Table 2. Company ratings

Levi Strauss & Co[18]	71
Nike[19]	69
Gap Inc.[20]	68
Liz Claiborne[21]	58
Mountain Equipment Co-operative (MEC)	58
Hudson's Bay Company[22] (HBC)	37
Wal-Mart	30
American Eagle Outfitters	29
Winners (TJX)	29
Roots*	24
La Senza	22
Mark's Work Wearhouse (Canadian Tire)[23]	21
Northern Group*	5
Sears Canada	5
Forzani Group[24]	0
Le Château	0
Polo Ralph Lauren	0
Reitmans[25]	0
Boutique Jacob*	0
Giant Tiger*	0
Grafton-Fraser*	0
Harry Rosen*	0
International Clothiers*	0
Tristan and America*	0
YM Inc.*	0

* Private companies

Company Ratings

The chart to the left compares the overall ratings of apparel companies based on their labour standards reporting. 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. Detailed company Report Cards can be found in Part II of this report.

Based on ETAG's criteria, none of the companies surveyed is currently providing sufficient, credible and verifiable information to consumers or shareholders to allow informed ethical choices. However, there are significant differences in the kinds and level of information being provided on companies' efforts to address labour standards issues in their supply chains.

[18] Levi Strauss & Co banners: Levi's, Dockers, Levi Strauss Signature

[19] Information included in the Report Card only applies to Nike and Jordan brands

[20] Gap Inc. banners: Gap, Banana Republic, Old Navy

[21] Liz Claiborne banners: 28 apparel brands, including Liz Claiborne, Mexx, DKNY, Lucky Brand Jeans, Juicy Couture, Ellen Tracy

[22] HBC banners: The Bay, Zellers, Home Outfitters

[23] Mark's Work Wearhouse (MWW) is the apparel division of Canadian Tire Corporation. The rating for MWW is based on public reporting by Canadian Tire Corp.

[24] Forzani corporate banners: Sport Check, Sport Mart, Coast Mountain Sports, National Sports and franchise banners: Sports Experts, Intersport, Atmosphere, RnR

[25] Reitmans Canada Ltd. operates under eight divisions including: Reitmans, Smart-Set/Dalmys, RW & CO., Penningtons Superstore, Thyme Maternity, and Addition-Elle

Private vs Public

One of the first distinctions we were forced to make in surveying these top brands and retailers was between public and private companies. We did this for two reasons. First, depending on their incorporation, private companies may not have the same corporate structure as public companies, and therefore some of the criteria in the first section of the survey may not apply. Second, public companies are legally compelled to report on financial matters (including risks) to shareholders and public financial markets, while private companies are not.

Most public companies included in our study provide some information on the efforts they dedicate to dealing with worker rights issues in their supply chains. Four public companies, however, score zero on all the criteria: Reitmans, Polo Ralph Lauren, Le Château and Forzani Group.

Table 3. Public company scores

	Governance and risk management	Code for labour standards	Stakeholder engagement	Management	Supply chain auditing and reporting	**Total score**
Levi Strauss & Co[26]	100	63	83	47	73	**71**
Nike	70	42	83	47	85	**69**
Gap Inc.	40	33	100	47	85	**68**
Liz Claiborne	30	63	67	30	73	**58**
MEC[27]	30	78	50	30	78	**58**
HBC	77	48	0	27	47	**37**
Wal-Mart	20	33	0	36	47	**30**
American Eagle Outfitters	0	48	0	42	37	**29**
Winners (TJX)	0	33	0	27	52	**29**
La Senza	0	93	0	15	15	**22**
Mark's Work Wearhouse	60	33	0	0	29	**21**
Sears Canada	0	33	0	0	0	**5**
Forzani Group	0	0	0	0	0	**0**
Le Château	0	0	0	0	0	**0**
Polo Ralph Lauren	0	0	0	0	0	**0**
Reitmans	0	0	0	0	0	**0**

[26] Levi Strauss & Co is technically a private company, but because it has publicly-traded bonds, we have included it among the public companies.

[27] Mountain Equipment Co-op is a consumer co-operative in which the Board of Directors is elected by co-op members. While MEC is not technically a public company, its governance structure has more in common with a public company than a private one.

