
2023

Apparel & Footwear

BENCHMARK FINDINGS REPORT



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FOREWORD

The world is three times richer than 20 years ago, yet in 2021 10 million more people were trapped in modern slavery compared to 2016 global estimates. Of the roughly 50 million people in conditions of slavery globally, 27.6 million experience forced labour. And while the prevalence of forced labour is higher in Global South countries, it is closely connected with the demand from the Global North. In global supply chains, 94% of the global workforce is a hidden workforce, where the obscurity of business contracts facilitates exploitation and oppression.¹

Compounding informal labour market structures are conflicts, economic instability, coopted governments, and the climate emergency, which mean many people have no choice but to accept substandard employment or undignified working conditions as they move, internally or abroad, in search of a livelihood. Forced displacement and labour migration increase the likelihood of exploitation including deficits in decent work, discrimination, wage theft, violations of Freedom of Association and collective bargaining, including the right to strike. These factors are further exacerbated by regressive labour laws and authoritarian politics, which prey on the most vulnerable. Today, 87% of countries violated the right to strike and 79% of countries violated the right to collective bargaining.²

Growing inequalities in power and wealth are nowhere more apparent than in the global apparel and footwear sector. In the past year, the largest twenty apparel companies experienced a combined growth of **US\$42 billion**, while workers who made their products – disproportionately women – are owed at least US\$75 million in unpaid wages. One of the largest industries in the world, with a workforce of over **75 million people worldwide**, its potential to improve individual and community livelihoods has long been outweighed by the human rights and environmental costs associated with exploitative business models and over-production.

The opportunity for apparel companies to adopt robust mandatory human rights due diligence across

their supply chains could be transformative in terms of the decent work agenda, the eradication of forced labour and the protection of working people and the planet. But a lack of transparency creates barriers to public scrutiny and accountability. And while emerging legislation promises incentives for better practice by internalising costs, political lobbying means that new due diligence and reporting requirements will likely act as a floor, not a ceiling for company practice.

This is where the **KnowTheChain 2023 Apparel & Footwear Benchmark** is so helpful as it provides a measure – informed by the UN Guiding Principles – of company performance on key elements of worker-centric due diligence, including whether these practices are resulting in real change for workers. It opens up the black box of global supply chains and shines a spotlight on company practice. By drawing attention to leaders and laggards, it uses the existing incentives of global markets to spur a race to the top in corporate practice on human rights. Importantly, the Benchmark also highlights the material impacts of poorly managed supply chains, which exploit labour rights, and rob those of their dignity at work: these include the undermining of public trust and a business's social licence to operate.

The International Trade Union Confederation (ITUC) primary mission is the promotion and defence of workers' rights and interests, through international cooperation between trade unions, global campaigning and advocacy within the major global institutions. The KnowTheChain Benchmark, by providing new data and insights on how companies are addressing forced labour within their supply chains, provides a robust evidence base for this advocacy.

The next decade is vital in terms of achieving climate and decent work goals and represents a unique moment of potential in the management of the global supply chains. I encourage investors and companies, policy-makers and communities to use the Benchmark to inform their own work in holding companies to account and delivering an equitable model of growth and prosperity for all.

Luc Triangle, General Secretary, International Trade Union Confederation (ITUC)

EXECUTIVE SUMMARY

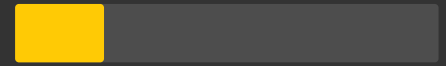
The global apparel and footwear industry is one of the biggest in the world, generating more than US\$1.5 trillion in sales in 2022 and employing over 60 million workers in the textiles, clothing, leather and footwear industries in Asia alone. As a sector heavily reliant on both natural and human resources, its potential for human rights advancement is enormous – decent work, living wages and gender equality should all contribute to a shared prosperity in companies’ operations and supply chains. Equally, the potential harm is as significant as the profits the fashion industry generates.

This year’s KnowTheChain findings demonstrate how – in the face of multiple global crises exacerbating these risks – apparel and footwear companies remained largely reactive to human rights violations, rather than evidencing robust, embedded human rights and environmental due diligence practices designed to prevent abuse. Despite these violations being endemic to the sector, companies routinely failed to provide and disclose remedy to those whose rights were infringed – even as the most illustrious of benchmarked brands continued to post remarkable revenue growth.³

KnowTheChain’s 2023 revised methodology prioritised policy and process implementation in assessing whether companies’ actions to address forced labour risks in their supply chains result in meaningful improvements for workers. This revealed a significant gap between the efforts of the average company in the sector, scoring **21/100**, and the highest-scoring companies – up to **63/100**.

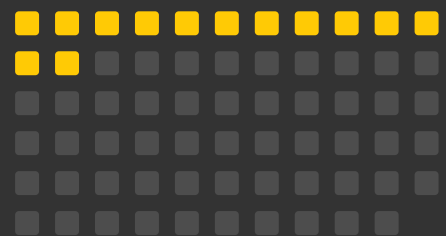
With over **20% of companies scoring a mere 5/100 or less**, and with allegations of forced labour identified in the supply chains of almost half of benchmarked companies, this year’s Apparel & Footwear Benchmark findings are particularly egregious considering how long the industry has been under scrutiny for its poor human rights record.

