



[Garment worker, Irin, photographed at her home in Dhaka. Photo credit: Fabeha Monir/Oxfam]

BRAND TRACKER BACKGROUND

Milestone 2: Being Transparent

The What She Makes campaign calls on Canadian fashion brands to ensure the women who make our clothes are paid a living wage. This backgrounder describes why supply chain transparency is an important step in the runway to paying living wages and improving labour practices in the fashion industry.

1 WHAT IS A BRAND TRACKER?

The What She Makes campaign calls on Canadian fashion brands to ensure the women who make our clothes are paid a living wage. The campaign engages a small group of Canada's biggest and best-known fashion brands to be leaders and take concrete steps towards paying a living wage. As part of the campaign, we will be using a **brand tracker** to show company progress towards ensuring workers receive living wages. The tracker is a tool to hold companies accountable to their commitments and human rights obligations.

The brand tracker is a scoring system that provides a grade for each company based on their actions in support of a living wage. The brand tracker includes four milestones against which companies will be evaluated:

1. Making a commitment

As a first step, brands should make a public commitment to pay a living wage in their supply chain within four years and publish it on their website.

2. Being transparent

Brands should be transparent, disclose their full supply chain and publish the following information on their website: full name of factories and processing facilities, site addresses, parent companies, types of products made and number of workers.

3. Publishing plans

Brands should develop and publish a step-by-step strategy outlining how and when it will achieve its commitment to pay workers a living wage and meet all requirements with clear milestones and targets.

4. Paying a living wage

Within four years of making a commitment, brands should be paying a living wage in their supply chains. This requires collaboration, consultation, and public reporting on their progress throughout the process.

Companies will either score green, amber, or red depending on the actions they have taken in relation to each milestone. We assess brands' score by considering a set of indicators outlined under each milestone. A green score on the brand tracker shows that the brand has fulfilled all of the elements outlined within a milestone. Amber shows that the brand has taken some action and red illustrates that the company has not taken any action.

These four milestones form the runway to a living wage that ensures that the corporate systems are in place to follow through on the initial commitment to pay a living wage within their supply chains.

Oxfam Canada developed its runway to a living wage based on three foundational pillars:

1. Getting the basics right
2. Roadmap to a Living Wage
3. Paying a living wage

To learn more about What She Makes' runway to a living wage and the various components included in each pillar, please read Oxfam's **outline of the runway to a living wage**.