Table 4. Private company scores

	Governance and risk management	Code for labour standards	Stakeholder engagement	Management	Supply chain auditing and reporting	**Total score**
Roots	0	33	17	12	37	**24**
Northern Group	0	33	0	0	0	**5**
Boutique Jacob	0	0	0	0	0	**0**
Giant Tiger	0	0	0	0	0	**0**
Grafton-Fraser	0	0	0	0	0	**0**
Harry Rosen	0	0	0	0	0	**0**
International Clothiers	0	0	0	0	0	**0**
Tristan and America	0	0	0	0	0	**0**
YM Inc.	0	0	0	0	0	**0**

Although private companies are not compelled to report to shareholders, we believe they have an obligation to report to their customers on labour rights issues so that customers can make an informed choice about what they buy and from whom.

In addition, publicly traded banks and other financial institutions often lend to private companies. Without information on these companies' labour standards compliance programs, including risk factors and actions taken to address them, financial institutions are unable to assess risk or track progress on labour standards issues as part of due diligence.

As can be seen from the research results, most private companies are found sorely lacking on transparency. In our study, Roots stands out amongst the private companies on its labour standards reporting.

Large vs Small

While it is important to take into account a company's size when assessing the scale of its efforts on labour standards compliance, it is not impossible for smaller companies to avail themselves of the opportunities now available to improve their performance on these issues. In fact, given that the Canadian public has consistently expressed preference for socially responsible companies,[28] it may be a competitive advantage for smaller companies to market themselves on the basis of their commitment to workers' rights in order to distinguish themselves in a crowded marketplace.

[28] See *The Vector Poll on Public Opinion in Canada*, February 2002, and *The Vector Poll on Public Opinion in Canada*, conducted for the Canadian Democracy and Corporate Accountability Commission, October 2001, Vector Research & Development Inc.

Our results show that larger companies tend to perform better in reporting on labour standards compliance programs. However, despite the greater resources they have available to monitor and report on labour standards issues, some of the larger companies report very little on what they have done to address worker rights issues compared to smaller companies. In our survey, it's notable that one of the biggest sportswear companies in Canada, Forzani, scores zero, while their much smaller competitor, Mountain Equipment Co-op, finds itself in the top ranks of companies surveyed.

Canadian vs US

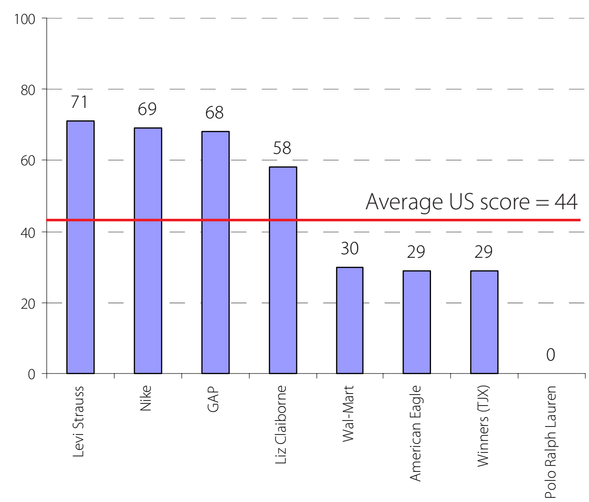
Canadian public companies fare quite poorly as compared to US-based public companies.[29] With the exception of MEC, not a single Canadian company scores higher than the average score (44) of all US-based companies surveyed.

Contrary to the public image of Canadian companies as socially responsible,[30] it appears that Canadian companies in the apparel sector have generally fallen behind US-based companies in reporting on their efforts to address labour rights issues in their supply chains.

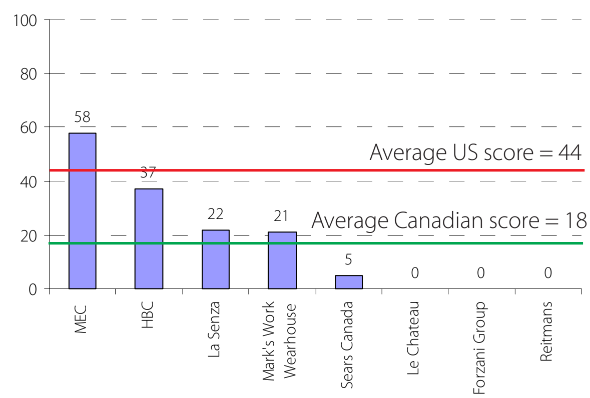
This may be partly a result of the relative size of the companies. However, it is more likely a result of the

Table 5.
US and Canadian public company reporting scores

US public companies



Canadian public companies



[29] We found little differentiation between Canadian and US-based private companies. It must be noted that most private companies included in this survey are Canadian-owned.