21/100



average score of apparel and footwear companies’ efforts to address supply chain forced labour

More than 1 in 5

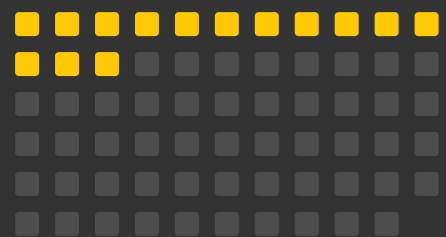


companies scored 5/100 or less

Purchasing practices and remedy

saw the lowest company scores: **12/100** and **7/100** on average

Less than a quarter



of companies disclosed engaging with local or global unions to improve freedom of association in supply chains

In contrast, top performers in the Benchmark demonstrated how strong commitment to stakeholder engagement, human rights and environmental due diligence, and provision of remedy is entirely compatible with a healthy bottom line. **Lululemon (63/100)** and **Puma (58/100)** posted top scores on human rights performance, while reporting strong financial results to shareholders in 2022 and 2023⁴ – despite increasingly complex operating environments. Unfortunately, these examples represent the practice of only a small cluster of companies, rather than the majority in the Benchmark – but they make clear that prioritising worker protections is both possible and profitable.

Lack of protection for the most vulnerable workers

Ongoing economic instability – including fluctuating consumer demand and job loss, the impact of the climate crisis and conflict – mean forced labour risks are increasing globally. In October 2023, the number of forcibly displaced persons worldwide soared to a record 114 million people, while the Internal Displacement Monitoring Centre estimated over 376 million people globally have been forcibly displaced by climate disasters since 2008,⁵ with a record 32.6 million in 2022 alone. For traffickers and irresponsible recruitment agents, distressed people seeking any livelihood represent a business opportunity. In these circumstances, the risk of trafficking and associated labour exploitation, including forced labour, increases.

The many women (nearly 60% worldwide) and migrant workers who make up the bulk of the fashion sector's workforce are also among the most vulnerable when it comes to forced labour risks, particularly due to exploitative recruitment practices, such as deception during recruitment and the charging of extortionate and illegal fees for a job. Despite these known risks, companies scored an average of only **14/100** on the theme of Recruitment. Basic protections to prevent the exploitation of migrant workers in companies' supply chains were lacking, with only 43% of companies disclosing a policy aligning with the Employer Pays Principle, specifying employers, and not workers, are responsible for the payment of recruitment-related fees.

Regressive labour laws and barriers to the right to organise in many vital sourcing countries compound the difficulty for vulnerable workers to challenge abusive or exploitative conditions and organise for better pay. Less than a quarter (22%) of companies disclosed engaging with local or global unions to improve freedom of association in their supply chains. Company engagement with workers' organisations is vital to their human rights due diligence, especially any strategy to eradicate forced labour. Rightsholder engagement is a critical preventative measure for companies to adequately address conditions which give rise to forced labour – after all, it is the workers who experience abuse first hand and are therefore best placed to understand and contribute solutions to resolve it.

Exploitative purchasing practices and unremedied harm

Fashion brands' business practices can exacerbate forced labour risks. An estimated US\$71 million is still owed to workers because of wage and severance theft committed during the Covid-19 pandemic, impoverishing women workers (in particular) further. Despite commitments to better practice, companies scored lowest on the themes of Purchasing Practices (12/100) and Remedy (7/100), a concerning combination which undermines even the most effective human rights due diligence programmes.

More than half (52%) of companies scored zero on efforts to adopt responsible purchasing practices in their supply chains, a serious flaw in corporate human rights due diligence in the sector. A failure to ensure purchasing practices are not exacerbating harmful working conditions or wage-theft in supply chains, and making it difficult or impossible for suppliers to comply with human rights standards, constitutes serious failure to properly prevent and mitigate harm.

Given the endemic labour rights violations in the sector, it is concerning only 22% of companies disclosed an example of remedy outcomes for workers in their supply chains and only 9% disclosed detail on more than one remedy outcome for supply chain workers.

Performance not commensurate with profits

The increasingly impoverished conditions of people who work for global apparel giants stands in stark contrast to the staggering revenue growth and profit margins experienced by the largest apparel companies, which have experienced a combined growth of US\$42 billion since 2022. This is most apparent among luxury brands, where despite record revenue growth and profit margins, allegations of exploitative supply chain working conditions and low pay were reported as far back as 2018. Despite some progress on supply chain transparency in the sector overall, once again, companies like **LVMH (6/100)** and **Salvatore Ferragamo (4/100)** performed among the poorest in the Benchmark.

Yet, the findings also demonstrate better practice is possible and taking a more proactive approach to human rights risks does not necessitate profit losses. **Lululemon (63/100)**, which topped the Benchmark again this year, disclosed markedly stronger human rights due diligence efforts to address forced labour risks in its supply chains. The company outperformed the SPDR® S&P® Retail ETF⁶ over the past three years and in 2023 experienced double-digit growth in net revenue and gross profit compared to the same period a year ago. Alongside this, **Lululemon** demonstrated a corporate strategy which embeds human rights due diligence does not come at a cost to long-term sustainable growth or investor returns. **Puma (58/100)** and **Adidas (55/100)** rounded out the top three. While these latter companies have underperformed companies like **Nike (48/100)** in terms of value over the past three years, their higher scores suggest stronger operational practices and business resilience are beneficial to forward-looking, long-term growth and returns.

Glacial progress, but rays of hope

While the 2023 Apparel & Footwear Benchmark delivers a disappointing picture of the sector as a whole, progress is evident since the last assessment of the sector in 2021. Importantly, significant strides were made in policy commitments to protect migrant workers, with 10 companies adopting new policies prohibiting recruitment fees or improving existing policies. Similar progress was realised in disclosure of supplier lists; a foundational element of effective worker protection. While a serious implementation gap remains – with just four companies (**Lululemon, Puma, PVH** and **Ralph Lauren**) disclosing new instances of recruitment fee remediation since 2021 – improvement in these basic areas of human rights due diligence is welcome.

