place structures, policies and procedures that promote this Principle, prevent its contravention and effect prompt and fair action against any transgressions.

**3** The Governance Structure of the **RMG Manufacturers and Brands** should ensure that the Principles of these Guidelines are understood, adopted and implemented throughout the operations of their businesses.

**4** The Governance Structure of the **RMG Manufacturers and Brands** should also promote the adoption of this Principle across their value chain, including value chain actors, such as subcontracted RMG manufacturers and suppliers (including home-based and micro units Suppliers whether formal or informal), Transporters, Warehousing Partners, and Distribution channels (such as retail outlets owned/ sanctioned by them).

**5** The Governance Structure of the **RMG Manufacturers and Brands** should disclose and communicate transparently and enable access to information about the policies, procedures, performance (financial and non-financial), and decisions of their enterprise, that impact their stakeholders, including but not limited to their employees and suppliers, especially those that are most at risk due to the business impacts, such as the home-based suppliers, displaced communities and such others.

The Governance Structure of **RMG Brands** should disclose and communicate transparently & enable access to information about the policies, procedures, performance (financial and non-financial), and decisions of their enterprise, that impact RMG Manufacturers, including their employees and suppliers, investors, customers and other stakeholders, especially those that are most at risk to business impacts and communities that are vulnerable and marginalized.

**6** The Governance Structure of **RMG Manufacturers** should take responsibility for meeting all their statutory obligations in line with the spirit of the law, enabling fair Competition and ensuring they treat all their stakeholders, including their Suppliers (including Home-Based Suppliers), and employees in an equitable manner.

The Governance Structure of the **RMG Brands** should take responsibility for meeting all their statutory obligations in line with the spirit of the law, enabling fair competition and ensuring they treat all their RMG Manufacturers and value chain partners (such as Customers, Transporters and Warehousing Partners etc.) in an equitable manner.

**7** The Governance Structure of the **RMG Manufacturers and Brands** should ensure that they avoid complicity with the actions of any third party they have business dealings with that violates any of the Principles contained in these Guidelines.

**8** The Governance Structure of the **RMG Manufacturers and Brands** should put in place appropriate structures, policies and procedures to address conflicts of interest involving the members of their Governance Structure, employees, customers and value chain partners.

**9** The Governance Structure of the **RMG Manufacturers and Brands** should put in place appropriate structures, codes, policies, and procedures (including but not limited to a Whistleblower policy and procedures with all safeguards covered by the Whistleblowers Protection Act, 2011) to ensure that they do not engage in illegal and abusive practices, bribery and corruption, and ensure timely and fair action in case such transgressions are detected.

**10** The Governance Structure of the **RMG Manufacturers and Brands** should ensure that the RMG Manufacturers and Brands contribute to public finances by timely and complete payment of all applicable taxes in the letter and spirit of the laws and regulations governing such payments.

**11** The Governance Structure of the RMG Brand must constitute a grievance redressal structure headed by a designated senior executive to register complaints or grievances from the members of its value chain and to swiftly dispose them in a fair manner, following the principles of natural justice.

## **Principle 2:**

**Businesses should  
provide goods and service  
in a manner that is  
sustainable and safe.**

## BRIEF DESCRIPTION

This Principle recognizes the proposition of SDG 12, that sustainable production and consumption are interrelated, contribute to enhancing the quality of life and towards protecting and preserving earth's natural resources. The Principle further emphasizes that businesses should focus on safety and resource-efficiency in the design and manufacture of their products, and use their products in a manner that creates value while minimizing and mitigating its adverse impacts on the environment and society through all stages of its life cycle, from design to final disposal. Over time, businesses should embrace the idea of circularity in all its operations. In order to do so, the Principle encourages businesses to understand all material sustainability issues across their product life cycle and value chain.

## CORE ELEMENTS

**1 RMG Manufacturers**, while producing and packaging garments, and **RMG Brands**, while designing, sourcing and making available garments to consumers, should endeavour to ensure that resource-efficient and low GHG emissions intensive processes & technologies (such as circular designing; lean manufacturing, stitching, finishing, packing, transportation; and waste, water and energy management; along with ongoing training of employees, single fibre, eco-design) are deployed to minimize adverse environmental and social impacts.

