

Achieving Supply Chain *Transparency*

A principles-to-practice guide
for ethical businesses

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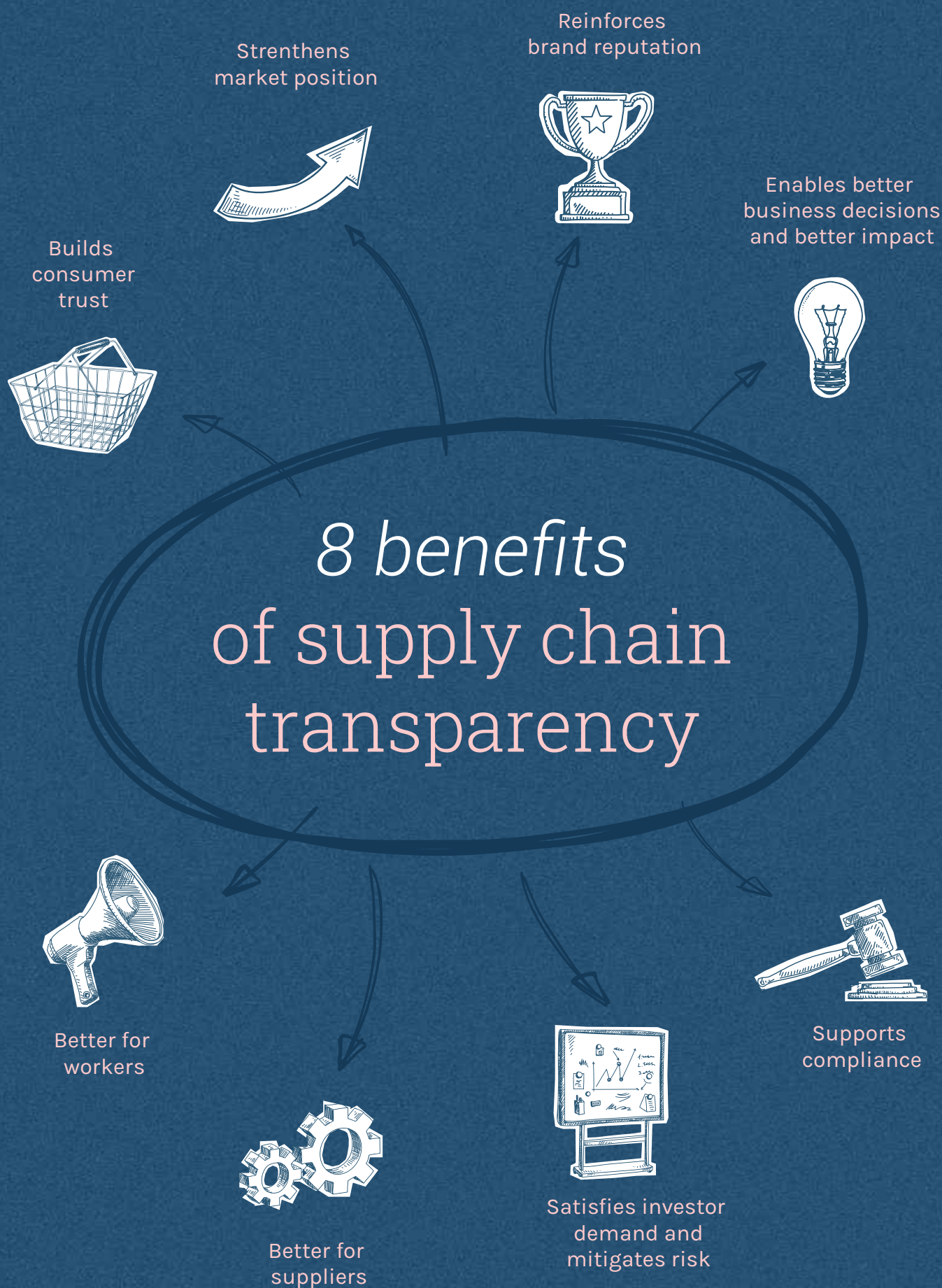


This guide aims to help ethical businesses and social enterprises put the *principles* of supply chain transparency into *practice*.

As those who are working hard to build and maintain ethical businesses know, it takes time to do business in ways that benefit people and the planet. Finding out and publicly reporting on who is in your supply chain has a lot of benefits. It can build brand reputation, enhance consumer trust, lead to better business relationships, help win contracts, minimize a range of risks and support compliance. And as more and more global brands take up supply chain transparency, it is rapidly becoming the new norm.

There are some supply chain transparency guidelines available already, however, these are often designed for larger businesses or specific industries, leaving small and medium ethical businesses feeling like achieving transparency is too difficult or too time-consuming. But this is not true. Many ethical businesses are in fact very well placed to achieve, and even exceed, best practice in supply chain transparency.

We have produced this guide containing straightforward principles and easy to implement practices to help busy people who do not have the resources of a multinational corporation to ensure that their supply chains are as transparent as possible.





Builds consumer trust

There is strong evidence that consumers value corporate transparency, and in particular information about where and how their products were made. After years of false claims being exposed in the media, a new generation of younger consumers wants to see proof that a company knows who is behind each step or ingredient in their products. Transparency is the key to unlock this trust.