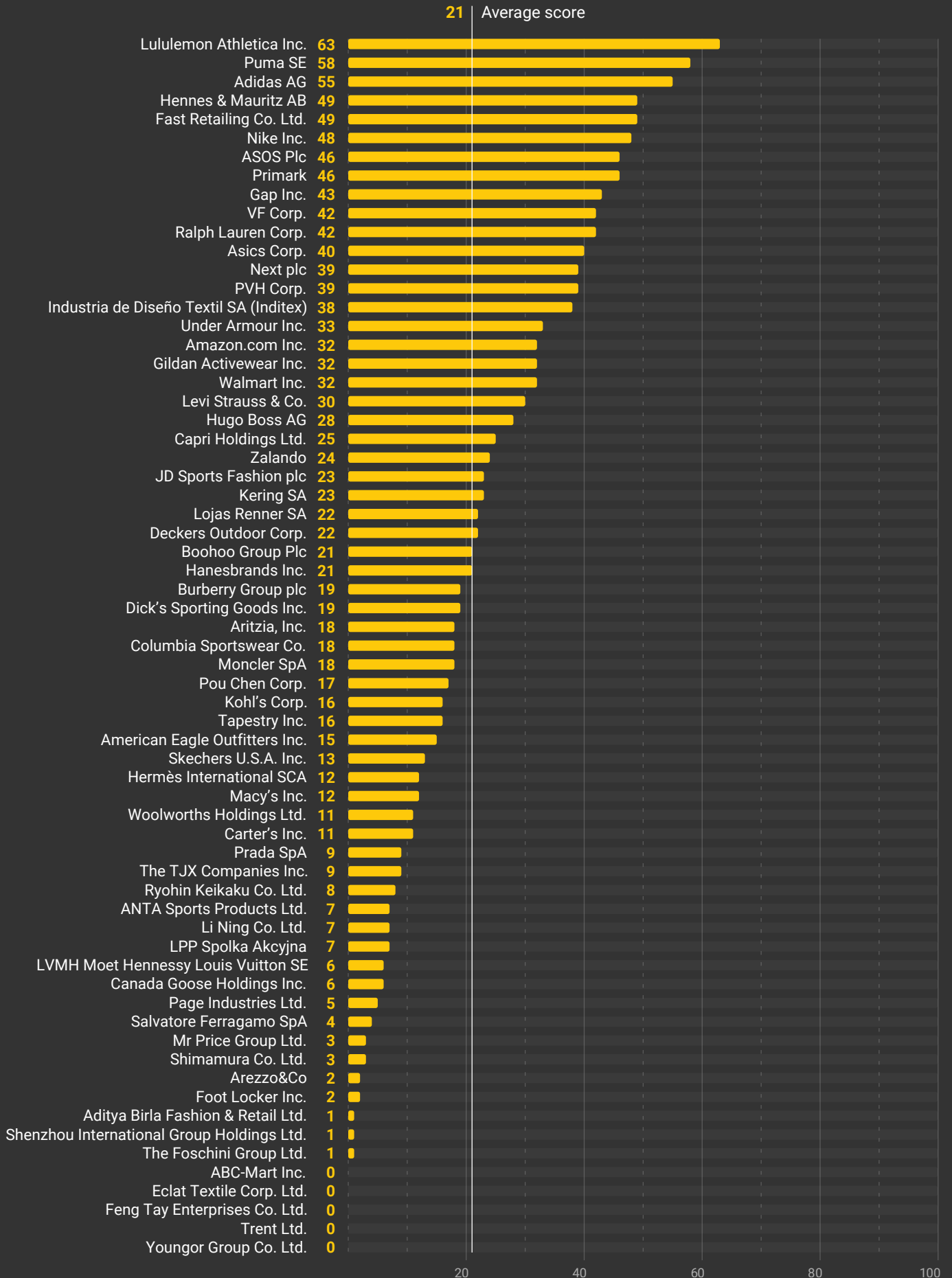
Progress is also evident among Asian companies, in particular: all, bar one, made improvements in 2023, including Chinese company **ANTA**. Driven by the particularly strong performance of Japanese companies, improvements suggest the normative developments in the region, with the introduction of both guidelines and legislation on human rights due diligence in [Japan](#) and [South Korea](#), are having a positive impact on company disclosure and practice. Growing momentum around human rights due diligence regulation globally – including the advancing EU Corporate Sustainability Due Diligence Directive, the US Uyghur Forced Labour Prevention Act (UFLPA) and supply chain transparency legislation in Germany and Norway, in particular – bodes well for sector-wide human rights practice in the near term. These regulatory developments promise to increase the cost of regulatory non-compliance, thereby shifting the calculation of risk in company and investor board rooms across the world.

Nevertheless, these findings demonstrate that in the meantime, workers charged with ensuring product supply to favourite high street brands remain at high risk. Women, migrants and others from marginalised groups continue to face the regular threat of forced labour in exchange for what are frequently pittance wages. The overall disappointing progress in a sector long in the media spotlight and beleaguered by scandal highlights the significant ground companies must still cover to ensure the protection of rights in their supply chains – and to mitigate their own increasing legal, financial and reputational risks.

