



Clean Clothes Campaign



April 2016

Position paper
on transparency

Introduction



The garment industry has complex chains of production and responsibility, with many actors at different levels playing a part in production. Poor transparency in supply chains of European companies and lack of data have long been a barrier to improvement of human rights and working conditions.

For example, when the Rana Plaza building collapsed in April 2013, identifying companies sourcing from one of the five Rana Plaza factories was crucial to establish responsibility and further deliver compensation to victims. But neither European Union, nor Member States, were able to provide such information. The only way to identify the European companies was to search the rubble for labels.

The UN Guiding Principles on Business and Human Rights (UNGPs) say that *companies and governments should report on progress being made towards their duties to protect and their responsibility to respect Human Rights and provide remedy in the case of violations. Specifically companies and governments must both “know and show” that they are meeting their responsibility, and it is through this process of measuring and reporting that they become aware of, prevent, and address their adverse human rights impacts. There is a clear need to elaborate on this soft legislation in the UNGPs to make it clearer what transparency (“show”) looks like for companies and governments.*

CLEAN CLOTHES CAMPAIGN OBJECTIVES ON TRANSPARENCY

The global objective of greater transparency is to specifically identify the different actors within each supply chain and to allocate responsibility and agency at all levels for upholding human rights. From where raw materials are processed, to the production places garments are made by workers, to brands and retailers that are selling products, to consumers, data is needed. Specifically with the aim of allowing:

- Unions and HR defenders to identify brands' suppliers, and inform and organize their workers;

- Workers to identify buyers and use complaint mechanisms when appropriate;
- Consumers organizations, HR organizations and other relevant stakeholders to verify due diligence exercises and CSR claims of brands (e.g. H&M's implementation of the Bangladesh Accord);
- Authorities (EU, MSIs) to identify production locations when a safety problem occurs with a product and prevent further risk for consumers;
- Consumers to know where, who and under what conditions the product was made that he/she wants to buy.

Colophon

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CLEAN CLOTHES CAMPAIGN DEMANDS ON TRANSPARENCY ALONG THE SUPPLY CHAIN

EUROPEAN UNION AND COUNTRY GOVERNMENTS FOR OTHER BRAND HQ COUNTRIES

According to the UNGPs, Governments of States where brands and retailers are registered should, in order to fulfill their duty to protect Human Rights, *encourage, and where appropriate require, business enterprises to communicate how they are addressing their human rights impacts.* Clearly, in the garment sector, State guidance and legislation are needed (cf. Rana Plaza). They should:

1. Require that companies report, on an annual basis, on the effectiveness of their responses to address the adverse impacts of their activities on human rights, including in their supply chain.
2. Require that companies disclose the names, addresses and contact details of their supplier facilities, subcontracted suppliers (tiers 2 and 3) and labour agents managing home-working facilities, at least on an annual basis.
3. Require that products sold within the jurisdiction are labeled to include a product code linked to a website that will provide information including supply chain traceability, employment statistics at the facility, economic information of the facility, pricing information and product information.¹
4. Operate a standardised shipping database at an EU level which stores records for all exports and imports of cargo entering European ports, noting the class of cargo, the trading names of the companies involved, the point of origin, the value as an FOB price and quantity, and the ultimate destination and recipient, and make this available by access request.

GARMENT BRANDS AND RETAILERS

The UN Guiding Principles expect companies to report on progress being made on respecting the human rights of people affected by business. It is not enough for a company to claim that it respects Human Rights, it must also show this to the public. Showing here means communication of policy and practice, and accountability to relevant stakeholders. Specifically:

1. Report annually on the impact of their activities throughout the supply chain on human rights, including explicit reporting on due diligence processes, policies, and on the effectiveness of their responses to address the adverse impacts of their activities, using measurable indicators;
2. Disclose the names, addresses and contact details of supplier facilities, subcontracted suppliers and labour agents managing home-working facilities, on an annual basis or more frequently;
3. Publish social audit reports;
4. Work alongside key stakeholders to report regularly on Human Rights impacts and work towards protection and remedy where appropriate;

¹ Information should include more specifically : Supply chain traceability (Production place / facilities addresses, intermediaries, importer, brand), Employment statistics at the facility (number of workers at the facility and percentage men/women; average wage of each grade, average monthly overtime, benefits given, registered union and/or CBA presence, employment relationship information by percentage), economic information of the facility (turnover, number of pieces sold, % of factory product sourced per brand, price breakdown structure) and product information (Chemical products used, Certifications obtained and certification bodies).