**2 RMG Manufacturers** should provide RMG Brands and its stakeholders, with adequate information about environmental, human, and social risks and impacts of their practices and processes to make the garments as well as the garments themselves, through appropriate and relevant disclosures. These disclosures must be made available through appropriate communication and disclosure platforms such as websites etc., and, where possible, direct communications with stakeholders.

**RMG Brands** should provide its stakeholders, with adequate information about the environmental and social risks and impacts of their garments through appropriate & relevant disclosures. These disclosures should be made available through appropriate communication and disclosure platforms such as websites etc., where possible, direct communications with stakeholders.

**3 RMG Manufacturers and Brands** should ensure that they manage the waste they generate, in alignment with the concept of Extended Producer Responsibility by assuming complete responsibility for safe collection, reuse, recycling & environmentally friendly final disposal of used or defective readymade garments and packaging, following the principles of circularity.

## **Principle 3:**

**Businesses should respect  
and promote the well-being of  
all employees and workers,  
including those in their value chains.**

## BRIEF DESCRIPTION

This Principle encompasses all policies and practices relating to the equity, dignity and well-being, and provision of decent work (as indicated in SDG 8), of all employees engaged within a business or in its value chain, without any discrimination and in a way that promotes diversity. The principle recognizes that the well-being of an employee also includes the well being of her/his family.

## CORE ELEMENTS

**1** The Governance Structure of the **RMG Manufacturers and Brands** should ensure that they comply with all statutory and regulatory requirements pertaining to their employees, as per Indian Law. Further, the Governance Structure of RMG Manufacturers must have systems and processes in place to ensure this compliance to be done by their suppliers, contractor and manpower recruiters, Intermediaries, distribution channels and transporters. Further, the Governance Structure of RMG Brands must have systems and processes in place to enable and ensure this compliance to be done by its RMG Manufacturers and their suppliers, its other suppliers, intermediaries distribution channels and Transporters.

**2** **RMG Manufacturers and Brands** should ensure equal opportunities to all qualified applicants at the time of recruitment and to all employees during the course of employment, including at the time of career progression & separation without any discrimination on the basis of nature of employment (regular/informal/ piece rated/ casual/ daily wage etc.), gender, colour, religion, caste, creed, place of residence, age, disability, HIV/AIDS status, migration status etc.

**3** **RMG Manufacturers and Brands** should respect, ensure and promote fundamental labour rights of all employees and workers, including prevention and remedy of forced labour, elimination of child labour, promoting equity and non-discrimination, safe and healthy working environment & freedom of association and collective bargaining. No children below 18 years of age should be allowed to work in hazardous jobs and no children below 14 years should be engaged in any work.

**4** **RMG Manufacturers and Brands** should respect, ensure & promote collective bargaining and freedom of association, enabling safety & health covering all workers RMG Manufacturers and Brands should ensure that all employees have access to appropriate grievance redressal mechanism, while ensuring

equal representation across all worker types. RMG Manufacturers and Brands should ensure that all employees are aware about their entitlements, including government entitlements, and grievance redressal mechanisms, and facilitate their access to them.

**5** **RMG Manufacturers and Brands** should put systems and processes in place to encourage, support and ensure maintenance of work-life balance for all their employees and workers engaged directly or indirectly through an intermediary.

**6** **RMG Manufacturers and Brands** should ensure fair, timely and transparent payment of wages and benefits (statutory or as agreed through collective bargaining etc.) for all categories of their employees and workers, including should be time-weighted and paid in the above-mentioned manner.

**7** **RMG Manufacturers and Brands** should aspire to pay living wages to meet basic needs and economic security of all employees, including casual and contract labour, workers in the supply chains including the piece-rated and homeworkers.

**8** **RMG Manufacturers and Brands** should ensure that a healthy and safe, hygienic, dignified and accessible workplace and working environment are provided for all categories of employees, including persons with disability, with their active engagement and consultation throughout. Business should create reasonable facilities to promote diversity and inclusion through workplace adjustments and access to work and facilities.