The 2023 Apparel & Footwear Benchmark outlines forced labour risks in apparel and footwear supply chains and highlights KnowTheChain's key findings and trends in the sector, including company progress over time. It then sets out findings and recommendations in detail on three key areas: human rights due diligence, with a particular focus on worker-centric due diligence processes; responsible recruitment and the protection of migrant workers; and remedy. The associated [Investor Briefing](#) provides analysis and recommendations for apparel and footwear sector investors.



Apparel & Footwear Benchmark: 2023 Ranking



Key recommendations for companies:

Ensure workers are remediated for harm. Disclose concrete remedy outcomes for workers, including in cases of specific allegations. In particular, companies should engage with workers on an ongoing basis to ensure the full extent of rights violations is identified, meaningful remedy is developed and workers are satisfied with the remedy outcomes. Where allegations against the company have been made, contribute financially to remediation in consultation with affected workers or their representatives.

Support collective worker empowerment. Enter into binding and enforceable agreements with unions and/or worker groups. Play an active, transparent role in negotiations between suppliers and workers and independent trade unions in industrial disputes. Seek the reinstatement of unfairly dismissed union members and leaders, proactively ensuring this takes place even in the absence of outside pressure.

Anticipate regulation and adopt a worker-centric approach to due diligence by ensuring workers and other key stakeholders, such as unions and civil society organisations, play a central role in the design, implementation and monitoring of key due diligence processes, including:

- Risk assessment (including safe engagement with workers affected or potentially affected)
- Action plans to mitigate risk
- Grievance mechanisms
- Supplier monitoring

Adopt and disclose responsible purchasing practices, including in relation to planning, forecasting and ring fencing of labour costs which deliver a living wage. Convene collective company action and advocacy to ring fence costs which guarantee decent work, a living wage and health and safety, especially in high-risk sourcing regions. Adopt and disclose several year-on-year data points on responsible purchasing practices to demonstrate their implementation.



Key recommendations for investors:

Improve business and operational resilience through engagement:

Industry analysts and portfolio managers should begin by engaging their companies on the regulations and practices described in the report, using the KnowTheChain Benchmark as a guideline of company performance. For engagement questions, please see [Investor Briefing](#).

Stewardship teams may also consider revising internal due diligence procedures to ensure appropriate human rights risk management in the changing regulatory environment and ensure deep-dive research for high-risk areas identified and where salient and severe abuse appears likely.

Industry analysts, portfolio managers (PMs) and stewardship teams should work collaboratively to build an engagement strategy that is well resourced and based on open and honest dialogue and clear objectives, focused on effecting change. Commit to escalation for persistent non-improvement through collaborative investor statements, voting against directors where appropriate.

Support and collaborate with civil society and investor coalitions to improve corporate performance. For examples, please see [Investor Briefing](#).

Model and value differing practices among companies:

After engaging, a lender or investor may choose to adjust their discount rate or valuation to account for performance in this area, just as they would for differing growth or management quality expectations.

Investors who conduct downside scenario analysis may choose to include lower growth rates or higher costs for laggards to ensure a more complete financial view of the risks associated with potential future supply chain disruptions.





FORCED LABOUR RISKS IN TODAY'S APPAREL AND FOOTWEAR SUPPLY CHAINS

The period of 2022-23 saw an increase in global economic instability and conflict, just as the garment sector entered what should have been a time of post-pandemic recovery. Textile company order cancellations were reported to have increased by **5% globally**. In India, apparel exports **shrank by 11%** in June 2023 compared with one year earlier, while in Pakistan **1,600 textile factories** were forced to shut their doors within the past 16 months. In the face of **shrinking demand**, workers are bearing the brunt of economic decline through job losses, while contending with a global cost-of-living crisis and the **impacts of the climate emergency**. The systemic abuse of and inadequate protections for labour rights of supply chain workers laid bare during the Covid-19 pandemic continue, with workers remaining severely exposed to forced labour risks. These circumstances compound already exploitative working conditions and other issues which render apparel and footwear workers increasingly vulnerable to forced labour risks.

Precarious employment and irresponsible purchasing practices

Exploitative purchasing practices, a mainstay of the garment industry, caught the world's attention during the pandemic as buyers, en masse, invoked force majeure clauses to cancel orders already completed and refused wages and severance pay to workers. Despite labour rights groups securing **US\$10 million in unpaid wages** and severance, demonstrating the scale of abuse which took place in the sector, many cases remain outstanding.⁷ **Workers at two Nike supplier factories** in Cambodia and Thailand are allegedly still awaiting payment, totalling US\$2.2 million in unpaid wages and benefits accrued during the pandemic.⁸

Irresponsible purchasing practices appear to persist unabated. **Recent research** found suppliers are still being pushed for excessive discounts, abusing "open costing" methods which encourages extreme competition among suppliers, and overbooking capacity only to cancel orders, leaving workers and suppliers without forecasted income. Allegations of brands **demanding price discounts of 20 to 30%** have emerged, including after **original prices were already agreed**.⁹

Fluctuating global demand and lack of a social safety net means workers remain in precarious employment, without certainty of income or ongoing work. Mass layoffs were reported in **Pakistan** affecting "hundreds of thousands of women workers" and more than 134,000 garment workers were reportedly

laid off in Turkey as companies sought to move their production elsewhere. Difficulty obtaining work leaves desperate job seekers with little choice but to accept exploitative working conditions.