The Consumer Goods Forum and Futerra surveyed 3,600 consumers and 70 corporate leaders across France, China, India, Japan, Brazil, the UK and the US (CGF & Futerra, 2018). They found:

- 70 per cent of shoppers are more interested in product transparency than choosing their 'favourite' brand;
- 90 per cent of corporates said their consumers are more interested in transparency than they were five years ago;
- 78 per cent of consumers trust transparent brands more – and this figure rises to 83 per cent for millennial consumers.

"Besides believing transparency is the right thing to do, it also makes good business sense. Our customers want to be sure that our goods are not made in sweatshops."

STEFAN SEIDEL
HEAD OF CORPORATE RESPONSIBILITY,
PUMA GROUP

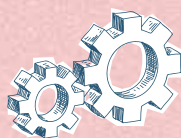


Reinforces brand reputation

For companies keen to position themselves as ethical leaders, transparency is something that needs to be taken seriously. Enterprises operating in the services or construction sectors may not feel consumer demand as directly as those with a physical product to sell, but they will find investors, commissioning authorities and even potential staff looking for evidence of their ethics. Having a good handle on supply chain transparency can show that a company is putting its values into practice.

"All social enterprises are trying to improve their impact in the world. Being more transparent is one concrete way of demonstrating the integrity which consumers and business partners are looking for."

PETER HOLBROOK
CHIEF EXECUTIVE, SOCIAL ENTERPRISE UK



Better for suppliers

Supply chain transparency can bring benefits to suppliers too. It can boost a supplier company's reputation to be known to be supplying a particular brand. It can also stabilise a supplier's position within the chain as increasingly buyers, commissioning authorities and government procurement agencies are looking for partners who can provide the openness they (and their customers) are seeking. Counterculture Coffee, a US-based speciality coffee roaster, even found that greater transparency in the coffee sector led to higher prices for suppliers. Coffee from named origins was found to command prices 46% higher than unnamed coffees destined for blends (Transparent Trade Coffee, 2018).



Better for workers

For workers in complex supply chains, increased transparency can be extremely valuable. When they know the standard of labour practices the brand is expecting from its suppliers, workers are empowered to press their employers to uphold that standard. They also have an alternative channel through which to raise issues and grievances. As Jenny Holdcroft from the international trade union IndustriALL notes, "with increased transparency we can make the connection between corporate social responsibility policies and their impact on the ground". When abuses occur knowing which brands are sourcing from which supplier or worksite can be a powerful lever to drive resolution. The Garment Workers Diary project in Bangladesh found evidence that workers in factories that are part of brands' public supplier lists earned on average 1040 Taka more per month – equivalent to one third of a typical months rent (Fashion Revolution 2020).



Strengthens market position

As more larger profit-driven companies embrace transparency, those that do not are in danger of being left behind, irrespective of their sustainability certifications or social business models. Fashion Revolution found a growing proportion of fashion brands have achieved transparency to the first tier of their supply chain, up from 12.5 per cent in 2016 to 40 per cent in 2020 (Fashion Revolution, 2020). A host of global brands such as Unilever, Adidas and Nestlé and high street retailers such as Lidl Germany and Morrisons in the UK are also now publishing supplier lists. Increasingly large companies, government procurers

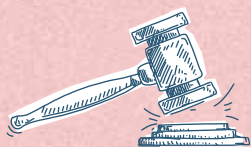
and commissioning agencies are looking for evidence of a company's ethics when making purchasing decisions. Social Enterprise UK found that 33 per cent of local councils in the UK routinely consider 'social value' when commissioning (Social Enterprise UK, 2016). Companies with transparent supply chains are better placed to prove this value and so be prioritised for contracts.



Enables better business decisions and better impact

Unilever's Executive Vice President for Tea, Matt van Ettinger explains why the company decided to publish all its global tea suppliers: "Greater scrutiny of our supply chains helps us work more effectively with partners and suppliers to bring about positive change for people and planet. We want all our consumers to be part of this process too, so they can see where their tea comes from and how we are supporting the communities we work with."

The process of collecting and collating information in preparation for publication often gives companies a more complete understanding of their supply chains which enables them to plan improvements, build relationships and reduce risk. Dutch company, Fairphone actively uses the information from their ongoing supply chain discovery process to develop projects to improve their social impact. Transparency also enables companies to learn from the failures and best practices of their peers. In areas such as responsible sourcing, transparency can facilitate a more collaborative, solutions-oriented approach. For example companies who know they are sourcing from the same supplier can work together to deliver improvements or tackle shared challenges.



Supports compliance

There is a growing raft of legislation requiring greater supply chain transparency.

- The United Kingdom's Modern Slavery Act and the California Transparency in Supply Chains Act require companies to publish information on what they are doing to tackle modern slavery in their supply chains.
- The EU Conflict Minerals Regulation requires companies importing minerals from high-risk areas to carry out supply chain due diligence.
- The French 'Duty of Vigilance' law requires large companies to monitor and remediate human rights and environmental risk across their global operations, including their suppliers.
- The Netherlands has passed a law requiring companies selling goods or services to Dutch consumers to identify and prevent child labour in their supply chains.

A number of countries as well as the European Union are planning further legislation mandating companies to conduct human rights due diligence assessments. Companies that go beyond current legal obligations now will be ahead of future regulatory trends.



Satisfies investor demand and mitigates risk

Long and complex supply chains obscure accountability and this creates risk, not just for the company, but for their investors too. As part of their due diligence, investors are increasingly demanding a much higher level of transparency from companies on a range of pertinent risk issues from their climate change approach, to their tax policies, to their human rights risk monitoring systems. The majority of these require that first a company knows and understands its supply chains well.