**9** **RMG Manufacturers and Brands** should ensure continuous upgradation of learning, skill and competence of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. They should promote career development through human resource interventions for career upgradation as well as to enable employees to be engaged when existing jobs are reshaped or newer job roles are created.

**10** **RMG Manufacturers and Brands** should create a safe and healthy workplace and have systems and practices to ensure a humane workplace free from, violence and harassment (including sexual harassment); a workplace where all categories of employees feel safe and secure, with adequate provisions for grievance redressal.

**11** **RMG Manufacturers and Brands** should protect and manage employee data in a way that does not infringe upon their right to privacy.

## **Principle 4:**

**Businesses should respect  
the interests of and be  
responsive to all its  
stakeholders.**

## BRIEF DESCRIPTION

This Principle recognizes that businesses operate in an ecosystem comprising a number of stakeholders, beyond shareholders and investors, and that their activities impact natural resources, habitats, communities and the environment. The Principle acknowledges that it is the responsibility of businesses to ensure that the interests of all stakeholders, especially those who may be vulnerable and marginalized, are protected. The Principle further recognizes that businesses have a responsibility to maximize the positive impacts and minimize and mitigate the adverse impacts of its products, operations, and practices on all their stakeholders.

## CORE ELEMENTS

- 1** The Governance Structure of the **RMG Manufacturers and Brands** should ensure that they identify and list their Stakeholder Groups, especially for the most disadvantaged and marginalised amongst them.
- 2** The Governance Structure of the **RMG Manufacturers and Brands** should ensure that they acknowledge, assume responsibility, and are transparent about how their policies, decisions, garments and associated operations affect all relevant stakeholders, ecosystems, and nature (biodiversity, flora and fauna).
- 3** **RMG Manufacturers and Brands** should develop systems, processes and mechanisms to understand the expectations and concerns of their Stakeholders, define the purpose and scope of their engagement, consult with them in developing policies and processes that impact them, and commit to resolving any differences and redressing grievances in a just, fair, timely and constructive manner.
- 4** **RMG Manufacturers and Brands** should enable their stakeholders to benefit fairly from the value generated by the RMG Manufacturers and Brands. Any conflicts or differences arising from the impact of their business operations or the sharing of the value generated by the RMG Manufacturers and Brands should be resolved in a just, fair, timely and equitable manner.

# **Principle 5:**

**Businesses should  
respect and promote  
human rights.**

## BRIEF DESCRIPTION

This Principle recognizes that human rights are rights inherent to all human beings, and that everyone, individually or collectively, is entitled to these rights, without discrimination. It further recognizes that human rights are inherent, inalienable, interrelated, interdependent and indivisible. The Principle is inspired, informed and guided by the Constitution of India and the International Bill of Rights and recognizes the primacy of the State's duty to protect and fulfil human rights. The Principle is further informed and guided by the UN Guiding Principles on Business and Human Rights in its articulation of the responsibility of businesses to respect human rights. It affirms that the responsibility of businesses to respect human rights requires that it avoids causing or contributing to adverse human rights impacts, and that it addresses such impacts when they occur. The Principle urges businesses to be especially responsive to such persons, individually or collectively, who are most vulnerable to, or at risk of, such adverse human rights impacts.

## CORE ELEMENTS

**1** The Governance Structure of the **RMG Manufacturers and Brands** should undertake to:

➤ Make their employees aware of the human rights content of the Constitution of India, relevant national laws and policies, and the International Bill of Human Rights and their application to RMG Manufacturers and Brands as outlined in the United Nations Guiding Principles for Business and Human Rights.

➤ Ensure that the responsibility for addressing such impacts is assigned to a position/person at the appropriate level and function within the business.

➤ Designate a Business and Human Rights Focal Point in their organisation who shall be for oversight on all matters related to human rights.

**2** The Governance Structure of the **RMG Manufacturers and Brands** should put in place such policies, structures and procedures that demonstrate respect for the human rights of all stakeholders impacted by their business operations. This includes carrying out human rights due diligence to identify, prevent, mitigate and account for how they address adverse human rights impacts.