Growing restrictions on workers' rights, despite emerging due diligence legislation

The appeal of cheap, informal labour means apparel and footwear companies source from countries with regulatory deficits and restrictions on the right to freedom of association and collective bargaining. Major apparel producing countries – Bangladesh, Turkey, and Myanmar, for example – are rated among the 10 worst countries for workers' rights according to the ITUC. In Myanmar, one in four cases recorded by the Business & Human Rights Resource Centre relating to attacks on garment workers involved attacks against freedom of association, including dismissal and arrest of union leaders at a former Inditex supplier.¹⁰ In these sourcing countries, as well as in others, union leaders have been reportedly killed or imprisoned¹¹ during the past year and workers participating in union activities in Cambodia faced dismissal.¹² In Bangladesh, two workers were killed in clashes with the police, arising from protests over the proposed minimum wage increase, while union leaders called for international brands to support workers' call for a wage which considers inflation and more closely matches other manufacturing locations.¹³

Despite the emergence of legislation requiring transparency and due diligence on human rights across many jurisdictions globally, there is a regressive counterwave, rolling back or weakening labour laws, purportedly to promote or boost competitiveness in the wake of the pandemic in locations like Bangladesh, Cambodia, India, Indonesia and Sri Lanka. In India, the states of Karnataka and Tamil Nadu have amended legislation, following lobbying from multinational corporations, to increase the length of working shifts from eight to 12 hours. The Sri Lankan Government has proposed a similar move to remove eight-hour working days and allow 16-hour days without overtime, as well as remove provisions protecting workers' right to organise. The consequence of these crackdowns is to increase the precarity of already-vulnerable workforces, worsening exposure to exploitative practices and poor working conditions.

Yet there remains a tension: while we are seeing a race to the bottom in labour standards in many garment manufacturing countries, in many countries where buyers are headquartered, momentum for regulation and enforcement of human rights due diligence is picking up apace. Since coming into effect in June 2022, the US Customs and Border Protection (CBP) under the Uyghur Forced Labour Prevention Act has stopped almost 1,000 shipments of apparel, footwear and textiles worth more than US\$42 million. Canada, Mexico and the EU are also developing similar bans on goods produced with child and forced labour. These tools are accompanied by the emergence of human rights due diligence legislation, such as in Canada, under Germany and Norway's Transparency Acts, in South Korea, New Zealand and as part of the EU's Corporate Sustainability Due Diligence Directive (CSDDD). Australia is introducing regulation designed to tackle migrant worker exploitation specifically. Companies are increasingly facing litigation for labour violations in their supply chains, from workers themselves for failure to provide safe working conditions, as well as from civil society organisations for deceptive marketing claims regarding their labour practices. Two cases have now been filed under the German Supply Chain Due Diligence Act for companies' failure to conduct due diligence on their supply chains and endangering workers. If found guilty, these companies, which include Amazon and Ikea, could be issued fines of up to 2% of their average global annual sales.

Growing exploitation of workers in vulnerable positions

The risk of forced labour is amplified for workers facing increasing marginalisation on the basis of gender, identity and migration status, as well as external impacts such as climate change and climate-related migration. Women and migrants face particular risks which make them more vulnerable to forced labour, including sexual harassment, vulnerability related to obstructed economic independence, unfair recruitment practices such as the charging of fees and language barriers impeding access to information about rights and grievance channels.

For example, in December 2022, Burmese migrant workers filed a lawsuit against **Tesco** for allegedly trapping them in “effective forced labour” at a Thai garment factory and former supplier to **Tesco**. The workers reported working up to 99 hours a week for as little as GB£4 per day¹⁴ to meet demand for large orders. Workers reported charges for rent and immigration documents were deducted from their wages, meaning many had to take out loans, becoming trapped in their jobs with no choice but to try to repay debts. One worker alleged that:

“*When I was living in the compound they deduct fees for my accommodation for rent, social security, passport/work permit renewal... I had to borrow money for daily living costs such as house rent especially when our wages are late from vendors and colleagues. The interest rates for the vendors were 20% and 10%. When I worked at VK Garments I was always in debt – it was 20,000 debt plus the interest rate. My mental health worsened due my worries about the wages/debt.*

39-year-old worker at VK Garments

Audits conducted between 2017 and 2020 failed to identify the exploitation taking place at the facility or worker housing.

For migrants, deception is common throughout the recruitment process and can result in conditions of forced labour, particularly when coupled with recruitment fees and related costs. Workers recruited to textile mills in Tamil Nadu found “wages were lower than expected, their working hours were longer than they had been told, and annual leave was unpaid.”

A recent investigation by Transparentem identified migrant workers who had paid fees as high as US\$5,294 for a job in Malaysia (20 months’ worth of minimum wage payments) at supplier facilities connected to ten buyers in the sector. Remediation of these fees, supported by the six buyers who engaged with their suppliers, totalled almost US\$700,000. The resulting debt trap experienced by workers is made plain in this testimony:

“*I have to accept the hardship of this place. I have to pay off the loans... Until I can [pay] it all off, I have to stick to this place.*