The Principles for Responsible Investment advise investors to ask companies whether direct suppliers have been identified and recorded, including location, size, sector and the risks associated with them (PRI, 2017). The Corporate Human Rights Benchmark which aims to inform investors by publicly benchmarking companies on the basis of their human rights policies and practices has supply chain mapping as one of their key indicators. To achieve a maximum score, a company must publicly disclose the names and addresses of its suppliers (CHRB Methodology, 2020).

CASE STUDY

Transparency sells: The case of Tony's Chocolonely

Dutch chocolate brand Tony's Chocolonely has five sourcing principles, including full traceability and paying a price designed to support a living income amongst cocoa farmers. For Tony's, transparency is

key. "When you have no contact with the farmers who supply your cocoa their problems seem abstract, far, far away. [] Our aim is to remove anonymity from the supply chain". This approach is popular with consumers. In 2017 Tony's became the leading chocolate brand in The Netherlands with 18.8 per cent of the market and a 53 per cent increase in sales on the previous 12 months.

In 2019 they began expanding into other markets and are now present in Belgium, Denmark, Germany, Finland, Sweden, the U.K. and the U.S. According to the Supply Chain Consulting Group (2019): "The brand's success reflects growing consumer demand for a transparent supply chain, with customers willing to pay more to guarantee ethical sourcing."

Busting transparency *myths*

Transparency is at the absolute heart of the fair trade and social enterprises movements.

Many enterprises have deliberately designed their business models with short supply chains and a small number of well-known and trusted partners, in contrast to larger, profit-driven companies in which long and complicated supply chains can obscure human rights abuses. Despite this, many fair trade and social enterprises have been slow to adopt the practice of transparency. Why is this?

"I think we probably meet a business every other week who goes, 'We're terrified; we're not perfect. So, let's not do this.' But the way the consumer demand is going today – that's just not an option."

LOUISE GARVIN
HEAD OF ENTERPRISE, PROVENANCE



"It is too hard/
expensive/
time consuming"

Many companies already have easy access to the information needed to get started with supply chain transparency. All that is needed is the leadership commitment to coordinate and publish it. For larger businesses with really complex supply chains it is going to be harder and take longer. But the pay-off in terms of consumer trust, brand reputation, legal compliance and improved decision-making is significant.

"We always take the long view. We don't look at things on a quarterly basis. Long-term thinking allows us to make smarter and more responsible decisions."

CORLEY KENNA
DIRECTOR OF GLOBAL
COMMUNICATIONS AND
PUBLIC RELATIONS, PATAGONIA

"I can disclose
privately or
aggregate"

Private or aggregated disclosure of suppliers does not demonstrate the same level of accountability as public and specific disclosure, and it doesn't wash with consumers. If you're already comfortable with disclosing suppliers in a private forum and your company values transparency and accountability then public disclosure makes sense.

"A lot of people think if you outsource your value chain you can outsource your responsibilities. I don't think so. We need to be at the forefront of change."

PAUL POLMAN
CEO UNILEVER

"I already have
a certification"

Certification alone will not deliver full transparency. Publishing your supplier list is a vital element in driving lasting change in your supply chains. It will get easier over time and it will deliver a boost in consumer trust and brand reputation.

"Transparency has become the key driver of change in the fashion industry, which used to be about as untransparent an industry as it could possibly be."

DAVID SAVMAN
HEAD OF PRODUCTION,
H&M GROUP

"I have competition
concerns"

The view that sharing supplier information breaches competition regulations does not stack up. Scores of companies have published supplier lists with no competition repercussions and are thriving as consumers and investors reward their honesty and long-term thinking.

Research by Transparency International found that company competitiveness was not adversely affected by higher levels of transparency.

TRANSPARENCY INTERNATIONAL
2016

Principles for *transparency*



Action-oriented

Companies who approach transparency as a box-ticking exercise will not feel the benefits. The information must have a purpose and be designed to be actionable. Within the business there needs to be a plan about how to tackle the challenges and opportunities that the information identifies. To make sure information is usable to those outside the business, it also needs to be accessible and in a usable format, such as an excel spreadsheet or CSV file.



Two-way

There is a tendency to see supply chain transparency as buyer-driven – something that is ‘done to’ suppliers. But to really deliver business benefits, transparency should go both ways – it is not just about buyers scrutinising their supply chains, it should also be about suppliers and workers knowing who buys their products and for what price, as well as suppliers providing feedback about buyers’ practices. This ‘reciprocal transparency’ will support better business relationships with higher levels of trust and loyalty.

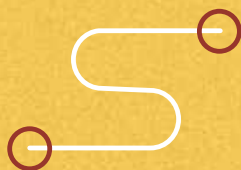
Here are some principles which can act as the foundation for your supply chain transparency work.



Facts not stories

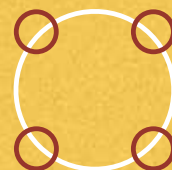
Fashion Revolution defines transparency as the '*credible, comprehensive and comparable public disclosure of data and information*'.

True transparency is about honesty and presenting the whole picture. It is not about publishing selective case studies, stories or snapshots - these may be a great way of engaging customers, but they are no substitute for full publication of simple data which can be checked.



A process, not an event

Developing supply chain transparency and integrating this information into a company's business processes should be seen as a long-term investment. Information needs to be updated annually and with each year more detail and texture can be added. It may take some companies a number of years to be able to map supply chains all the way back to their raw materials. But systematic reporting will ensure learnings and constant improvement.



