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# Corporate Social Responsibility: Risk and Reward

Like many products, the journey of a handcrafted rug has gotten longer and increasingly complicated, with more intermediaries standing between the artisan and the end user. Today, GoodWeave's labor monitoring team goes further than ever to track the rug making process—whether in factory, cottage industry or homework situations, and including all sub-contracted tiers and stages of production.

To better understand this supply chain trend and the risks facing even the most thoughtful companies and consumers, we turned to longtime GoodWeave advisor and expert consultant on corporate social responsibility, Doug Cahn.

Our discussion began by Doug recounting a surprise visit in 1997 to a leather tannery outside Delhi, India.

*Doug Cahn (DC): I had read a report published by Human Rights Watch that documented bonded child labor in the Indian leather industry. It was similar to the practices used with hand woven carpets—children forced to work under punishing conditions to make loan payments at usurious rates. I heard that in some cases children would actually stand in chemical baths used for treating hides without protective clothing of any kind. Knowing of the prevalence of these practices in India and working in the footwear industry at the time, I decided to take a train to a town not far from Delhi. Leaving the train station by taxi, I told the driver to drop me a couple of blocks away from a tannery I would be visiting.*

*Before entering the gate, I walked the perimeter to be sure there were no exits out the back where children or others could quickly leave. Once I understood there was a single entrance and exit, I walked in and introduced myself as the buyer's representative on a visit to assess conditions of work.*

*I spent the rest of the day inspecting the premises and talking with workers and management—thankfully I found no children present—at this remote supplier to a prominent shoe manufacturer. The protection against chemical exposure wasn't what it should have been, but it wasn't as bad as some of the horrific cases that had been documented either. Nevertheless, it reinforced for me an important lesson—the risks of harm to workers in the supply chain can occur far down the chain, out of sight from buyers, trading agents or even suppliers with whom a company has direct business relations.*

**GoodWeave (GW): Tell us more about the supply chain trends you see today and the related risks for companies.**

*DC: I see two trends in particular. One is an increase in specialization within the supply chain. Despite some move toward vertical integration, businesses can often be more efficient when specializing in performing just a few steps in the chain (such as growing, weaving, stitching, welding, assembling, packaging or transporting). As a result, most supply chains are composed of many independently owned and operated businesses that might well be located on opposite sides of the globe. This makes the task of managing the steps along a product supply chain quite daunting.*

*The second trend is related to the first. If there are many steps in a product supply chain, then buyers must build a more transparent system so that they can identify each of the steps. Mapping a product supply chain is made even more difficult when raw materials are transformed in ways that make it impossible to trace—such as when cotton is woven into fabric. Now you can begin to see the complexity that comes with taking responsibility for conditions of labor in a supply chain.*



Through the hidden alleys of Kathmandu, GoodWeave's veteran inspector Drona will go as far as it takes to end child labor.

Photo © U. Roberto Romano

*The task ahead for companies is quite large. What cries out for attention today are the things a company didn't think it needed to pay attention to in the past. And that's why companies need to understand their supply chains.*

## Donate

You can help us end child labor and transform the lives of the thousands of children trapped in carpet work by making a tax-deductible donation today. Every dollar makes a difference.

DONATE NOW

## Children's Stories



At the age of five, Manju was already working on the rug looms. While she has since been found and freed from illegal carpet work, some 250,000 children throughout

South Asia still toil in obscurity. Through GoodWeave nearly 3,600 kids like Manju have been rescued, rehabilitated and educated, and thousands more deterred from entering the work force.

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## ISEAL Alliance



GoodWeave is one of only 13 full-members of the ISEAL Alliance, the global association for

sustainability standards whose Codes of Good Practice are seen as global references for developing and implementing credible standards.

## Partner with GoodWeave

By partnering with GoodWeave, interior designers, retailers and importers can make a difference while growing their business.

Interior Designers

Retailers

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Let's look at Bangladesh as an example. In the last five years, well over 1,000 workers have perished as the direct result of fire safety and structural lapses. Some brands and retailers were unaware that their products were being sewn in the factories that burned or crumbled. Brands and retailers need to have strong controls in place to make sure their products are only made in authorized facilities. In the past buyers typically had visibility only to the cut and sew or final assembly factories they used. Today, it is critical to know about all of the steps along the chain.

**GW: So what are the options for companies to identify and manage these risks?**

DC: One approach to identifying risks is for buyers to engage in partnerships with representatives of civil society who can help identify and mitigate the risks of harm in the workplace. Organizations with deep knowledge of local community needs will often be good partners. Brands and retailers can also communicate directly with consumers about the steps they are taking and the progress they have made. GoodWeave performs these functions well since the GoodWeave standard applies to all rug making processes, from receipt of raw material through to the finished product, including all sub-contracted processes, such as weaving, washing and dyeing. GoodWeave has strong local initiatives to ensure children who have been compelled to work have access to educational opportunities. Information about GoodWeave's certification system is readably available to interested consumers.

Recently I had a conversation with someone who works for a large, global brand. She was exasperated. "We know more about what we don't know than what we do know," she said. Simply put, she was overwhelmed by the task of driving a company's corporate responsibility initiatives in a complex world. It reminded me of the need for better mapping of supply chains, better identification of risk, and most importantly, adequate allocation of resources within a company to perform the tasks of mitigating or eliminating those risks once found.

The UN Guiding Principles for Business and Human Rights—the authoritative guide to responsible business behavior—doesn't say companies should only care about what they know. Responsible companies have an obligation to know about **all** their impacts, and that can lead them to anywhere in the supply chain.

The task ahead for companies is quite large. What cries out for attention today are the things a company didn't think it needed to pay attention to in the past. And that's why companies need to understand their supply chains.

**GW: And what is your best advice for responsible consumers?**

DC: The next time you go to the mall, take the time to ask a few questions of the sales representatives you meet. Ask them whether they know about the conditions of labor where their products are assembled, the components are manufactured and the raw materials are harvested or mined.

Sales representatives will not likely have all the answers—or any of the answers at all. But the more often consumers ask, the more companies will feel compelled to find out answers to the questions for themselves. And that's a pretty good place for companies with supply chains to start down the path toward supply chain responsibility.



Doug Cahn is principal of The Cahn Group LLC, a corporate responsibility consultancy. He advises supply chain professionals on corporate responsibility solutions that meet the needs of business and stakeholders.

More articles on this subject:

[A Journey of One Blazes a Trail to Freedom for Many](#): From GoodWeave Founder Kailash Satyarthi's "Aha" Moment to Leading Today's Social Labeling Movement

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Our Mission

GoodWeave is working to end child labor in the carpet industry and to offer educational opportunities to children in weaving communities.

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