Garment factory worker interviewed by Transparentem in Malaysia

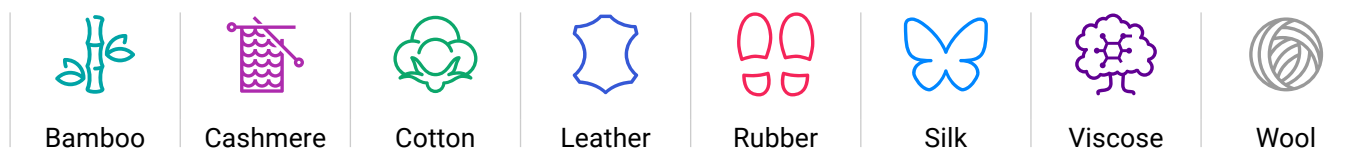
Another recent Transparentem investigation into Mauritian garment factories illustrated the unique problems experienced by migrant workers: the threat of deportation. One worker said employees lived in fear of being sent home: “There is always that fear and panic we live with.” Another said workers did not complain about mistreatment, for fear of being sent home: “For this reason, no one says anything.”¹⁵

For women, who comprise nearly 60% of the garment workforce globally, gender-based violence and harassment is widespread. Some 50% of migrant women workers in the Tiruppur textile industry reported harassment and abuse from male supervisors or workers. After investigations in Lesotho in 2018 found 66% of women garment workers had experienced or witnessed sexual assault or harassment while at work, the landmark Lesotho agreements were signed to eradicate gender-based violence and harassment in the country's garment sector. Forced labour and gender-based violence are closely interlinked, as precarity and wages failing to cover basic needs leave workers dependent on their employer for survival, while barriers to the right to organise make it even more difficult for workers to challenge abuse.

These particular vulnerabilities are increasingly augmented by the climate crisis. Increased flooding, rising sea levels and excessive heat in key sourcing locations such as Bangladesh, Cambodia and Indonesia are forcing many workers to flee their homes, resulting in economic hardship and existential threat. As a general matter, many workers simply do not earn sufficient wages to be able to contend with the impacts of climate change. As such, forced labour risks are likely to increase as the climate crisis worsens.

Where are the risks?¹⁶

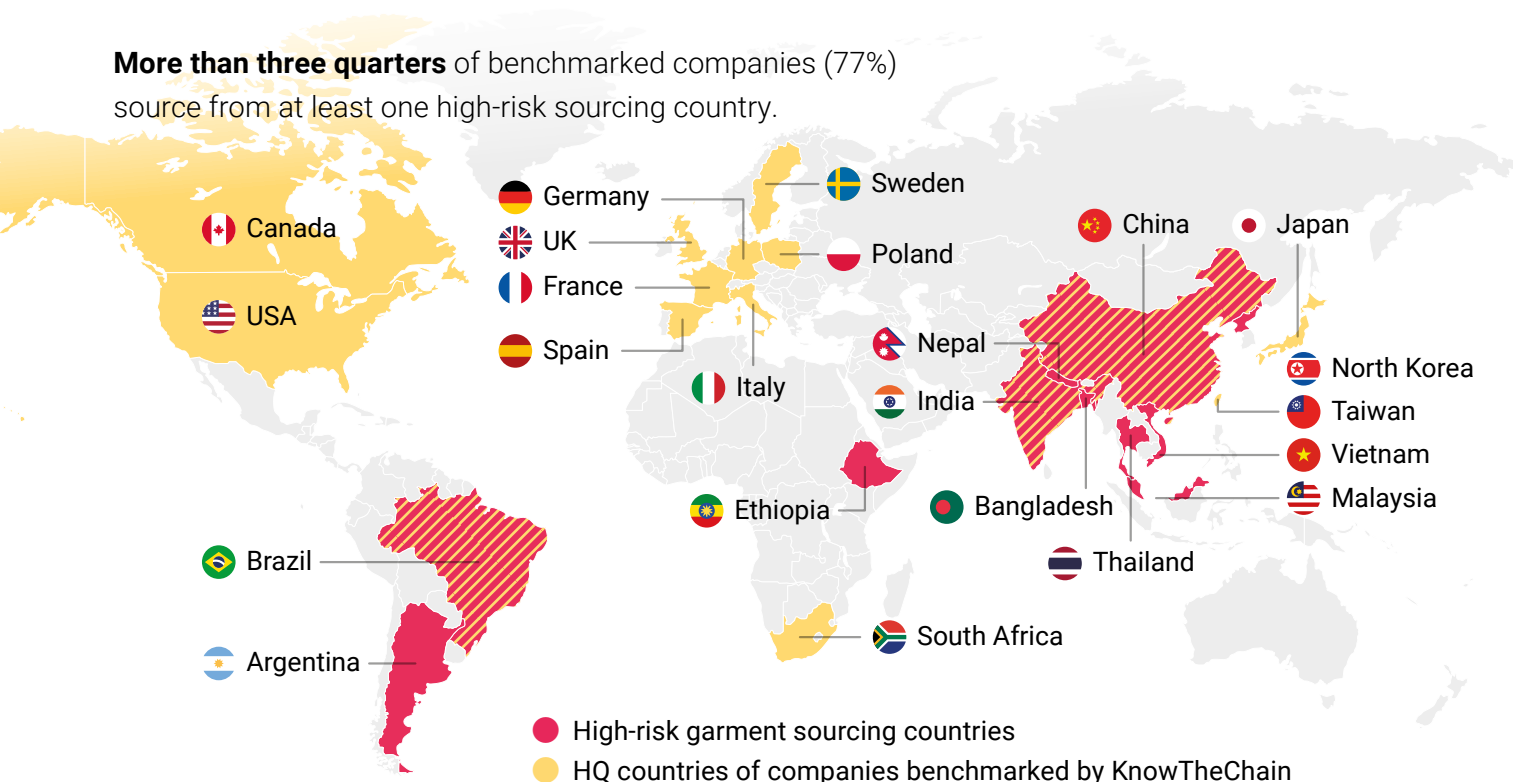
HIGH-RISK RAW MATERIALS



All benchmarked companies source at least one, and an **average of four high-risk raw materials**.¹⁷

HIGH-RISK GARMENT SOURCING COUNTRIES

More than three quarters of benchmarked companies (77%) source from at least one high-risk sourcing country.