Collaborative and proactive

There is little point in publishing lists of suppliers if no one outside the business can find or use the information. The more companies can make their information easily accessible and link up with others to publish centrally, the more powerful the whole process will be.

Practical guide to supply chain transparency

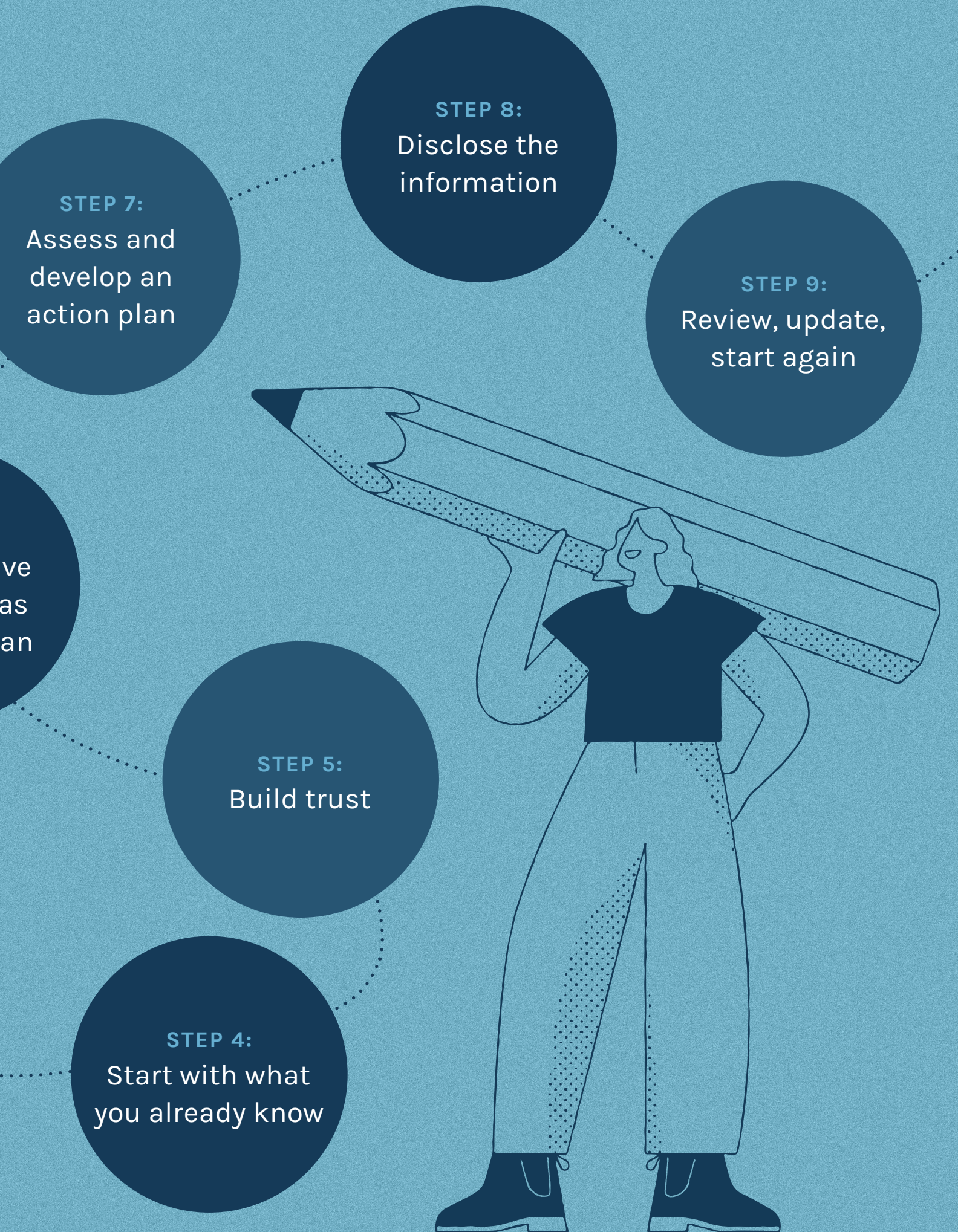
This section provides some suggested steps for getting started with supply chain transparency.

STEP 2:
Dialogue with
stakeholders

STEP 1:
Identify why you
want to be more
transparent

STEP 3:
Decide who,
what and where
to disclose

STEP 6:
Fill gaps. Dig
deeper. Go
as far as you can



STEP 1:

Identify why you want to be more transparent

Identify why you want to be more transparent and the purpose of publishing the information. Are you concerned about child labour risks or the provenance of your raw materials? Are you keen to improve supply chain relationships? Are you hoping to build greater trust and brand loyalty from your customers? Ensure robust management information for decision making?

STEP 2:

Dialogue with stakeholders

Based on what you are trying to achieve, decide who the important stakeholders will be in the process. This could include suppliers, workers' organisations, community groups or civil society. Get in touch and ask them what information they will find useful and in what format. Ask stakeholders what they will do with the information and crucially what they want you to do with the information beyond disclosing it publicly.

