

The Murnighan Post

A Window on Corporate Anti-Sweatshop Efforts

Posted on 13 December 2010



Guest Commentary by [Conrad MacKerron](#), Senior Program Director of [As You Sow Foundation](#)

***The TakeAway:* Gap, Levi's and Walmart top first-of-its-kind supply chain scorecard from [As You Sow](#), while Abercrombie & Fitch, Saks, and Sears fail to provide info.**

Eight years ago, we at [As You Sow](#) (along with other shareowner activists) spurred Gap Inc. to develop a scorecard that publicly ranked its suppliers on code of conduct compliance, while also frankly discussing progress and challenges. This resulted from our struggle, working with other activist investors and social justice groups, to improve sweatshop conditions in the global supply chains of US companies, as major brands outsourced production. Many companies, such as Nike and Walmart, adopted vendor codes of conduct to promote decent working conditions, yet few companies disclosed specific actions they took to implement the codes.

Concerned about the piecemeal and anecdotal supply chain compliance data – and the need for new evaluation and reporting models – we created our own survey of compliance policies and resources, to rank companies in the apparel sector. We just released a scorecard and report, [Toward a Safe, Just Workplace: Apparel Supply Chain Compliance Programs](#), the first publicly available comparable baseline data for these retailers doing business in the US.

We developed questions in 10 key performance areas based on discussions with companies and stakeholders on which factors to measure. The survey responses showed that companies who responded all did well on the basics of having a code of conduct, and have some auditing and remediation programs in place. Companies say they are increasingly collaborating with each other on shared training and audits in factories where they jointly source products. Most use internal scorecards to evaluate supplier performance and are scrutinizing their purchasing practices, which can contribute to supply chain non-compliance.

The lowest scores came in the area of policies linking management compensation to achieving compliance goals, and public reporting—while most companies said they had done so, the quality varies greatly. Clear challenges remain in allocating more resources to bring facilities into compliance, and developing policies that will genuinely empower workers.

This report provides an initial benchmark for measuring the complex area of supply chain compliance. As a work in progress, it focuses in this first go-round on resources devoted to compliance rather than overall bottom-line results, as a way to encourage brand participation. More than half of the 33 companies invited didn't participate in the survey, suggesting that well-known brands such as Abercrombie & Fitch, Dillard's, Kohl's, Saks, Sears and TJX think they can avoid public accountability.

Two companies that received top scores, Gap and Walmart, have responded to extensive engagement by a small but dedicated group of social and religious investors. It appears that these companies poured more resources into compliance activities than those not targeted by investors. Their leadership confirms the value of long-term stakeholder engagement.

The report team found it encouraging that companies voluntarily disclosed significant amounts of new information on companies, though much of it has not been independently verified, providing follow-up opportunities for labor rights and advocacy groups. Is this a good model for measuring corporate supply chain performance? Feedback from companies, social research analysts, and stakeholders on the methodology and approach will help us decide.

While compliance policies and programs appear more advanced in the apparel sector because of the scrutiny of activists, such policies still represent more the exception than the rule across industry sectors. A [study](#) of more than 2,500 global corporations released last year by the Labor and Work Life program at Harvard Law School found that only 15 percent have issued a labor and human rights code of conduct for their suppliers.

The ultimate goal: to improve the lives of workers in the global supply chain. This, in turn, protects brand reputation, reduces risk, and promotes supplier stability. The apparel industry should continue to experiment with new ways to collaborate to promote innovation in improving factory working conditions and to strengthen compliance policies and practices.