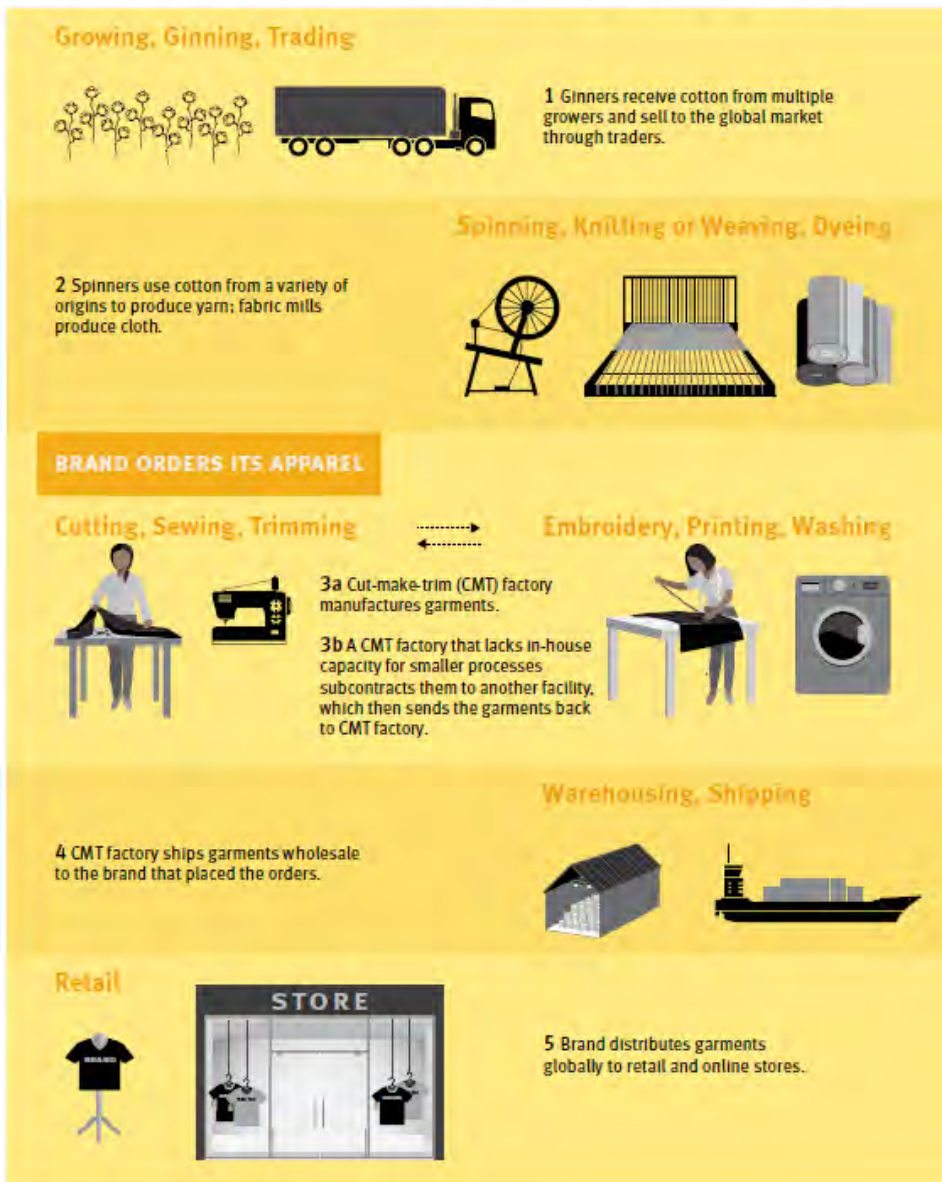
As some of these steps are sequential, we will only be assessing a company on a milestone once it becomes relevant to where they are in their journey. As such, you may see Not Applicable sections on the brand tracker, where we have yet to assess or score companies.

Brands have the flexibility on how best to report on their progress, Oxfam will evaluate them only on publicly available information, such as their annual reports or their supplier code of conduct. Information and insights shared privately with Oxfam cannot be considered in the scoring of the brand tracker.

2 WHAT IS TRANSPARENCY?

At its core, supply chain transparency means making public the information on where a product is made and where the materials that it is made of are sourced from. These are referred to as "tiers" of suppliers. Tier-1 suppliers are the factories that produce a final product, whereas tier-2 suppliers provide materials for use and tier-3 suppliers produce items such as the raw materials that go into the material for a product. As we advocate for living wages for the women who make our clothes, we are first and foremost concerned with tier-1 transparency – knowing where factories are and what the conditions are like in them for the women who make our clothes. Eventually, we also want to see companies disclose their tier-2 and tier-3 suppliers, to reduce the risk of human rights violations across their entire supply chain and ensure companies take immediate remediation measures when they occur.

THE GLOBAL GARMENT INDUSTRY SUPPLY CHAIN



Source: *Follow the Thread, 2017*

Transparency is a foundational building block to ensure ethical supply chains and fair treatment of workers. Publishing information on where products, like our clothes, are made allows independent scrutiny of working conditions, which is vital to ensure labour regulations are in place and workers' rights are upheld. Without a published list of suppliers that includes sufficient details, it is incredibly difficult for workers, unions, and others to know where problems arise within the supply chain of a particular brand or where to turn for redress. If a company is not transparent about its sourcing, there is no way to know where its products are made or if human rights are being violated.

Publishing supplier names and addresses is a sign that a brand is willing to support the workers who make its clothes. While there are a number of reasons why a company needs to be transparent, Oxfam is asking companies for transparency in supply chains to achieve better product traceability and provide the opportunity for workers, labour organizations, human rights groups and others to monitor purchasing practices and

swiftly alert companies' representatives to instances of labour rights violations. It also enables brands to collaborate and take collective actions to prevent, mitigate and remediate labour abuses.