STEP 3:

Decide who, what and where to disclose

On the basis of these discussions, decide on the level, format and location for your disclosure. It is best practice to publish data as a simple CSV file or excel spreadsheet. Publishing information as a webpage or PDF is not recommended as this makes it difficult and time consuming for stakeholders to find and use the information. As well as your own company's website, there might be other places where the information could usefully be published. There is growing number of websites that provide searchable and downloadable databases of supplier information that facilitate comparative analysis. As more companies publish their supplier information these will become increasingly important - see the resources at the end of this section for guidance.



A good place to start is to publish a simple CSV spreadsheet with information on your first-tier suppliers, including as much information as you can, alongside your code of conduct.

STEP 4:**Start with what you already know**

Start by mapping your direct suppliers. Bigger businesses may need to prioritise the product or supply chains for which they want to start their transparency reporting. Then you can identify and prioritise which gaps you want to address, based on your reason for being more transparent (step 1). Develop a timeline for reporting on all tiers of your supply chain.

STEP 5:**Build trust**

Getting information about the next tier of suppliers and beyond will require the support of your direct (or 'first-tier') suppliers and partners. Discuss what you are hoping to achieve through greater transparency with them, listen to any concerns they have and agree on what information will be shared and where.

"It's no small feat to map a global supply chain, but it's a matter of integrity...When we began this project in 2014, we didn't think that would be too hard... But going deeper means getting our suppliers to reveal their suppliers. That takes trust. And time."

EILEEN FISHER, VISION 2020

Be sensitive to the fact that suppliers may be wary of your motives in seeking this information or may be concerned about the time and expense it will take to put it together. You may need to consider providing training and resources or amending contracts. Be proactive about 'two-way' transparency, so be ready to disclose information about your own practice and to reflect on your own role in mitigating issues.

"Getting robust data is great, but retailers must take this further by understanding suppliers' business challenges, offering support and developing long-term relationships."

CARMEL GIBLIN, CEO, SEDEX

STEP 6:

Fill gaps. Dive deeper. Go as far as you can

Once a common purpose has been established with your first-tier suppliers, then you can gradually add to your map or reporting documents more and more of your second-tier, third-tier and beyond suppliers, all the way along the supply chain to the raw materials. In complex supply chains, some of this process can be automated and technologies such as blockchain can be used for verification. There are a number of companies, including Fairtrace, SourceMap and Provenance who can help with this. See resources below.

STEP 7:

Assess and develop an action plan

Before going public take some time to assess the information that you have gathered. Are there any surprises there? Any improvements to be made or risks to be mitigated? Develop an action plan – or even better, incorporate next steps into your next planning and resource allocation cycle so that this becomes a routine part of your business operation. A discussion with suppliers and the management board of your company might be needed here, with an emphasis on resolving problems.

STEP 8:

Disclose the information

Once information is published - be proactive in disseminating it to supply chain partners and stakeholders. Be clear in your communications about what the information is and is not, for example is it an approved supplier or a current supplier list? You may also wish to let your customers know about what you have done via the press or social media and don't forget to be prepared to respond to the enquiries disclosure will generate.



FIND OUT MORE: See the *Great disclosure gallery* on p16

STEP 9:

Review, update, start again

Transparency is an ongoing process, not a one-off task. It is good practice to update the information regularly, at least annually or ideally twice per year.

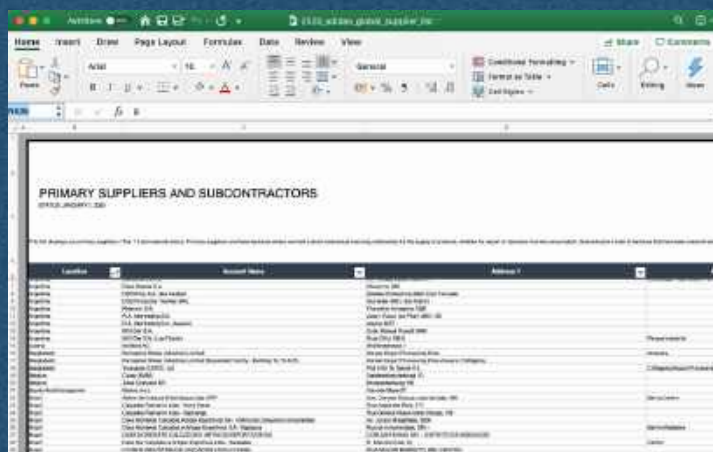
Checklist:

What information to include as a minimum and why

WHAT	WHY
<input type="checkbox"/> Supplier name and street address	Without an actual address, it is difficult to accurately verify information about a production site. This is especially the case where a supplier has multiple names or branches. Best practice would be to provide coordinates so that the supplier's location can be found on a world map.
<input type="checkbox"/> Worker numbers	A rough indication of the number of workers (disaggregated by sex) reveals the size of the supplier's company. This is useful to determine the potential health and safety risks to workers and provides a guide for freedom of association requirements (trade union rights).
<input type="checkbox"/> Product type/ process	This helps to show what each supplier does and where they fit into the supply chain.
<input type="checkbox"/> Parent company information	This can help in terms of accountability and due diligence, especially in the case of big holding group companies that own multiple worksites.
<input type="checkbox"/> Nature of information	Be clear what the information is and is not. Is it a list of current or approved suppliers? How much of your supply chain are you disclosing, what percent of your product or suppliers are included?
<input type="checkbox"/> Frequency of updates	State clearly how often this will happen - minimum once a year.
<input type="checkbox"/> Your code of conduct	This document sets out the standards a buyer expects from suppliers, so contains vital information. Make sure obligations run both ways.