[30] According to the 2001 Vector poll cited above (see footnote 28), a majority of Canadians feel Canadian companies have become more socially responsible in recent years.

level of public pressure exerted on major US brands over the last ten years, which has forced some market leaders to address these issues in a more serious manner. In any event, it is clear that many Canadian companies have some catching up to do.

Brand Merchandisers vs Retailers

US-based brand merchandisers, such as Nike and Levi Strauss & Co, and own-brand retailers (specialty stores), such as Gap Inc., have been the targets of anti-sweatshop campaigns for the past decade. These companies rate higher than other companies with less invested in brand identity, such as department stores and discount chains. Not surprisingly, these companies also rate highest on engagement with stakeholders.

It is worth noting, however, that the distinction between retailers, specialty retailers and brand merchandisers is becoming less well defined as department stores and discount chains put more emphasis on marketing private label products, and brand merchandisers, like Nike, open retail outlets. Levi Strauss & Co, which was formerly considered an apparel manufacturer, was included in the study because it has shifted from directly owning manufacturing facilities to subcontracting production, and, like other brand merchandisers, now focuses on design and marketing.

Despite their relatively higher ratings, these leading brands and specialty retailers need to improve their performance on several issues: code of conduct standards (all, but especially Gap Inc. and Nike), disclosure of audit results (Levi Strauss & Co) and disclosure of factory locations (Gap Inc.).

Governance and Risk Management

While an increasing number of companies report assigning responsibility for ethical issues in their supply chain to senior executives or committees, the systems in place for management of labour rights issues are still relatively undeveloped.

Among the companies selected for our study, a minority[31] reports assigning specific responsibility for ethical issues in their supply chain to board members or committees.

Public and private companies are distinctly different in this category, likely because the questions regarding board structure may not apply to all private companies. In addition, as a general rule, the private companies are not obligated to report to the public any details about their management structures or their assessments of business risks. Largely because of these differences, we assessed public and private companies separately.

There is very little reporting on labour standards issues as a risk factor by any of the companies surveyed for this study. With a few notable exceptions, if risks to the company's business success from failure to comply with international labour standards are being measured, an analysis

[31] Only Gap Inc., HBC, Levi Strauss & Co, Mark's Work Wearhouse and Nike report assigning responsibility for ethical issues in the supply chain to board sub-committees or members.

of those potential risks is not being reported to investors or customers. Amongst the companies studied, Levi Strauss & Co produces the most thorough description in its annual 2005 10-K filing of the risks it faces.

> *We rely on outsourced manufacturing of our products. Our inability to secure production sources meeting our quality, cost, working conditions and other requirements, or failures by our contractors to perform, could harm our sales, service levels and reputation.…*
>
> *We require contractors to meet our standards in terms of working conditions, environmental protection, security and other matters before we are willing to place business with them. As such, we may not be able to obtain the lowest-cost production. In addition, the labor and business practices of independent apparel manufacturers have received increased attention from the media, non-governmental organizations, consumers and governmental agencies in recent years. Any failure by our independent manufacturers to adhere to labor or other laws or appropriate labor or business practices, and the potential litigation, negative publicity and political pressure relating to any of these events, could harm our business and reputation.*[32]

This analysis, shared with investors as part of management's discussion of market risks, satisfies requirements in section 1.2 of our survey. HBC, Mark's Work Wearhouse and Wal-Mart mention labour standards issues as a risk factor in their annual report, but there is no reported evidence of a systematic analysis of the kinds of risks the company faces in this area.

In section 1.3 of our survey we sought evidence that companies have conducted their own internal risk analyses as a way of identifying and prioritizing risks that need to be managed. Again, only three companies – HBC, Levi Strauss & Co and Nike –report having conducted such an analysis.