**3** The Governance Structure of the **RMG Manufacturers and Brands** should ensure that where their businesses are causing, contributing or otherwise linked to adverse human rights impacts, they take corrective actions to address such impacts.

**4** **RMG Manufacturers and Brands** should promote the awareness and realization of human rights across their value chain.

**5** **RMG Manufacturers and Brands** should ensure that all individuals and groups whose human rights are impacted by them have access to effective grievance redressal mechanisms.

# **Principle 6:**

**Businesses should  
respect and make efforts  
to protect and restore the  
environment.**

## BRIEF DESCRIPTION

This Principle recognizes that environmental responsibility is a prerequisite for sustainable economic growth and for the well-being of society. The Principle emphasizes that environmental issues are interconnected at the local, regional and global levels, which makes it imperative for businesses to address issues like pollution, biodiversity conservation, sustainable use of natural resources and climate change (mitigation, adaptation and resilience) in a just, comprehensive and systematic manner. These are aligned with SDGs 11, 13, 14 and 15. The Principle encourages businesses to assess environment impacts of its products and operations and take steps to minimize and mitigate its adverse impacts where these cannot be avoided. The Principle encourages businesses to adopt environmental practices and processes that minimize or eliminate the adverse impacts of its operations and across the value chain. The Principle encourages businesses to follow the Precautionary Principle in all its actions.

## CORE ELEMENTS

**1** The Governance Structure of the **RMG Manufacturers** should formulate appropriate policies, procedures and structures to assess, prevent, measure and mitigate the adverse impacts of their process such as groundwater depletion, water pollution, air pollution, waste generation, noise pollution, deforestation etc. on the environment and biodiversity at all their locations, at all stages of its life cycle from setting up of their factories to their closure. Special care should be taken where these impacts occur in eco-sensitive areas. These should be disclosed using appropriate reporting frameworks so that relevant stakeholders are aware of this.

The Governance Structure of the **RMG Brands** should formulate appropriate policies and procedures and structures to assess, prevent, measure and mitigate their adverse impacts (such as groundwater depletion, water pollution, air pollution etc.) on the environment at all their manufacturing, warehousing and retail locations, at all stages of their life cycle from establishment to closure. Special mitigating measures should be taken where these impacts occur in eco-sensitive areas. Additionally, the Governance Structure of the **RMG Brands** should endeavour to ensure this to be done by **RMG Manufacturers** and their **Suppliers** (including home-based Suppliers), **Retailers** **Transporters** and **Warehousing Partners**.

**2** **RMG Manufacturers** should develop & adopt appropriate measures and actions to ensure sustainable and efficient use of inputs such as water, fabric, accessories, chemicals and energy, etc. while aspiring to incorporate expectations and concerns of **RMG Brands**.

**RMG Brands** should persuade its **RMG Manufacturers** and other **Suppliers** to develop, adopt and deploy appropriate strategies and technologies to ensure sustainable and efficient use of inputs (indicated above) and provide/enable adequate financial and technical support for this.

**3** **RMG Manufacturers** should define measurable key performance indicators and targets to monitor their performance on environmental aspects such as their impact on water usage and disposal, air emissions, energy consumption, material usage, waste generation, chemical usage, packaging and should ensure all efforts are put into reducing the same.

**RMG Brands** should define measurable key performance indicators and targets to monitor the impacts of their operations (such as transportation, warehousing, retail outlets) garments and packaging on ecosystem and nature.

**4** **RMG Manufacturers and Brands** should develop and implement strategies and action plan to reduce their **GHG** emissions, in line with the goals of India's Nationally Determined Contributions and the National/State Action Plans on Climate Change while ensuring that these strategies and plans align with the principles of just transition and promote the adoption of nature based solutions.

**RMG Manufacturers and Brands** should develop and implement strategies and action plans to build climate resilience of their establishments, value chain partners and protect their **Employees** from adverse impacts of climate change.

**5** **RMG Manufacturers** should aspire to adopt industry best and innovative practices for promoting reduction, reuse, recycling and recovery of material and resources, and to encourage **Suppliers** to do the same.