Great
disclosure
gallery

As well as the raw and accessible
are finding innovative ways to dis
on product webpages, to interacti
by the maker.



ADIDAS

An example of good practice, Adidas publish their full global factory list as an easy to use Excel spreadsheet. It includes total numbers of workers, female workers and migrant workers.



THE LOYAL WORKSHOP

The Loyal Workshop's handmade leather satchels and individually signed by the women artisans. Their website has more information about each maker.



FAIRPHONE

Fairphone provide a cost breakdown of their Fairphone 2, proving transparency is possible in even the most complex supply chains.



TRAIDCRAFT

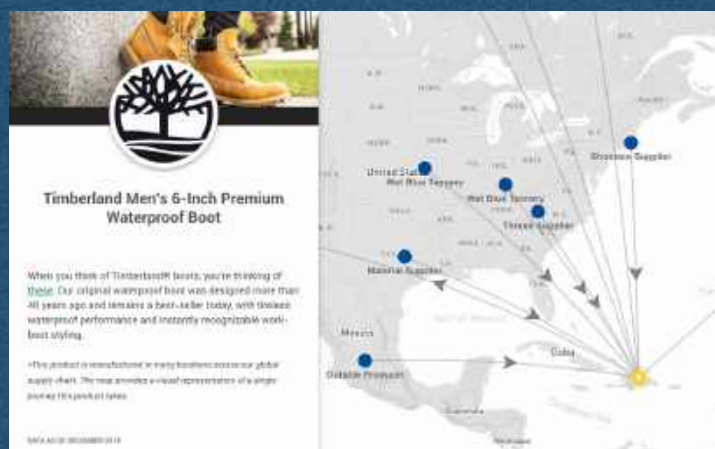
Traidcraft include a price breakdown on the front of the pack of their Transparent Honduras and Sumatra Organic Ground coffee.

information, companies
close from click throughs
ve maps, to goods signed



MARKS & SPENCER

Marks & Spencer's interactive map includes information on the number of workers at each supplier site, including the percentage of female workers.



VF GROUP

VF Group publish full supply chain maps for a number of products produced by the group's brand, including the iconic Timberland boot.

Certification and transparency

Certification is not a substitute for greater transparency, but the process of being involved in certification can certainly make being transparent easier. Most ethical certifications (Fair Trade, organic, etc) require a high level of product traceability with information on suppliers, provenance, financial transactions all routinely collected. Many businesses have also been producing social reports, case studies or supplier maps for years before this became mainstream.

For smaller businesses it will be a relatively simple change to collect this information systematically and to share it regularly and publicly. Larger businesses with complex supply chains who have partially embraced certification have a head-start towards achieving full supply chain transparency. They can use their experience as a springboard for providing transparency across all products, which will likely deepen consumer trust as well as enabling better business decision making.

"Fair trade is a trading partnership, based on dialogue, transparency and respect".

DEFINITION OF FAIR TRADE
AS QUOTED IN FAIR TRADE CHARTER

Certifiers should rise to the challenge of how they can encourage and support more systematic transparency amongst their licensees, for example through considering requiring supplier list disclosure as part of their standards or by developing or including more data, such as addresses, buyer links, number of workers on public facing databases.

More useful information to develop your *transparency reporting*

Useful guides

This short guide by the UK's Chartered Institute of Purchasing has some great tips:



READ: Five tips: How to map your supply chain

For more help if you are a small business, have a look at this dedicated guide:



READ: A small business guide to supply chain mapping

Businesses in the clothing sector may find Common Objective's free downloadable Supply Chain Matrix tool useful:



DOWNLOAD: Supply Chain Matrix tool

Service providers

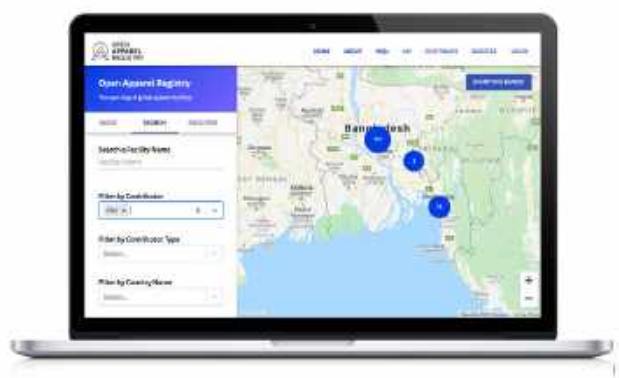
Larger businesses may want to seek the help of specialist companies, for example the [Fairtrace](#), [SourceMap](#) and [Provenance](#). However, it is vital to maintain internal knowledge if the information generated is going to inform business decisions, so don't outsource all the work.

Industry-wide transparency initiatives and aggregator websites

One of the drawbacks of transparency reporting is that – unlike certification which provides independent third-party verification of claims – it relies on information produced voluntarily by companies. There are a growing number of platforms designed to aggregate transparency information to enable comparison between companies and external verification of the information.



Fashion Revolution's Transparency Index annually reviews and ranks 250 of the largest global fashion and apparel brands and retailers according to how much information they disclose about their suppliers, supply chain policies and practices, and social and environmental impact. It assesses brands and retailers across five key areas. The Index does not verify the information that brands provide as this is beyond the scope of the research.



