“Soon There Won’t Be Much to Hide”
Transparency in the Apparel Industry

By Aruna Kashyap, senior counsel, Women’s Rights Division

One day in April 2013, Shabana went to work in the garment factory where she was a seamstress, feeding cloth, hour after hour, day after day, through ravenous sewing machines in a room filled with hundreds of women doing just the same.

By the end of the day she lay trapped beneath the rubble of the eight-story building in the outskirts of Dhaka, Bangladesh—a victim, albeit alive, of the deadliest garment factory accident in recent history. At least 1,134 other workers in the building died, and more than 2,000 were injured.

“Sometimes I just can’t sleep without pills. I keep remembering how many people died that day,” she said, years later, frail and hollowed. “Maybe I should have died too.”

Shabana miraculously survived three days buried in the rubble of the Rana Plaza building, a disaster that shook the world and belied the lofty claims of big apparel brands that they were taking sufficient measures to protect the workers who toiled to create their products.

Labor advocates wanting to campaign for compensation for victims had to know which global apparel brands had ordered the clothing produced in the five factories that had been housed in the collapsed building. But at the time, no one knew. Labor rights activists and others scrambled to find company labels even as bodies of workers were being pried from the rubble, and traumatized survivors struggled to recall anything about the brands for which they had worked, and almost died.

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As consumers we do not think much about the “Made in ...” labels sewn on our clothes or stamped onto the soles of shoes, if we notice it at all. But woven invisibly into the fabric of the clothes we wear are stories of individuals—often women—who cut, stitch, and glue the shoes, shirts, and pants that we pick from store shelves and hang in our closets.

Factory building collapses and fires are not the only problems in the apparel manufacturing world. In the US$2.4 trillion garment industry, which employs millions of workers worldwide, labor rights abuses are rife. In countries around the world, factory owners and managers often fire pregnant workers or deny maternity leave; retaliate against workers who join or form unions; force workers to do overtime work or risk losing their job; and turn a blind eye when male managers or workers sexually harass female workers.

Why should global apparel brands care? And what is their role?

The governments of producing countries worldwide are primarily responsible for working conditions and labor law compliance in factories. But according to international standards, though non-binding, global apparel and footwear companies or “brands” that order products manufactured in factories also have a responsibility to ensure that the rights of workers are respected throughout their supply chain. They must take measures to prevent and address human rights abuses.

For starters, they should make sure workers and the public know which factories are producing for which brands, and they should be transparent about their supply chains. Too often, though, brands side-step responsibility by failing to publish key information—such the names, addresses, and other important information about factories manufacturing their branded products.

This kind of disclosure is the foundation on which corporate responsibility is built. More and more apparel companies disclose this information to show where they are producing and the sites they are monitoring. By the end of 2016, these included adidas, C&A, Columbia Sportswear, Cotton On Group, Disney, Esprit, Forever New, Fruit of the Loom, Gap Inc., G-Star RAW, Hanesbrands, H&M Group, Hudson’s Bay Company, Jeanswest, Levi Strauss, Lindex, Marks and Spencer, Mountain Equipment Co-op, New Balance, Nike, Pacific Brands, PAS Group, Patagonia, Puma, Specialty Fashion Group, Target USA, VF Corporation, Wesfarmers Group (Kmart and Target Australia, and Coles), and Woolworths.
This is especially important because in the apparel sector, unauthorized subcontracting is a frequent problem. Some of the worst labor abuses occur in such unauthorized subcontracted sites, farthest from any kind of scrutiny or accountability.

Such disclosure not only demonstrates that a company is mapping its supply chain, it also helps to identify good and bad subcontractors, and focus additional monitoring efforts where they are most needed. Workers need this information too, as do those who may advocate on their behalf, including union representatives, local and international nongovernmental organizations, lawyers, journalists, and academics. The more supply chain data is publicly available, the more likely it is that abusive conditions will be reported—whether publicly or to the brands whose supply chains are implicated—and the more likely it becomes that problems can be solved.

**Campaigning for Transparency**

In 2016, Human Rights Watch joined eight international labor rights groups and global unions advocating for a basic level of transparency in the garment industry. The coalition developed a “Transparency Pledge,” a uniform minimum standard for transparency, drawn from industry good practices. The pledge is a modest starting point for company disclosure. Companies can do far more than what the pledge seeks, for example by publishing information about where they source cotton and other materials from.

The coalition reached out to 72 brands—some leaders on transparency and others that lag behind—to urge them to align their practices with the Transparency Pledge. Seventeen leading global apparel and footwear companies have to date committed to publishing all of the information sought in the pledge.

Each company that does so commits to regularly publish on its website a list of all factories that manufacture its products. The list should specify the full name of all authorized production units and processing facilities; site addresses; parent company information for the production units; type of products made; and a rough indication of the number of workers at each site.