**RMG Brands** should aspire to adopt industry best & innovative practices for promoting reduction, reuse, recycling and recovery of material and resources and to encourage and facilitate their stakeholders, including **Consumers** and **RMG Manufacturers**, to do the same.

**6** **RMG Manufacturers and Brands** should seek to improve their environmental performance by adopting innovative, resource-efficient and climate friendly technologies such as energy efficient stitching machine, Waterless Dyeing technologies, roof-top solar panels, Zero Liquid Discharge System, Waste to energy system and solutions resulting in lower resource and environmental impacts, lesser material consumption (both for the garments and their packaging) and more positive impact on environment, economy and society.

## **Principle 7:**

**Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.**

## BRIEF DESCRIPTION

This Principle recognizes that businesses operate within specified national and international legislative and policy frameworks, which guide their growth and also provide for certain desirable restrictions and boundaries. The Principle recognizes the legitimacy of businesses to engage with governments for redressal of a grievance or for influencing public policy. The Principle emphasizes that public policy advocacy must expand public good.

## CORE ELEMENTS

- 1** The Governance Structure of the **RMG Manufacturers and Brands** should ensure that their advocacy positions are consistent with and do not contradict the Principles contained in these Guidelines and publicly disclosed through websites, annual reports or other digital and print media.
- 2** **RMG Manufacturers and Brands** should undertake policy advocacy through local, regional and national trade and industry chambers & associations, employees' organizations, and other similar collective platforms, such as including multi-stakeholder forums etc. Individual representations to policy makers and regulators must be avoided.
- 3** **RMG Manufacturers and Brands** should ensure that their policy advocacy positions promote fair competition and respect for human rights.

# **Principle 8:**

**Businesses should  
promote inclusive growth  
and equitable development.**

## BRIEF DESCRIPTION

This Principle recognizes the challenges of social and economic development faced by India, and builds upon the national and local development agenda as articulated in government policies and priorities. This is particularly significant in zones affected by social disharmony and low human development. The Principle recognizes the value of the energy and enterprise of businesses and encourages them to innovate and contribute to the overall development of the country with a specific focus on disadvantaged, vulnerable and marginalized communities, as articulated in Section 135 of the Companies Act, 2013. The Principle also emphasizes the need for collaboration amongst businesses, government agencies and civil society in furthering this development agenda in line with SDG 17. The Principle reiterates that business success, inclusive growth & equitable development are interdependent.

## CORE ELEMENTS

- 1** The Governance Structure of the **RMG Manufacturers and Brands**, especially those located in rural areas shall ensure that they take appropriate actions to minimize any adverse impacts that they have on social, cultural, and economic aspects of communities, including those arising from land acquisition and use, the construction of facilities, and operations.
- 2** **RMG Manufacturers and Brands** should assess, measure, and evaluate their impact on social, and economic development of communities, and respond through appropriate action to promote their positive impacts while endeavouring to minimize and mitigate their negative impacts on society.
- 3** **RMG Manufacturers and Brands** should innovate and invest in alternative raw materials, garments, technologies, and processes that are sustainable and promote the well-being of all segments of society, including vulnerable and marginalized groups.
- 4** **RMG Manufacturers and Brands** should endeavour to align their CSR policy with national and local development priorities, while understanding and incorporating the needs and concerns of local communities, especially vulnerable groups and those in underdeveloped regions.
- 5.** **RMG Manufacturers and Brands** should make efforts to minimize the negative impacts of displacement of people and disruption of livelihoods at the time of setting up their plants as well as through their business operations, and where displacement is unavoidable, this process must be undertaken in a humane, participative, informed, and transparent manner, where just and fair compensation is paid to those impacted.
- 6** **RMG Manufacturers and Brands** should respect all forms of intellectual property including products designed and made by communities such as weaves, designs, use of local raw material and processes etc.) traditional knowledge and practices including related to production of raw material, product development, processes and traditional cultural expressions, and ensure that benefits derived from their knowledge are shared equitably to traditional knowledge-holders.
- 7** **RMG Manufacturers and Brands** endeavour to minimize their adverse impact while promoting their positive impact on the livelihood of the local weavers, and other traditional knowledge-holders, while engaged in the production of readymade garments or designs.