The **Open Apparel Registry** is an open source, public, centralised, free of charge, searchable resource that provides precise information on garment factories, their locations, addresses and role in global supply chains. This simple concept is already proving hugely powerful. According to Phil Bloomer and Alysha Khambay of the Business and Human Rights Resource Centre, the existence of the OAR, "enabled us to quickly respond to the dismissal of over 1,000 garment workers for striking over payment of benefits in Cambodia. We were able to swiftly reach out to brands sourcing from the factory, identified through the OAR, asking for their response and plan of action. Two brands responded and launched investigations. Through pressure from many quarters, including brand interventions, the majority of workers were reinstated to their jobs" (Bloomer & Khambay, 2019).



WikiRate is an open source, collaborative tool where interested parties, including companies, civil society organisations and trade unions can upload data regarding corporate practices. It includes widely sourced information on individual companies, important topics and sector-based projects. It aims to make data accessible, comparable and free for everyone. This website is unrelated to Wikipedia, but follows the same editing rules.



Transparent Trade Coffee provides a platform where member coffee roasters share the price they pay to farmers and the percentage of the final price that stays in the country of origin. This can be searched and ranked by customers.

Taking it to the next level: *Transparency 2.0*

If full supply chain transparency were to become widespread, it would be transformative for ethical trade and human rights.

But there is even more that can be done. Once a company has a good understanding of the details of its supply chain all the way back to raw materials, they can move on to considering other aspects of transparency, such as 'where the money goes' and reporting on their carbon footprint. Many social and fair trade enterprises are well-placed to move quickly to this next frontier.



Follow the money

One of the most exciting and ambitious developments in supply chain transparency is companies that are working to get to the bottom of 'where the money goes' in their supply chains and are sharing this with their customers. German fair trade company, GEPA, produces an annual 'Where the Money Goes' report on the supply chain for its coffees, and UK-based fair trade company, Traidcraft Plc, recorded a world first by publishing a 'where the money goes' breakdown for one of its coffee products on the front of the packet.



CASE STUDY

Sharing the true cost: the case of Fairphone

The Dutch company Fairphone has taken supply chain transparency to a new level in the notoriously complex electronics sector. Smartphones are made up of thousands of components and each of these comes from a different supplier and is made up of different materials. Fairphone's supply chain includes mines, smelters, refiners and several tiers of manufacturers around the globe. Mapping this may seem like an impossible task, but so far they have successfully mapped all their first- and second-tier suppliers (assembly, manufacture and component suppliers) and are now progressively researching third- and fourth-tier suppliers. They have used this information to provide a 'true cost' breakdown outlining who makes what in the supply chain.

"Before you can improve the electronics supply chain, you have to understand how it works. Step by step, we're uncovering the materials, suppliers and locations that play a role in making the Fairphone 3. Because the more we know, the better we can identify and implement positive changes."

"Given the clear business case for greater transparency, the question that companies need to start asking themselves is not "why disclose?" but rather "why not disclose?"

TRANSPARENCY INTERNATIONAL

Carbon labelling

Being able to measure the amount of carbon created in the production, transport and sale of a product is a complex undertaking requiring detailed knowledge of the supply chain. Being transparent about a product's carbon footprint – to the point of putting a number on a label – is also clearly going to be critical in the future. A 2019 poll by the Carbon Trust of more than 9,000 consumers, across the United States, United Kingdom, Italy, Canada, Spain, the Netherlands and Sweden found almost two thirds strongly support carbon labelling (Carbon Trust, 2019).

This approach may be increasingly required by regulators. According to media reports the French Government has launched a carbon labelling scheme for the clothing sector. From 2020 onwards, clothing companies will be able to display an environmental rating on a scale from A to E on each garment which shows how environmentally friendly it is. The score will take into account the carbon footprint of producing and transporting the clothes, the amount of water the garment took to produce, as well as the level of toxicity in the fabrics and dyes. The Government is considering making the labelling scheme mandatory by 2022.

In 2020, the Quorn Food company became the first major brand to introduce a carbon label on the packets of its products.



Workers and wages

More systematic tracking of who is working in a supply chain, what they are paid and how they are organised can be an important way of uncovering potential human rights issues such as child and forced labour, gender based violence, harassment and exploitation of migrant workers, and is a vital step towards lasting improvements.

There are some useful initiatives aimed at supporting greater transparency around workers rights and wage levels. The Workforce Disclosure Initiative asks UK-listed companies to share information about diversity, wages, health and safety, contracts, worker voice and procurement practices with investors via an annual survey. At the moment public disclosure of this information is not a requirement. Similarly, the Fashion Transparency Index tracks levels of corporate transparency around workers, wages and gender. Their 2020 report found that 23 per cent of companies disclose their approach to paying living wages (Fashion Revolution, 2020).

CASE STUDY

Figuring out fair pay: the case of Lucy & Yak

In a great example of wage setting transparency, ethical garment company, Lucy and Yak explain in detail on their website the process they went through to establish fair rates of pay for their suppliers in India. They sourced information on fair wages from Fashion Revolution and the minimum wage from the Rajasthan Government. They spoke to their suppliers about what the market rate in their community was for skilled tailors, as well as considering the costs of living. They settled on a wage range that was skill based and supplemented that with a quality-related bonus scheme.

Read the full story here:

<https://lucyandyak.com/pages/what-is-fair-pay-to-us>

Supply chain practices

There is a growing trend towards providing greater transparency about a company's supply chain practices – for example payment timeframes, contract terms and grievance procedures.