For example, Nike reports that it conducts an internal risk analysis of labour standards compliance issues in its supply chain as a means of determining which factories receive Nike's more extensive "M-Audits" (as opposed to its less intensive but more frequent SHAPE audits), based on:

> - *The country of manufacture, to account for countries with poor standards or lax enforcement;*
> - *The size of the worker population, because larger factories mean more people affected by potential non-compliance;*
> - *The nature of manufacturing, because non-compliance in factories using more solvents or heavy machinery puts workers at a greater potential risk; and*
> - *The past compliance performance of the factory or its ownership team, which tends to be better in factories where we have had long-term business relationships.*[33]

Liz Claiborne and MEC, which are members of the Fair Labor Association (FLA), were also awarded full marks under 1.3 because the FLA conducts risk assessments to determine which factories will be subject to independent external monitoring.[34]

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[32] Levi Strauss Form 10 K, filed February 7, 2005, p.74

[33] Nike FY04 Report, p. 22

[34] See FLA Charter, p. 21 http://www.fairlabor.org/all/about/FLAcharter.pdf

The fact that we found relatively little in terms of "best practices" to recommend to companies in these latter two criteria may indicate that few of the companies surveyed have been the subject of campaigns and media exposés or suffered reputational and/or financial consequences as a result, and therefore do not tend to consider the "sweatshop" issue a material risk for their business. As the material risks become more evident, and as investors demand some assessment of these risks, we anticipate being better able to compare company reporting in these criteria against best practices.

Code for Labour Standards

Fourteen of the 25 companies surveyed have a code of conduct that is available to the public. We found one or more problems with most company codes. Given that codes of conduct were one of the earliest responses to concerns about labour rights abuses in apparel supply chains, we would have expected performance in this criterion to be better, at least amongst the industry leaders.

Eight companies were given a zero on the core labour rights provisions in their codes of conduct because these provisions were not consistent with more than one of the ILO core conventions: Gap Inc., HBC, Northern Group, Roots, Sears Canada, Wal-Mart, Winners (TJX), and Mark's Work Wearhouse.

Only one company, La Senza, was awarded the maximum score on its code, which is surprising given that the company scores poorly in most other areas. Equally surprising is Gap Inc.'s low score on its code standards, since Gap rates much higher than La Senza or most other companies on code monitoring and reporting. Since Gap is a member of both Ethical Trading Initiative (ETI) and Social Accountability International (SAI), whose standards are consistent with ILO Conventions, we anticipate that Gap will be making improvements in its code of conduct in the near future, and will therefore receive a higher score on code provisions in future report cards[35].

Also surprising is the Hudson's Bay Company's (HBC's) low score on its code of conduct, since HBC is a member of the Global Compact and is generally viewed as being committed to ILO standards. Although the HBC code does include provisions on the four core labour rights, as well as "a wage that results in a decent living," it qualifies its commitment to ILO standards on freedom of association, non-discrimination and child labour.

ILO core conventions

As noted above, some companies qualify their commitment to the ILO standards on respect for freedom of association and collective bargaining, saying they will respect this right "where lawful" or "where applicable."

[35] On November 17, 2005, Gap Inc. posted on its website a statement declaring its support for a standardized universal code of conduct based on ILO conventions, noting its active involvement in the Joint Initiative on Corporate Accountability and Workers' Rights (JO-IN) and its support for the common code of conduct that has been drafted by the initiative. In that same statement, it declared its commitment to "the principle that wages should be sufficient to meet basic needs and provide some discretionary income." We did not give points to Gap for its commitment to this principle because there is no publicly available information as to whether the company is auditing to this standard. See: www.gapinc.com/public/SocialResponsibility/sr_ethic_cvc.shtml.

Table 6. Quality and scope of the code of conduct

Company	Score	Core labour rights	Hours of work	Wages
La Senza	100	✓✓ Consistent with the ILO core conventions	✓ Consistent with ILO conventions on hours of work	✓ Includes living wage
MEC	75	✓✓ Consistent with the ILO core conventions	✓ Consistent with ILO conventions on hours of work	× Does not address living wage
Levi Strauss, Liz Claiborne	50	✓✓ Consistent with the ILO core conventions	× Not consistent with ILO conventions on hours of work	× Does not address living wage
American Eagle Outfitters, Nike	25	✓ Addresses all ILO core labour rights, but qualifies the company's commitment to, or is not consistent with **one** of the core conventions	× Not consistent with ILO conventions on hours of work	× Does not address living wage
HBC	25	× Addresses all ILO core labour rights, but qualifies the company's commitment to, or is not consistent with **more than one** of the core conventions	× Not consistent with ILO conventions on hours of work	✓ Includes living wage
Gap, Northern Group*, Roots*, Sears Canada, Wal-Mart, Winners (TJX)	0	× Addresses all ILO core labour rights, but qualifies the company's commitment to, or is not consistent with **more than one** of the core conventions	× Not consistent with ILO conventions on hours of work	× Does not address living wage
Mark's Work Wearhouse	0	×× Addresses some, but not all, ILO core conventions	× Not consistent with ILO conventions on hours of work	× Does not address living wage