To score green on the transparency milestone a brand must make its factory list public, which should include:

- All tier-1 factory names, locations, and addresses,
- The name and address of the parent company¹ (if applicable),
- The types of products made at each factory,
- The number of workers in each factory, with the gender breakdown of workers in each facility, and
- The sourcing channel (direct sourcing or through agents).

The complete factory list should be updated on the brand's website every six months. Brands should also report on the volume or percentage of sourcing from each of its sourcing countries.

Oxfam Canada's position on transparency is aligned with the Transparency Pledge, a joint initiative of international human and labour rights organizations with global unions to improve transparency in the fashion industry.

3 WHY IS BEING TRANSPARENT IMPORTANT TO ENSURE A LIVING WAGE?

Supply chain transparency is a powerful tool to uphold and protect workers' rights, promote ethical business practices, and build stakeholder trust. Twenty-five years ago, no major garment company disclosed its international supplier list. Most considered their supplier lists as sensitive business information which, if disclosed, would put them at a competitive disadvantage. In the late 1990s and early 2000s, major apparel brands, such as Nike and Adidas, began disclosing the names and addresses of their factories in response to a campaign led by United Students Against Sweatshops (USAS).²

Supply chain transparency in the apparel industry has grown tremendously over the past decade following the Rana Plaza factory collapse in Bangladesh and the tragic fire in the Ali Enterprises factory in Pakistan. Sadly, until these tragedies occurred, there was very limited public information available concerning apparel companies' supply chain.

¹ A parent company is a company that has majority ownership or control over a disclosed factory in the apparel company's supply chain. Because human rights due diligence responsibilities in subcontracted relationships flow through the supplier, the coalition set the minimum threshold limit for data at parent companies of cut-make-trim factories. If the vendor is the parent company of the factory disclosed, then please indicate whether the vendor owns or has a contractual relationship with the factory.

² Follow the Thread - The Need for Supply Chain Transparency in the Garment and Footwear Industry, April 2017

In 2016, several human and labour rights organizations together with global unions formed a coalition to improve supply chain transparency in the fashion industry. They created the [Transparency Pledge](#) as a common minimum standard for supply chain disclosure and as a tool to influence brands to disclose. More and more companies are now disclosing their supply chains, and some have also moved beyond publishing only their tier-1 supplier factories, leading the way among their industry peers.³

This level of transparency is important for three main reasons. Firstly, it helps workers in defending their rights. Transparency and public disclosure of supply chain information enables workers, their unions or other labour rights or human rights organizations to alert brand representatives if problems are not being resolved at the factory level. Knowing which brands are sourcing from a given factory enables workers and other actors to check that claims made about wages, working conditions, workplace safety and purchasing practices are accurate. In cases where a factory fails to respect human rights norms and standards, workers and labour rights organizations can call on brands and their representatives to take steps towards prevention, mitigation, and remediation.

Secondly, it is central to brands conducting effective human rights due diligence. In complex supply chain networks, it may be difficult for companies to monitor continuously the labour practices of its suppliers and third-party monitors are not sufficient to detect all instances of abuse. Besides, numerous reports found these practices to be ineffective in capturing human rights violations and abuse in global supply chains. Supply chain disclosure allows companies to receive credible information from workers and worker rights advocates in between their periodic factory audits. When workers and worker rights-based organizations know which companies to alert about abuses at a manufacturing unit, companies can take advantage to intervene quickly to resolve the issue. Moreover, supply chain disclosure allows workers, labour rights organizations, consumers to monitor the companies' purchasing practices and how they may alter their supply chain to reduce costs.

