

WHAT
SHE
MAKES

MILESTONE 2: SUPPLIER TRANSPARENCY



Image: Fabeha Monir, Oxfam

The What She Makes campaign calls on the biggest clothing brands in Aotearoa New Zealand to pay a living wage to the women who make our clothes.

This document provides a background on the importance of the second campaign milestone—supplier transparency—in the payment of living wages, and why clothing brands in New Zealand should reveal the details of the factories that make their clothes.



OUR BRAND TRACKER

The What She Makes campaign calls on the biggest clothing brands in New Zealand to pay a living wage to the women who make their clothes. We are engaging with some of New Zealand's well-known clothing brands to take leadership by concreting steps towards paying a living wage to the workers in their supply chain. To help get brands to where they need to be, we use a brand tracker to show where they're at in their progress towards living wages. The tracker is a tool to hold companies accountable to their commitments and international obligations.

The brand tracker uses a star-rating system which provides a snapshot of how well each brand are doing in each milestone. **The tracker includes five milestones which companies will be evaluated against:**

1. Make a commitment ([released November 2022](#))

As a first step, we want brands to make a credible, public commitment to pay a living wage to garment workers in their supply chain. This is a powerful demonstration that the brand is embarking upon their living wage journey.

2. Be transparent (May 2023)

Brands should be transparent and disclose their full supply chain and publish the following information on their website: factory names and addresses, parent companies, number of workers and breakdown by gender, sourcing channel, and date when the list is published or updated.

3. Separate labour costs (May 2024)

Separation of labour costs during price negotiations helps to quickly identify if the wages being paid to garment workers correspond to a living wage or not. It also allows the clothing brands and factories to negotiate a price without affecting the wages.

4. Publish a plan (November 2024)

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

5. Pay a living wage

Within 4-6 years of making a commitment, brands should be paying a living wage within their supply chains. This requires collaboration, consultation and public reports on their progress throughout the process.

Clothing brands will be rated on a 5-star scale depending on the actions they have taken in each milestone. We score the brands based on a set of indicators and criteria outlined under each milestone. A rating of 5 stars means that the brand has achieved all of the requirements, while a rating of 1 star means that the brand has taken very little to no action to achieve the milestone.

These five public milestones form the “Journey to a Living Wage” that ensures corporate policies and procedures are in place to follow through on the initial commitment to pay a living wage within their supply chains.

To learn more about the campaign’s Journey to a Living Wage, please refer to [The Brand Guide](#).

While brands have the flexibility on how to best report on their progress, they are evaluated only on publicly available information, such as their annual or impact reports, statements on their website, or their code of conduct. Insights and content shared privately with Oxfam cannot be considered in the scoring of the brand tracker.





WHAT IS SUPPLIER TRANSPARENCY?

In the second milestone for the What She Makes campaign, brands will be rated on how transparent they are when it comes to where their garments come from and who makes them. Supply chain transparency means brands must publish key information about the factories that make their clothes, and where the materials come from.

In the garment industry, information about suppliers is sorted by "tiers". Tier 1 suppliers are the factories that assemble the final product such as ready-made garments; Tier 2 suppliers are those that provide materials to Tier 1 factories, such as textile, threads, zips and buttons; and Tier 3 suppliers provide raw materials such as cotton to make into textile for Tier 2 factories to use.

For this milestone, we ask the brands to be transparent about their Tier 1 suppliers (the factories that assemble their final products). Although transparency on every tier is crucial, we place the most importance of on brands disclosing their Tier 1 factories, so that we know where the factories are and what the conditions are like for the women who make our clothes.

Ultimately, we want them to have full traceability and disclose where their raw materials are sourced (Tier 2 and 3 factories), to reduce the risk of human rights violations and modern slavery across their entire supply chain.





WHY IS SUPPLIER TRANSPARENCY IMPORTANT?

Transparency is the foundation of an ethical supply chain. It allows workers, unions, and groups of people like us to scrutinise the working conditions of these factories, and ensure that garment workers are treated and paid fairly. Without an up-to-date, public list of suppliers, there is no way to know where a brand makes its clothes, or whether the factories they source these garments from are violating human rights.

So, if a brand claims to be “ethical” or “sustainable” but does not know or share who makes their clothes, then something is wrong.



If clothing companies know where their factories are and where their materials come from, they can make sure living wages are paid throughout their supply chain. Without this direct knowledge, they won't know where changes need to be made. And knowing which other brands source from the same factories enables companies to collaborate and take collective actions to improve conditions, wages and rights for workers.

It helps workers in defending their rights.

Public disclosure of supply chain information enables workers, their unions and other human rights organisations to alert brand representatives if problems are not being resolved at the factory level. Issues on poor wages, working conditions, workplace safety and purchasing practices can be escalated to the brands, who have the power to put policies in place in the factories they source from. In cases where a factory fails to respect human rights norms and standards, workers and labour organisations can call on brands to take steps towards prevention, mitigation and remediation.