No evidence of a publicly available code of conduct: *Boutique Jacob*, Forzani Group, Giant Tiger*, Grafton-Fraser*, Harry Rosen*, International Clothiers*, Le Château, Polo Ralph Lauren, Reitmans, Tristan and America*, YM Inc*.*

*Private companies

The usual reason given for qualifying a company's commitment to freedom of association is the legal prohibition on freedom of association in China. For companies producing goods in China, the inability to guarantee compliance with this code standard within mainland China leads them to limit their commitment to the standard rather than seek alternative means of meeting it.

This can create misleading reports on compliance with freedom of association standards. For example, Gap Inc. reported in its *2003 Social Responsibility Report*[36] that there were no violations of Gap's standards on the right to freedom of association in its Chinese supply factories. In fact, the reason no violations of the freedom of association standard were reported is because freedom of association is not legal in China. This creates the perverse result that factories where a right is completely denied appear to have no violations of freedom of association. Gap Inc. made note of this discrepancy in its *2004 Social Responsibility Report*, saying that it believes violations in this area are wider than the company data suggest:

> *Freedom of association is an especially complicated issue in the Chinese legal context. We recognize that Chinese workers, like all workers, have an important voice that needs to be heard by management in a regular and consistent way. Chinese law, however, stipulates that workers may organize only under the umbrella of the government-sponsored trade union. We are currently examining ways in which we can facilitate lawful "parallel means" to free association in China in order to provide workers with the opportunity and means to raise concerns and seek solutions without the fear of repercussions. We have begun taking small steps in a few Chinese factories to facilitate the formation of worker committees around health and safety issues and recreational activities.*

Five companies – La Senza, MEC, Levi Strauss & Co., Liz Claiborne and Sears Canada – do not qualify their commitment to freedom of association. Levi Strauss' code includes an unusual provision on freedom of association that appears to condone management interference with workers' associational rights where such interference is lawful. However, the company's Terms of Engagement clarify that while suppliers are not required to act illegally to fulfill their obligation to respect freedom of association, they are prohibited from obstructing lawful forms of democratic worker representation.

The Levi Strauss & Co code of conduct states:

> *We respect workers' rights to form and join organizations of their choice and to bargain collectively. We expect our suppliers to respect the right to free association and the right to organize and bargain collectively* **without unlawful interference**. *Business partners should ensure that workers who make such decisions or participate in such organizations are not the object of discrimination or punitive disciplinary actions and that the representatives of such organizations have access to their members under conditions established either by local laws or mutual agreement between the employer and the worker organizations. [emphasis ours]*

However, in its *Terms of Engagement Guidebook* the company clearly interprets this provision to

[36] Gap Inc. *2003 Social Responsibility Report* p.15.

indicate that suppliers are expected to do more than merely comply with the law:

> *Laws in different countries vary substantially regarding freedom of association. Most countries maintain procedural regulations on the actions of workers and employers. Some countries place substantial restrictions on workers' rights of association. The TOE provision on free association neither permits, nor requires LS&CO or its business partners to engage in unlawful activities to protect the rights of association. Nevertheless, where the right to freedom of association and collective bargaining is restricted under law, the supplier should not hinder the development of lawful parallel means for independent free association and bargaining.*[37]

Such provisions are designed to facilitate "parallel means" of democratic worker representation in countries like China where freedom of association is prohibited by law. "Parallel means" often include facilitating worker rights training and the democratic election of worker representatives to health and safety committees. Levi Strauss & Co' Terms of Engagement also include additional instructions on how suppliers are to recognize and respect the right to free association and collective bargaining.