Thirdly, public disclosure of supply chains builds trust with consumers. Consumers expect the people who make their clothes to be paid living wages, be guaranteed decent working conditions, and have their rights respected at work. When companies disclose their supplier lists and become more transparent, it builds consumers' confidence and trust, and increases the credibility of the company.⁴

³ [Why disclose? Transparency Pledge](#)

⁴ [A sewing kit for living wages, Oxfam Australia, September 2017](#)

4 CURRENT TRENDS IN TRANSPARENCY

Work done by transparency advocates has paved the way for greater supply chain disclosure, and the level of information available in the garment sector has increased over the past decade.⁵ Nevertheless, according to Fashion Revolutions' Fashion Transparency Index, only 47 percent of the 250 top global brands disclose their manufacturing facilities and only 27 percent disclose their wet processing facilities and spinning mills further down the supply chain.⁶

Of the 91 companies that have aligned or are close to aligning to the Transparency Pledge,⁷ the majority are headquartered in Europe and the UK (61%), followed by the United States (29%). Lululemon and Mountain Equipment Co-op stand out as the two Canadian-based businesses that have fully aligned to the Transparency Pledge, with Gildan inching closer to alignment.⁸

Brands have a clear responsibility to disclose their supply chain in order to identify potential human rights and environmental risks and address the challenges. A part of due diligence is a transparent supply chain that enhances brands capacity to take proactive measures to mitigate issues within the chain. Lack of visibility of the complex garment manufacturing supply chain can allow exploitative, unsafe working conditions and environmental damage to thrive. Greater traceability and transparency are necessary to pave the way to ensuring that human rights are upheld.

Globally, it is exciting to see that it is becoming common for many large and luxury brands to disclose their supply chain. While many European and American companies have shown their commitment to be transparent – it is time for more Canadian companies to catch up to global trends, international standards, and consumer demand.

overnments also have a critical role to play to ensure companies are being transparent and respecting human rights. Clean Clothes Campaign (CCC) reports that, since 2016, Australia, France, the Netherlands, the United Kingdom and the European Union have enacted regulations or directives towards improved transparency and due diligence mechanisms to protect human rights. Despite some limitations, they represent a first step towards supply chain transparency and due diligence.

While several countries have enacted legislation or are in the process, the Canadian government has been slow to follow, despite holding consultations about labour abuse in global supply chains in 2019 and again

⁵ [Position Paper on Transparency, Clean Clothes Campaign, October 2020](#)

⁶ [Fashion Transparency Index 2021, Fashion Revolution, July 2021](#)

⁷ Up to date information on the Transparency Pledge degree of accomplishment can be found [here](#)

⁸ Ibid footnote 5

in 2022. In 2019, the government appointed the Canadian Ombudsman for Responsible Enterprise (CORE) to review allegations of human rights abuse arising from Canadian business operations abroad. In late 2021, the federal labour minister received the mandate to “introduce legislation to eradicate forced labour from Canadian supply chains and ensure that Canadian businesses operating abroad do not contribute to human rights abuses.”⁹

Canada's mandatory human rights due diligence legislation should be robust, comprehensive and cover all human rights. Victims of violations should have access to recourse and remedy.¹⁰ It should include public reporting by companies on the measures taken to eradicate human rights abuse and environmental harm in their supply chain. This would compel companies to assess the risk of human rights violations in their supply chains and help level the playing field across the industry. Reporting publicly on these risks and being required to mitigate them proactively and provide remedy will ultimately lead to greater accountability.

¹⁰ Executive summary: CNCA's draft model human rights and the environment abroad Act, CNCA, May 2021

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Oxfam Canada acknowledges the historical and ongoing oppression and colonization of all Indigenous Peoples, cultures and lands in what we now know as Canada. We commit to acting in solidarity with First Nations, Inuit and Métis peoples in their struggles for self-determination and decolonization and in support of the Calls to Action of the Truth and Reconciliation Commission (2015) and the Calls for Justice of the National Inquiry on Missing and Murdered Indigenous Women and Girls (2019). Oxfam Canada's offices are located on the unceded, unsurrendered traditional territories of the Algonquin Anishinabe, Musqueam, Squamish and Tsleil-Waututh peoples. We recognize the privilege of operating on lands that these peoples have nurtured since time immemorial. As guests on these lands, we commit to walking in solidarity with our host nations and according to Oxfam's values of equality, empowerment, solidarity, inclusiveness, accountability, and courage.

This paper was written by Nirvana Mujtaba and Dana Stefov.

For further information on the issues raised in this paper please email info@oxfam.ca

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