# **Principle 9:**

**Businesses should  
engage with and provide  
value to their consumers in a  
responsible manner.**

## BRIEF DESCRIPTION

This Principle is based on the fact that the basic aim of a business entity is to provide goods and services to its consumers that are safe to use, and in a manner that creates value for both. The Principle recognizes that consumers have the freedom of choice in the selection and usage of goods and services, and that the enterprises will strive to make available products that are safe, competitively priced, easy to use and safe to dispose of, for the benefit of their consumers. The Principle also recognizes that businesses should play a key role, along with other relevant stakeholders, in mitigating the adverse impacts that excessive consumption of its products may have on the overall well-being of individuals, society and our planet, in line with SDG 12.

## CORE ELEMENTS

- 1 Governance Structure of RMG Manufacturers and Brands** should endeavour to prevent, minimize and mitigate any adverse impact of their garments and packaging on consumers, the natural environment and society at large.
- 2 RMG Brands** should ensure that they do not restrict the freedom of choice and free competition in any manner while designing, promoting and selling their garments.
- 3 RMG Brands** should disclose all information accurately, through labelling and other means (including digital options, such as QR Codes etc.), including the risks to the individual, to society, and to the planet, from the use of the garments and packaging, so that the consumers can exercise their freedom to consume in a responsible manner.
- 4 RMG Brands** should manage consumer data in a way that does not infringe upon their right to privacy.
- 5 RMG Brands** should make consumers aware of, and provide information and guidance to them on safe and responsible usage and disposal of their garments and packaging (including reuse and recycling), and to eliminate over consumption.
- 6 RMG Brands** should promote and advertise their garments in ways that do not mislead or confuse the consumers or violate any of the Principles in these Guidelines.
- 7 RMG Brands** should provide appropriate grievance redressal mechanisms that are transparent and accessible, to address consumer concerns and feedback.

## Notification of Advisory Committee

**File No. I-58/12/2022-SOBE  
Indian Institute of Corporate Affairs  
(Ministry of Corporate Affairs, Govt. of India)  
School of Business Environment**

Plot No. 6-8, Sector-5, IMT Manesar  
Dist. Gurugram – 122052 (Haryana)

Dated: 02 November 2022

### Notification

**Sub.: Constitution of the Advisory Committee for developing guidelines on "Adaptation of NGRBC for the Readymade Garment Sector"**

Competent Authority in the Indian Institute of Corporate Affairs (IICA) has approved the constitution of an Advisory Committee for developing guidelines on "Adaptation of NGRBC for the Readymade Garment Sector" within the School of Business Environment of IICA.

2. The composition of the Advisory Committee is as follows:

<b>Chairperson</b>	Mr. Shankar Venkateswaran, Expert
<b>Members</b>	Mr. Sudhir Kumar Sirohi, Adviser, NITI Aayog, Govt. of India
	Ms Prajakata L Verma, Joint Secretary, Ministry of Textile, Govt. of India
	Representative from the Securities and Exchange Board of India (SEBI)
	Ms. Geetanjali Master, Partnerships Specialist, UNICEF
	Dr. Sanjay Upadhayay, Senior Fellow, V.V. Giri National Labour Institute
	Mr. Alay Barah, CEO, ICCSPL
	Dr. Pradeep Narayanan, Director, Partners in Change
	Dr. Dev Nathan, Institute for Human Development (IHD)
	Mr. Col. S. Kapoor, Director General, Okhla Garment and Textile Cluster
	Mr. Ravi Agarwal, Director, Toxic Links
	Representative of Save the Children - India
	Representative of Employers Association
	Representative of Employees Association
	Dr. Garima Dadhich, Associate Professor and Head, School of Business Environment, IICA
	Dr. Ravi Raj Atrey, Chief Programme Executive, IICA
<b>Technical Advisor</b>	Ms Bharti Birla, Chief Technical Adviser, International Labour Organization (ILO)



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