KEY FINDINGS AND BENCHMARK ANALYSIS





KEY FINDINGS

Findings by theme

Significant gaps which undermine effective human rights due diligence are clear in the policies and programmes of apparel and footwear companies.

Remedy was the lowest scoring theme of the Benchmark, with a sector average score of **7/100**. Just a fifth of companies (22%) disclosed an example of remedy for workers in their supply chains. This drops to a mere 9%, when assessing which provided detail on more than one remedy case in respect of labour rights violations. Given the high risk of forced labour in apparel and footwear chains, this appears – rather than an absence of labour rights violations – that companies are either failing to detect, or not remediating, abuse in their supply chains.

This is closely followed by poor sector scores on the theme of **Purchasing Practices (12/100)**. **More than half of companies assessed (52%) scored zero** on their efforts to implement responsible purchasing practices, including planning and forecasting, protecting labour costs and wages during pricing negotiations, and supporting the payment of a living wage to supply chain workers. With continuing allegations of irresponsible and exploitative purchasing practices in the sector,¹⁸ it is extremely concerning that a large portion of the sector did not disclose concrete efforts in this regard. Even the most robust human rights due diligence approach will be undermined by a failure to ensure a company's

AVERAGE THEME SCORES

Commitment & Governance



Traceability & Risk assessment



Purchasing practices



Recruitment



Worker Voice



Monitoring



Remedy



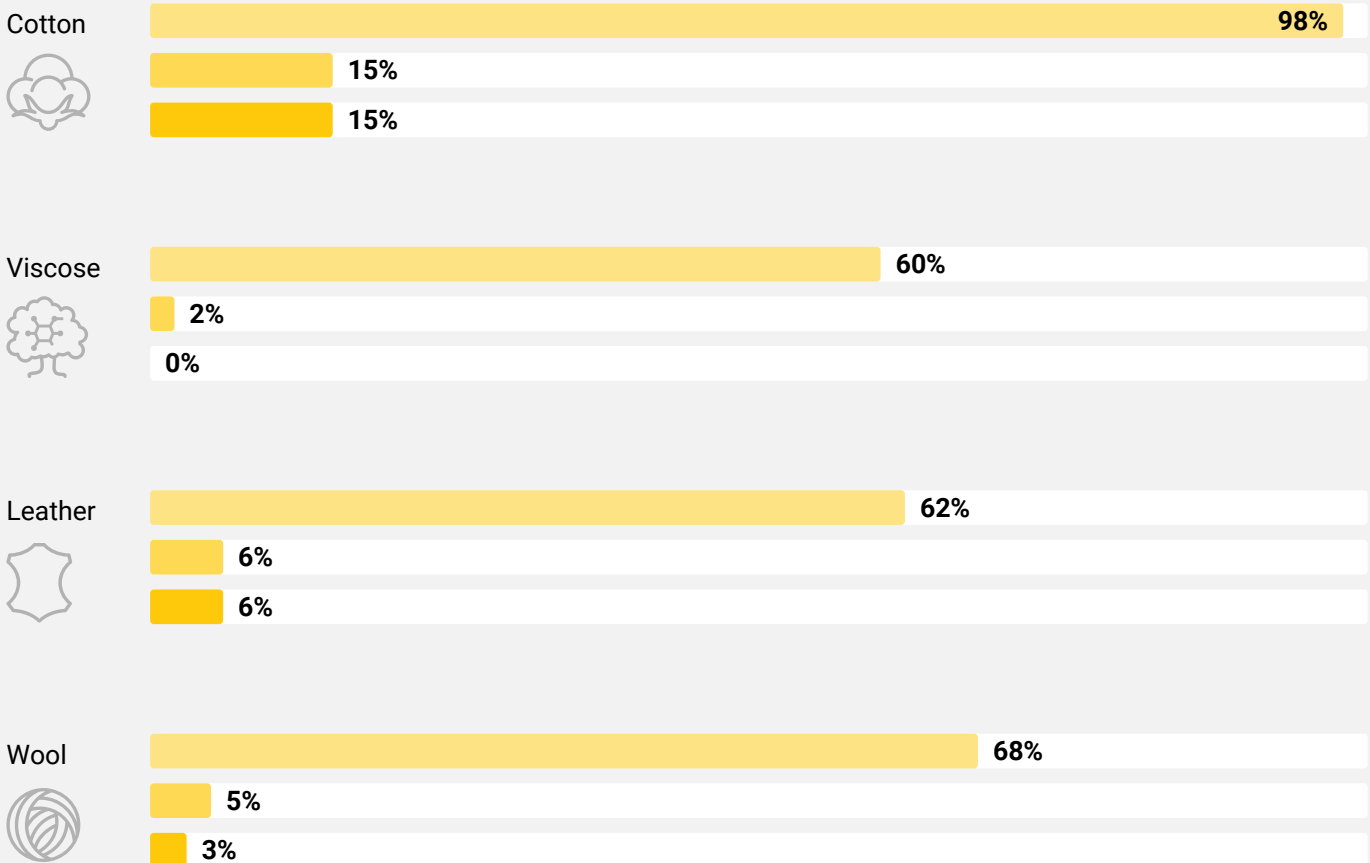
own purchasing practices do not exacerbate working conditions in supply chains, making it difficult or impossible for suppliers to comply with human rights standards.