SUPPLIERS AND MANUFACTURERS

Suppliers as a primary employer have a direct responsibility to respect Human Rights in their facilities, and reporting on measures to ensure this is vital.

Specifically:

1. Disclose a buyer list, on an annual basis or more frequently;
2. Disclose the names, addresses and contact details of subcontractor facilities and labour agents managing home working contracts, on an annual basis or more frequently;
3. Publish social audit reports in the public domain and information on: number of workers in each department and grade (including gender breakdown), number of migrant and juvenile workers, percentage turnover of workers, wage at each grade and by gender, number and percentage of short-term and/or contract workers, average overtime hours in a month, whether a collective bargaining agreement exists at the factory, existence of a worker complaint mechanism, number of grievances filed by workers, number of accidents causing injuries in the recent period, existence of a joint worker-management committee to discuss grievances or complaints;
4. Appoint an individual at top level management responsible for social performance, and publish the contact information for this individual.

GOVERNMENTS FROM PRODUCING COUNTRIES

Governments of nation states where clothing is produced have a duty under the UNGPs to make sure systems are in place to protect human rights. In our opinion, the promotion of this should include ensuring open and transparent data is available to encourage engagement in human rights protection and remedy.

Specifically:

Require suppliers report on an annual basis on effectiveness of their responses to address the adverse impacts of their activities on human rights, supply chain traceability, employment statistics, economic information, and social audit reports;

Publish a database of findings of labour inspectorates showing compliance with labour rights as per local law, naming suppliers that have repeatedly failed to meet standards over periods of 6 months or more.



ANNEX: WHAT DATA WOULD ENABLE BETTER SCRUTINY OF COMPANY SUPPLY CHAIN PRACTICES?

Clean Clothes Campaign, in collaboration with unionists and workers from across a number of Asian and Latin American garment producing countries, has identified a list of data needed to strengthen organising in factories and to work towards measures to prevent, mitigate and remedy human rights violations.

Data must be made available in standardised, accessible and searchable formats

To make the data useful, companies, suppliers and governments need to ensure data is disclosed in standard formats, in spreadsheets or similar, so that it can be cross checked and tracked. Data also has to be accessible (i.e. free and available for access), for those who need it.

Data set	Reason/Use
SUPPLY CHAIN TRACEABILITY	
Production facility addresses by product and brand, at all production levels	→ To identify brand responsibility
List of brands sourcing from each factory / supplier location	→ To identify brand responsibility To allow workers to contact buyers and use their complaint mechanisms if appropriate
EMPLOYMENT STATISTICS	
Number of workers at the facility, also by gender, grade, juveniles....	→ To have a record for the purposes of proving percentage of workforce has been recruited to a union, in order to register the union officially where labour law requires;
Employment relationship information by percentage	→ To monitor use of short term contracts, with the aim of promoting better employment relationships
SOCIAL DATA	
Average wage of each grade, including information on gender	→ To check wage progress, compare factories, and scrutinise whether wages are fair and enough to live on for each grade
Average working hours and overtime	→ To monitor if overtime is legal by factory, and to check that it is not regularly required of workers
Benefits given	→ To monitor wage make up, and trends in dodging payments of social security for example
Existence of, and name of union(s) and/or CBA	→ To identify whether workers are being represented, and to promote CBA development
Collaboration with MSIs and other CSR initiatives	→ To identify brands and stakeholders influences
Audits and inspections reports, workers trainings and OHS accidents records	→ To monitor how buyers and factory management are dealing with OHS issues



Data set	Reason/Use
ECONOMIC INFORMATION	
Turnover and number of pieces sold per period	➔ To allow workers and unions to evaluate productivity
% of factory production per brand	➔ To identify brand influence in bringing about change
Price breakdown structure	➔ To allow workers and unions to evaluate productivity
PRODUCT INFORMATION	
Chemical products used	➔ To identify and mitigate possible safety risk for workers and consumers
Certifications obtained and certification bodies	➔ To ensure safety issues are managed
GRIEVANCE MECHANISM	
Name and contact details for factory management / Grievance mechanism information	➔ To allow grievances to be raised at management level.
Number of grievances filed at a factory and number of accidents at a factory in a given period.	➔ To monitor ongoing concerns on safety or human rights, as identified by workers