The Better Buying Initiative is a rating platform which allows suppliers to anonymously rate their buyers on a range of purchasing practices such as planning and forecasting and price negotiation. Each company receives a 'scorecard' aggregating their performance, which they are encouraged to share with wider stakeholders including civil society. The Fashion Transparency Index monitors 'purchasing practices transparency'. This is in its infancy with just 6 per cent of brands publishing a policy to pay suppliers on time and only 11 per cent ring fencing labour costs to ensure these are not part of price negotiations.

This focus on ethical business practices and relationships has always been central to fair trade and social enterprises and businesses in these sectors will be in a good position to show leadership in this fast-growing area.

CASE STUDY

Transparency for buyers and suppliers: the case of Liberation Nuts

Farmers and workers typically have the least amount of information of any player about the wider supply chain in which they operate. Liberation Nuts together with UK retailer Waitrose wanted to change this. They showed the management and nut gatherers in the three Brazil nut co-operatives they work with in Bolivia how their nuts were packaged and bought in the UK, something many had never seen before. They also provided information on market movements and the wider industry context, such as the impact of the supply of other types of nuts on the demand for Brazil nuts.

This information was a powerful motivating factor for the gatherers, who have to spend weeks on end in a dangerous forest environment. They now understand the reasons behind quality standards and why quality affects the price they get for their nuts. For Liberation, this has led to an improvement in the quality, quantity and timeliness of supply.

"Corporate secrecy around business operations and trade relations plays a key role in perpetuating harms. Only by making supply chain information available can corporate actors be held accountable when they fail to respect human and labour rights."

GOODELECTRONICS NETWORK ET AL

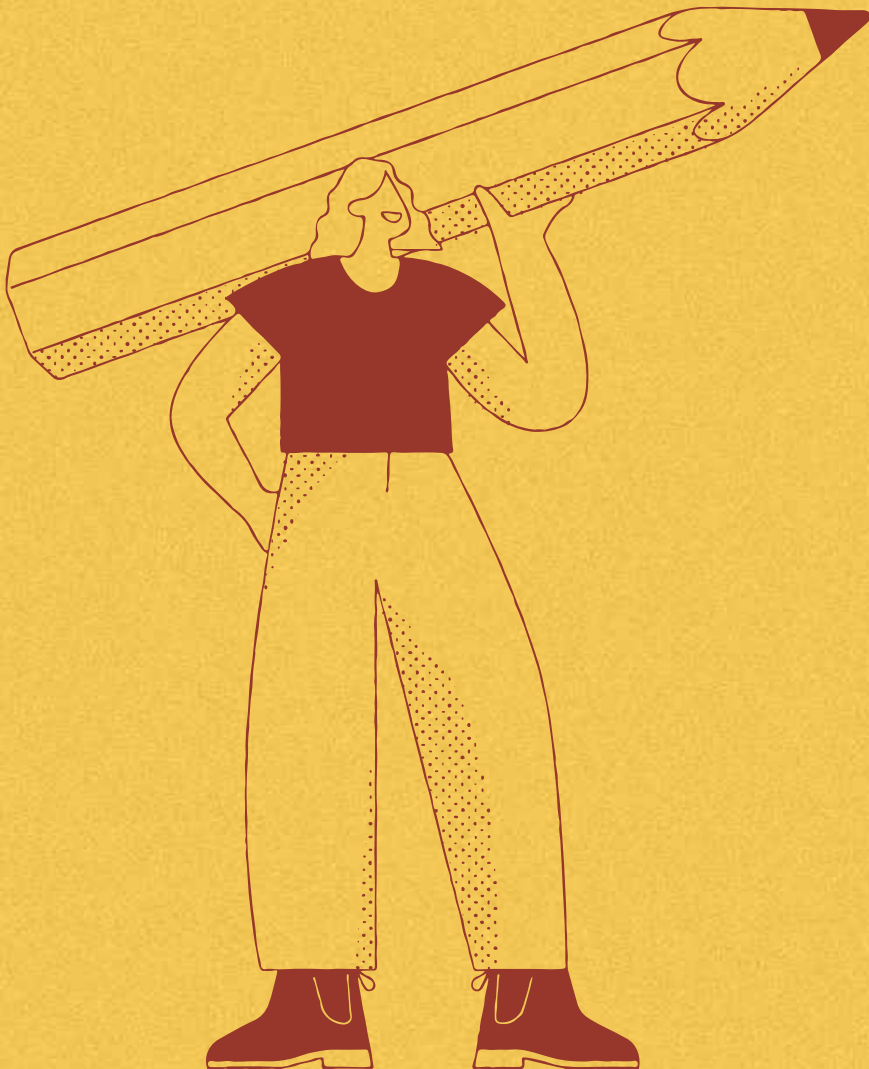
Every business has something to gain from supply chain transparency, whether it is improved consumer trust, enhanced brand reputation, stronger relationships with suppliers, better decision making or operational efficiencies.

The pressure is certainly growing, so companies do need to take this seriously. But it is important to also see it as an opportunity to improve impact, rather than simply a risk to be managed.

At its worst, transparency can waste a lot of time and paper producing lots of unusable information which is designed deliberately to confuse. But at its best, transparency removes anonymity and puts the people back at the heart of supply chains, shining a light on hidden abuses and rebalancing power.

Transparency alone is clearly not enough, but without it meaningful and lasting change in supply chain practices would be impossible.

So don't be scared. Don't feel you have to have all the answers. But don't do nothing!



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Thank you

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