Among the leaders who previously already disclosed supplier factory information and fully committed to the pledge are adidas, C&A, Cotton On Group, Esprit, G-Star RAW, H&M
Group, Hanesbrands, Levi’s, Lindex, Nike, and Patagonia. Companies that were going transparent for the first time and committed to the pledge are: ASICS, ASOS, Clarks, New Look, Next, and Pentland Brands.

Another 17 companies, though falling short of pledge standards, shifted in a positive direction, and committed, for the first time, to publishing their supplier factory information. Disappointingly, however, many apparel companies simply rejected transparency altogether or did not respond to our repeated efforts to engage with them.

Transparency is not a silver bullet. But it a powerful tool for focusing more on-the-ground eyes on labor abuses and factory dangers, and provides workers and advocates critical information about where to turn with problems. Transparency also builds confidence among consumers who care about the ethical business practices of brands. And it allows workers to at least hope that brands profiting from their labor will hear of their struggles—and intervene.

Information Barriers

In 2016, I met a garment worker from a factory in Burma. The factory management gave workers time off to celebrate Thingyan, the annual Buddhist water festival—also a government holiday. When workers returned, the managers forced them to compensate for lost productivity by working consecutive Sundays, their only day off. Factory managers singled out workers who refused and denied them overtime work for two months, leaving these low-wage workers with even less take-home pay. The factory’s actions were blatantly illegal under Burma domestic laws.

Workers despaired: they wanted to report what was happening to the brands for which they produced, but they had no way of knowing what those were. They suffered silently.

In another case, an eight-month pregnant worker from Cambodia told me that a garment factory terminated her contract because she was pregnant. The factory refused to pay her legally required maternity benefits, and told her not to return. So she turned to a local nongovernmental organization, which wanted to help her alert the brand. The problem was, no one knew which brand placed orders with that factory. They were at a dead end.
Apparel companies know the challenges workers face if they try to collect brand information from their factories. These include a combination of poor literacy and language barriers; lack of awareness about the label parts that need to be collected; not being equipped with smart phones to photograph labels; and fear of retaliation.

Garment workers I’ve interviewed in Bangladesh, Cambodia, and Burma have often said they were too afraid of retribution to risk photographing or collecting brand labels in factories, or that the factory did not attach the labels at all. Putting the onus on workers to sleuth around to figure out which brands they produce for is patently unfair and only adds to workers’ problems.

**Creeping Toward Transparency**

In the past, consumers asserted their right to know where their products are made to bring about change in the garment industry. In late 1990s and early 2000s, the United Students Against Sweatshops (USAS) campaigned at many US universities, demanding that brands producing licensed apparel bearing their college logo must provide factory names and locations. This led companies like Nike and adidas to share the names and locations of factories where workers made their products—an important breakthrough in the decades-long struggle for transparency.

Since 2005, Nike and adidas have been publishing their supplier factory information, and more brands followed. Some brands that closely guarded factory names as “competitive information” have now released this data. In 2013, the leading fashion group H&M—which according to a company representative used to keep its supplier factories list locked in a safe in Stockholm at one point—became the first fashion brand to publish the names and addresses of its supplier factories. Other companies followed suit in 2016, with big companies like C&A, Esprit, Marks and Spencer, and Gap Inc. also going transparent.

Apparel companies committed to ethical business practices will not shy away from their responsibilities under the United Nations Guiding Principles on Business and Human Rights, which says that businesses should “know and show” that they are respecting human rights in their supply chain, including by mapping their supplier factories. Industry leaders have set the standard for such “showing” by putting supplier factory information in the public domain. Reflecting on how critical it is for a company to publish its supply chain
information to meaningfully apply the UN Guiding Principles, Prof. John Ruggie, former UN special representative for business and human rights, who drafted the principles, told Human Rights Watch:

At the very heart of the guiding principles and corporate responsibility is the notion of ‘knowing and showing.’ If a company does not know and cannot show, or will not show, then it raises questions. A company that respects human rights ... is in a sense shortchanging itself by not being transparent. If it believes its [human rights] practices are strong, they should be disclosing the sites they are monitoring and take credit for that.

**Transparency as Competitive Advantage**

Some brands that reject transparency invoke the oft-repeated trope of competitive disadvantage. They argue that publishing the names and locations of the factories that produce for them will be detrimental to staying competitive. This thinking is misguided.

First, the notion that such a basic degree of transparency puts a company at a competitive disadvantage is contradicted by the fact that leading companies already disclose factory information and have not claimed to suffer any financial harm as a result.

Second, most brands already partially share this information on industry platforms such as Sedex and the Fair Factory Clearinghouse. Through these, they exchange information about supplier factories, including reports about working conditions.

Some of this supposedly “secret” information about factory names and locations is also accessible to competitors through databases, including Import Genius and Panjiva, which compile US customs data.