Regarding child labour, six companies limit their commitment to the ILO standard on child labour. Four of those companies – Gap Inc., Sears Canada, Wal-Mart, TJX (Winners) – indicate in their codes that the minimum age for employment is 14. Northern Reflections and HBC set it at 15, or 14 "where the law of the country of manufacture allows." We hope that these six companies will consider improving their standard on child labour by specifically referencing the relevant ILO conventions.

Regarding discrimination, four companies – HBC, Roots, Sears Canada and Wal-Mart – qualify their commitment to workplaces free of discrimination. For instance, Wal-Mart's and HBC's codes say they will *favor* suppliers who do not discriminate. Levi's code also states that "We will *favor* partners who share this value." However, the company's Terms of Engagement clarify that suppliers are required to meet the standard.

Hours of work and living wage

Only two companies with publicly available codes of conduct (La Senza and MEC) meet the standards of ILO conventions on hours of work. These conventions limit the normal workweek to 48 hours, with a maximum of 12 hours overtime, and entitle workers to one day off in every 7-day period. In contrast, Wal-Mart's code allows a 72-hour workweek and a 14-hour workday.

Of the companies surveyed, only HBC and La Senza have incorporated a living wage standard in their codes. La Senza's code describes a living wage as "a wage that should always be sufficient to meet basic needs and provide discretionary income." HBC's code is less precise, stating that workers are entitled to "a wage that results in a decent living." Neither company provides any information on how its living wage provision is being implemented in its supply chain. As noted above, Gap Inc. has recently declared its support for the principle of a living wage that meets basic needs and provides some discretionary income.[38] However, this principle has not yet been incorporated into the company's code of conduct.

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[37] Levi Strauss & Co. Terms of Engagement Guidebook, p. 22.

[38] See www.gapinc.com/public/SocialResponsibility/sr_ethic_cvc.shtml.

Stakeholder Engagement

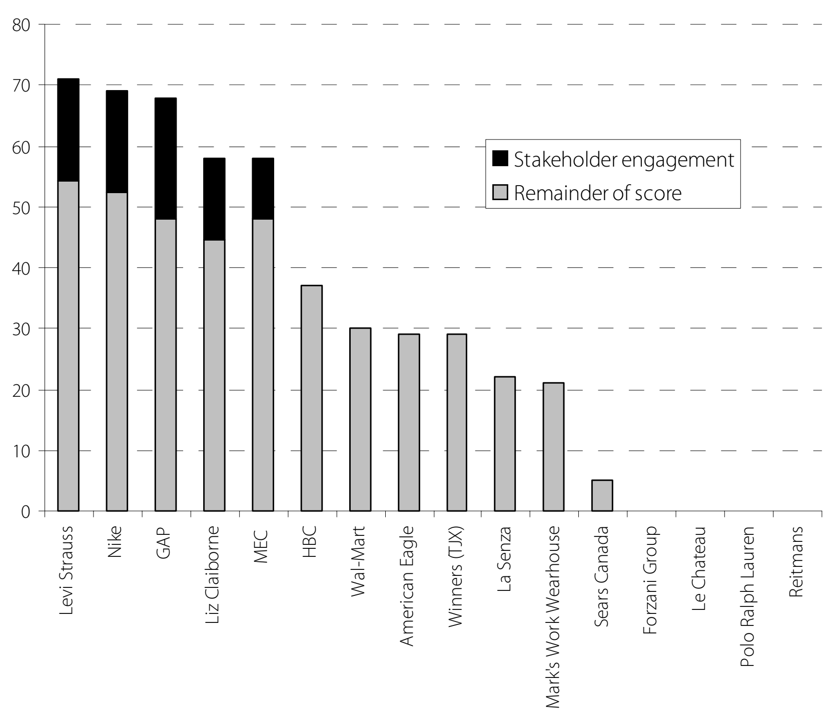
The five companies that rate the highest in the Report Card overall – Levi Strauss & Co, Nike, Gap Inc., Liz Claiborne, MEC – are also the only public companies that report involvement in multi-stakeholder initiatives (MSIs) and/or engagement with NGOs and trade unions.