It is central to brands conducting their human rights due diligence.

In complex supply chain networks, it may be difficult for companies to monitor continuously the labour practices of its suppliers. Third-party monitors and audits are not sufficient to detect all instances of abuse. Supply chain disclosure allows companies to receive credible information from workers and advocates directly. Moreover, it allows the public to monitor the companies' purchasing practices and how it affects the working conditions and wages in these factories.

Public disclosure builds trust with consumers.

Consumers expect the people who make their clothes are being paid living wages, guaranteed decent working conditions, and have rights respected at work. When brands are transparent, it builds consumers' confidence and trust, and increases the credibility of the brand.



OXFAM'S REQUIREMENTS FOR TRANSPARENCY

Within six months of making a credible, public commitment to a living wage, Oxfam asks the brands to be transparent by:

- a) Publishing their final stage production suppliers (Tier 1) details on the website, complete with the following details:
 - i. Factory names, locations and addresses
 - ii. Name and locations of the parent company (if applicable)
 - iii. Number of workers in each factory and the breakdown by gender
 - iv. Sourcing channel (either direct sourcing, sub-contracting, or through an agent)
 - v. Date of when the list is published or updated
 - vi. Other optional details: types of products made at each factory, last audit date, and volume or percentage of sourcing from each supplier factory
- b) Making a public statement that it is a complete list (100%) of the brand's Tier 1 suppliers
- c) Review and update the list every six months.

The brands are then rated based on how complete this list is.





ASSESSMENT OF THE BRANDS' TRANSPARENCY



We found that Kathmandu has excellent transparency of its final stage production suppliers. The supplier list is easily accessible from the website and on Open Supply Hub. It includes the most important details about their sourcing factories including factory names, locations, parent company, number of workers and even the product types. They have also committed to regularly review and update this list every 6 months. Kathmandu is also working on making available details of their Tier 2 suppliers. Awesome!



Macpac has excellent transparency of its Tier 1 trade partners. The supplier list is easily accessible on their website. It includes the most important details such as factory names, locations and addresses, and the number of workers. Macpac has also provided information on the percentage of women making clothes in each of their factories. Macpac has been transparent in classifying the nature of the contract each of the suppliers has with Macpac and has committed to reviewing and updating information on their Tier 1 trade partners list on a six-monthly basis. Bravo Macpac!

GLASSONS



Glassons and Hallenstein Bros have not made the full list of their Tier 1 suppliers and other important details about their sourcing factories available publicly. Partial lists of the brands' suppliers can be accessed [here](#) and [here](#). These lists however do not add up to the number of suppliers indicated on the supplier [map](#) on their website, which only shows the number of suppliers the two brands have in each country. The partial lists themselves provide information on the names and addresses of some of the factories, the number of workers, the percentage of women working in each of those factories and even the size of the factories. Whilst this is a good start, regrettably this information is only available for some of the factories from which these two brands source their clothes. These lists also do not include the date on when they were last updated and reviewed. To achieve complete visibility and transparency of their Tier 1 suppliers, key to ensuring ethical supply chains and fair treatment of workers, Glassons and Hallenstein Bros will need to: publish a comprehensive list of their Tier 1 suppliers, include a statement that it is a complete list of their Tier 1 suppliers, and indicate how often the list will be updated and reviewed.



Based on the brand's latest supplier list (March 2023), we found that lululemon has excellent transparency of the factories they source from. The brand includes the most important details such as factory names, locations and addresses, parent company, number of workers and breakdown by gender, sourcing channel, and the date when their list is reviewed and updated. They update their list every six months, with the latest list reviewed in March and published in April 2023. The list is easily accessible from their website and from Open Supply Hub. We also note that there is a statement that it is a complete list of the brand's tier-one suppliers, and includes 75% of tier-two suppliers. We laud Lululemon's efforts in having full transparency to the factories they source from, as this is one of the crucial foundations of ethical supply chains and fair treatment of workers. Great work!



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H&M has excellent transparency about who makes their clothes and has shared details of both their Tier 1 and Tier 2 suppliers. They review and update their supplier list every month, and provides all of the key details such as factory names, locations, parent company, number of workers and share of women employed in factories, and even the status of worker representation. H&M have also noted that their transparency is aligned with the requirements of the Transparency Pledge, which sets the international minimum standard for supply chain disclosure. H&M's commitment and practice of disclosing full supplier transparency are commendable and show the other brands that this is possible. Way to go, H&M!



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This paper was written by Tracy Decena and David Bull with support from Rachel Dobric, Rachel Schaevitz and Angela Wilton.

For further information on the issues raised in this paper please email oxfam@oxfam.org.nz

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