Publishing supplier factory information would allow brands sourcing from the same factory to exchange key information about working conditions and potentially collaborate to prevent labor abuses or dangerous conditions.

Some argue that their membership in initiatives like the Bangladesh Accord on Fire and Building Safety, a binding agreement between brands and global unions, forged after the Rana Plaza collapse, is proof of their commitment to transparency. The Bangladesh Accord
publishes a list of all garment factories covered by the initiative, but does not publicly identify which factory produces for what brand, let alone globally. The initiative has had a positive impact on fire and building safety in Bangladesh, but is not a substitute for a company’s own transparency practices governing its global supplier factories.

At least one company, Inditex (which owns Zara and other brands), has refused to publish any supplier factory information, arguing that it privately discloses the data to global unions with whom it has signed a global framework agreement, intended to improve working conditions throughout its supplier factories globally.

Publishing supplier factory information would only amplify the effectiveness of such a global framework agreement. Other brands like ASOS, H&M and Tchibo, which have global framework agreements, also publish their supplier factory information. Their practices demonstrate that the two tools—framework agreements and transparency—can coexist.

### Apparel Companies that Publish Supplier Information and Participate in Other Initiatives

Bangladesh Accord members include: adidas, ALDI North and ALDI South, Benetton, C&A, Cotton On, Esprit, G-Star RAW, Fast Retailing, H&M, Hugo Boss, John Lewis, Kmart Australia, LIDL, Lindex, Loblaw, Marks and Spencer, Next, New Look, Puma, PVH, Target Australia, Tchibo, Tesco and Woolworths.

German Partnership for Sustainable Textiles (the Textil Bündnis) members that publish supplier factory information include: adidas, ALDI North and ALDI South, C&A, Esprit, H&M,

### Incentivizing Transparency, Role of Investors

Multi-stakeholder initiatives—involving different stakeholders from the garment industry, such as brands and NGOs, including the Ethical Trading Initiative, the Fair Labor Association, and the Sustainable Apparel Coalition—should play an important role in moving the industry toward basic transparency.
Such initiatives should make publishing supplier factory information a condition of membership and seek time-bound plans from existing apparel and footwear member-companies to move toward this goal. At the very least, they should require that brands in prominent leadership roles—such as boards of such initiatives—publish supplier factory information. Primark, for example, is on the board of the Ethical Trading Initiative, making its refusal to go transparent all the more reproachable. Wal-Mart, one of the founders of the Sustainable Apparel Coalition, has yet to publish its global supplier factory information.

Investors, including pension funds, can use their role as owners in companies to press for transparency. For instance, investors like APG and investor groups such as SHARE Canada and the Interfaith Center for Corporate Responsibility regularly engage with companies on supply chain transparency.

It is not just a social imperative but can help reduce their financial risks by allowing for better preventative measures through collaboration with other brands. The Corporate Human Rights Benchmark—backed by investors including the London-based assessment management company Aviva Investors—also requires apparel companies to map and disclose at least the upper layer of their supply chain.

“Soon there won’t be much to hide,” said Professor Ruggie, highlighting the increasing weight that investors are giving to economic, social, and governance (ESG) indicators. “People who are either inside or servicing the investment community will vacuum up everything that’s out there. They are using everything from GPS to Google Earth to collect information. It’s better for companies to provide this information themselves than have a data provider possibly misconstrue it and sell it as proprietary information to an investment or asset management company, and have it adversely impact the ratings. Companies will realize it’s better to be transparent.”

**A Call to Governments**

Governments should compel transparency and other mandatory human rights processes in an apparel company’s supply chain. Only they can impose penalties on noncompliant companies, and only they can set enforceable standards that truly level the playing field for businesses and workers.
Tragically, the combination of reluctance to regulate companies and overall government apathy has meant there have not been strong legislative efforts worldwide to address human rights concerns in the garment industry. Legislation that specifically requires apparel and footwear companies to publish supplier factory information would be an important step.

Nevertheless, the increasing attempts by some governments to legislate on company responsibilities towards human rights in their global supply chains may lead to some change. For example, the UK Modern Slavery Act—which among other things, requires companies to monitor for modern slavery in their supply chains, does not specifically require companies to publish supplier factory information.

But it has served as a catalyst for transparency: a number of UK apparel and footwear companies have published supplier factory information as part of their overall risk mitigation strategy on modern slavery in their supply chains. The French law on due diligence by companies is yet another piece of legislation that serves as a good example that can be built on.

In the post-Rana Plaza world, no apparel company should think twice about a basic level of transparency. Workers’ rights and lives come first.

Shabana in Bangladesh still struggles to piece her life back together. Nightmares and depression hamper her life and ability to work. Setting foot inside a garment factory is unthinkable. “Workers should know about brands so they can tell their true stories,” she said.

This essay carries information that is current as of December 15, 2017.