

# Conclusion

## What Can We Learn From the Findings?

The following are ETAG's general conclusions based on the detailed findings outlined in the individual company report cards:

### Room for Improvement

Based on ETAG's criteria, none of the 25 retailers and brands surveyed is currently providing sufficient, credible and verifiable information to consumers or investors to allow them to make informed ethical choices. Almost half of the companies surveyed provide no publicly available information on their policies or efforts to address labour standards issues in their supply chains.

There are, however, significant differences in the kinds and level of information being provided by the companies that do report on labour standards issues.

### Campaigning Pays Off

Significantly, the companies that have been the target of anti-sweatshop campaigns and media exposés for the past decade are now providing the most transparent reports on their efforts to achieve and maintain compliance with their codes of conduct in their supply chains.

In general, these companies receive higher ratings because they provide evidence of a comprehensive and transparent approach to addressing labour rights issues in their supply chains that includes, in addition to codes of conduct and factory audits, collaboration with other companies and labour and non-governmental organizations in multi-stakeholder initiatives, public reporting on audit

findings and corrective action, labour rights training for workers and management personnel, and/or engaging with labour and non-governmental organizations in importing and producing countries.

The decision of two of these companies – Nike and Levi Strauss – to publicly disclose their supply factory locations contributed to them receiving the highest scores.

### Canadians Lagging Behind


Canadian companies fare relatively poorly as compared to US-based companies. With the exception of Mountain Equipment Co-op, not a single Canadian company scores higher than the average score of all US-based companies surveyed. The relatively poor ratings received by Canadian companies could reflect their relative lack of experience with media exposés or consumer campaigns on worker rights issues.

### Private Companies Report Little

In general, private companies rate much lower than public companies. While the relative size of the companies could be one factor in their ratings, it is also likely that private companies report less on labour standards issues because they have no legal obligations to report on other matters.

### Low Balling Standards

While a majority of the publicly-owned companies surveyed have codes of conduct that are available to the public, most of those codes include language



Coming clean  
on the clothes  
we wear

and provisions that are less demanding than the internationally recognized minimum labour standards of the ILO.

Even the codes that address all core labour rights often include language that qualifies the company's commitment to freedom of association, non-discrimination and to the prohibition of child labour.

#### **Lack of Management/Board Responsibility**

Very few of the companies surveyed report having upper-level management dedicated to labour standards compliance in the supply chain.

Only a small minority report assigning specific responsibility for ethical issues in their supply chains to board members or committees.

There is also very little reporting on labour rights issues as a risk factor for investors by any of the companies surveyed for this study.

#### **Stakeholder Engagement: A Key Indicator**

Few of the companies surveyed report on efforts to engage with local labour or non-governmental organizations.

Significantly, companies that report efforts to engage with stakeholders tend to do well in most other categories of the Report Card.

Given recent reports on serious deficiencies in factory audits carried out by commercial social auditing firms, it is worth noting that industry leaders appear to be giving increased importance to engagement with local stakeholders and

involvement of workers in the ongoing monitoring process as key elements in effective code implementation programs.

#### **Lack of Training or Incentives**

Very few companies surveyed report any systematic training for management personnel or workers at the factory level, and none reports providing incentives for senior management and purchasing staff linked to performance on labour standards in the supply chain.

#### **Need for Greater Transparency**

Because this study was based exclusively on publicly available information, it is possible that some of the companies surveyed are taking more action on these issues than they are reporting to the public.

It would be in the interest of those companies to make known to investors and customers their efforts to ensure that the rights of the workers who make their products are respected.

In an era of increased transparency in the industry at the global level, it is no longer acceptable for Canadian companies to keep customers and investors in the dark.

If companies are unwilling to report to customers and investors on their efforts to ensure compliance with international labour standards, it's time for government to take action to require and/or encourage companies to disclose this vitally important information.