Gap Inc. receives the highest score on engagement with stakeholders (100), separate from involvement in MSIs, based on its reported engagement over time with local unions in Lesotho, labour and human rights organizations in Cambodia, and local NGO monitoring organizations in Central America. Nike and Levi Strauss receive the second highest score (66.7), based on their reported engagement over time with labour and non-governmental organizations in importing countries, as well as reports of engagement with local stakeholders in countries of manufacture, in which it was unclear if engagement was over time. Liz Claiborne receives a score of 33, based on reports of ad hoc engagement with local NGOs and labour organizations in Guatemala, Sri Lanka, and Hong Kong. Roots receives the same score for reported ad hoc engagement with NGOs in Canada.

It is worth noting that companies that are members of MSIs and/or report engaging with stakeholders tend to do well in most other categories of the Report Card as well. This can be explained in different ways.

One, a company that is engaging with stakeholders tends to publish more information on its activities than one that is disengaged, therefore rating higher in this survey of public reporting.

Table 7. Stakeholder engagement and total scores for public companies



Two, a company that is engaging with trade unions and NGOs on the ground is more likely to be taking additional steps to address labour rights issues in its supply chain because engagement provides greater access to information and raises expectations of greater accountability to local stakeholders. It is also likely that stakeholder engagement itself is a logical outcome of a more developed labour standards compliance program.

Lastly, the involvement of companies in a multi-stakeholder initiative, such as the Fair Labor Association (FLA) or the Ethical Trading Initiative (ETI), imposes certain additional requirements on the company, such as public reporting, monitoring by accredited external auditors, and/or respect for core labour rights.[39]

Management

We found that while a majority of publicly-owned companies have publicly available codes of conduct, very few report having upper-level management responsible for labour standards compliance in the supply chain and/or systematic training for buying agents, factory management personnel or workers.

Only four companies – American Eagle Outfitters, HBC, Roots and Winners (TJX) – mention having conducted training sessions for their buying/sourcing agents. However, there is no indication that this is routine within their CSR programs.

With the exception of Levi Strauss & Co, Gap Inc. and Nike, no company reports on its efforts to provide training to workers and factory management personnel on labour rights and codes of conduct. With the possible exception of Gap Inc., there is no indication that worker training takes place on a regularly scheduled basis as part of companies CSR programs. Wal-Mart mentions trainings for factory management, but not for workers.

No company reports any incentive programs for senior management and/or procurement staff designed to recognize good performance on labour standards in the supply chain. However, Nike reports that it has instituted a new incentive program for suppliers in which their ratings for CSR performance are integrated with their overall performance ratings. As well, Gap Inc. reports that the integration of CSR ratings with other performance ratings is being planned for 2006-07.

Auditing and Reporting

Most companies that have a publicly available code of conduct report committing resources to supply chain auditing. While the audit schedule and methodology are usually reported, most companies surveyed, including Levi Strauss & Co, do not publicly disclose the audit finding or corrective action. Most of the companies that have publicly available codes of conduct also report using third party inspectors, but only Gap Inc. reports including systematic input from NGOs and/or labour

[39] The involvement of Canadian companies in multi-stakeholder initiatives like the FLA is relatively recent. Mountain Equipment Co-op joined the FLA during the course of our research and its rating changed significantly as a result. Roots has recently applied for FLA membership.

organizations in the country of supply into the verification of labour standards audits.

Companies belonging to multi-stakeholder initiatives (MSIs) tend to fare better in all categories related to supply chain management and reporting than those who conduct their own code compliance programs. This is likely because even where companies outside MSIs choose to use external auditors to supplement their own internal monitoring, the identity of those auditors is not often revealed, benchmarks for auditors are usually not reported, and audit findings and corrective actions are not shared beyond the company and its supplier.

There are some exceptions. In recent years, HBC, for example, has begun reporting more thoroughly on the results of its auditing program. And even before joining the FLA, Mountain Equipment Co-op had been releasing its own social responsibility reports, which highlighted audit results and noted that the company used the services of Verité to audit some of its factories.

One notable new development in April 2005 was that Nike disclosed the names and addresses of all factories producing for the Nike brand. Since then, Levi Strauss & Co, Puma and Timberland have followed suit by also disclosing their global supply chains. Disclosure of supply factories is a significant demonstration of a company's commitment to transparency and to labour standards compliance, as it allows for independent assessments of labour standards compliance and puts the company's reputation on the line if violations are reported. Companies that disclose factory location are, in effect, inviting civil society organizations and workers to bring worker rights violations to their attention when and if such violations take place. It is our hope that other companies will match this commitment in the coming year.