Poor performance on Purchasing Practices is compounded by a lack of support for freedom of association in supply chains, with the sector scoring **15/100** on **Worker Voice**.¹⁹ Less than a third of companies (28%) disclosed being party to an enforceable labour rights agreement or global framework agreement in their supply chains. An absence of responsible purchasing practices, heavy reliance on sourcing from jurisdictions with weak labour protections, and a lack of engagement with unions is a dangerous combination in a sector largely sourcing from countries with restrictions on the right to organise or in which allegations of union-busting are rife.²⁰

Even in terms of **basic due diligence steps**, there are concerning gaps in the sector, with almost half of companies (45%) yet to disclose how they conduct a human rights risk assessment on their supply chains. Of those that did disclose, 32% disclosed information on the risks they identified and only 8% of companies disclosed detail on forced labour risks identified across the tiers of their supply chains, evidencing a more robust risk assessment process.

HIGH-RISK SOURCING

- Sourcing raw material
- Disclosed some sourcing countries of raw material
- Disclosed forced labour risks associated with raw material



Findings also showed a disparity between companies sourcing high-risk raw materials for their apparel and footwear products,²¹ and those demonstrating they know where these raw materials are sourced from and disclosing the identified risks. Taking the four most sourced high-risk raw materials in the products of benchmarked companies, less than 15% of companies disclosed sourcing countries of those raw materials or the associated forced labour risks, even though, in the case of cotton, almost all companies in the Benchmark source this material.

As such, companies' due diligence approaches to high-risk raw materials appeared piecemeal and incomplete even on the basic building blocks of tracing and disclosing risk, calling into question the efficacy of due diligence efforts more broadly.

Trends since 2021

The [2022-23 methodology revision](#) – with a stronger focus on implementation of processes and outcomes for workers – has resulted in lower company scores almost across the board. Comparing the companies benchmarked by KnowTheChain in both 2021 and 2023 we have found:²²

Poor progress

Significant improvement in policy protection for migrant workers, but action on commitments is stagnant

A disparity between policy and practice persists in the sector. KnowTheChain's data showed a significant improvement on recruitment policies, with seven companies newly disclosing a no-fee policy since 2021 (**ANTA, Carter's, Columbia, Fast Retailing, Kering, Tapestry** and **Under Armour**) and three companies strengthening their existing no-fee policy (**Burberry, Hanesbrands** and **VF**). However, just four companies disclosed new instances of recruitment fee remediation since 2021 (**Lululemon, Puma, PVH** and **Ralph Lauren**).

In addition, five companies which previously disclosed examples of fee remediation did not disclose such examples in the 2023 Benchmark (**Adidas, Asics, Burberry, Nike** and **Primark**). It is noteworthy that previous disclosures arose after NGO investigations into particular allegations, suggesting such remediation may be more likely to occur in response to stakeholder pressure,²³ as opposed to evidencing a robust, ongoing no-fee programme and strong implementation of the Employer Pays Principle.

Limited evidence of improved purchasing practices

The harmful impacts of traditional purchasing practices are by now well documented. Yet, few companies demonstrated any progress on this theme. Two companies provided slightly more information on planning and forecasting (**Asics** and **Gildan**), while five companies newly disclosed quantitative data on their purchasing practices, such as the percentage of orders cancelled or their payment terms. However, this very limited evidence of improvement suggests the sector as a whole is still not taking sufficient action, nor willing to be transparent about preventing and mitigating risk through their own purchasing behaviours.

What improved?

Growing supply chain transparency

Since 2021, ten companies disclosed more information on their first-tier suppliers, either publishing full first tier supplier lists for the first time (**Gildan, Inditex, Pou Chen, Prada, Ralph Lauren** and **Tapestry**) or improving their existing disclosure (**Amazon, Fast Retailing, Hanesbrands** and **Under Armour**). Three companies also disclosed a supplier list for their second or third tiers for the first time (**Columbia, Hanesbrands** and **Hugo Boss**) and six disclosed more information on the sourcing countries of the raw materials they use (**Asics, Carter's, Gap, Hermès, Kering** and **Puma**). Long characterised by companies as putting them at a competitive disadvantage, this greater supplier transparency suggests the combination of legislative developments and civil society advocacy have nudged this into a standard good practice today. It now stands as a baseline expectation of many investors, providing an important lesson for other areas of corporate human rights performance seen as harmful in relation to competition.

Progress in Asia

All Asian companies assessed in the Benchmark demonstrated progress, except for one company, **Shenzhou** (supplier to **Fast Retailing** and **Puma**) which – despite being assessed by KnowTheChain since 2016 – scored zero. Improvements were particularly notable from Japanese companies **Asics** and **Fast Retailing**. **Fast Retailing** increased supply chain transparency by updating its supplier list to include all first-tier garment factories, data on migrant workers in the first and second tier of its supply chains, updated its supplier code to prohibit worker-paid recruitment fees, signed the Pakistan Accord and joined the pilot Employment Injury Scheme in Bangladesh. In addition, China-based sportswear company **ANTA** improved its score from 5/100 in 2021 to 7/100, despite methodology changes, by disclosing a grievance mechanism for suppliers' workers, a policy requiring employers, rather than workers, to bear the costs of recruitment, and detail on the internal teams and programmes responsible for implementing its supplier code of conduct.

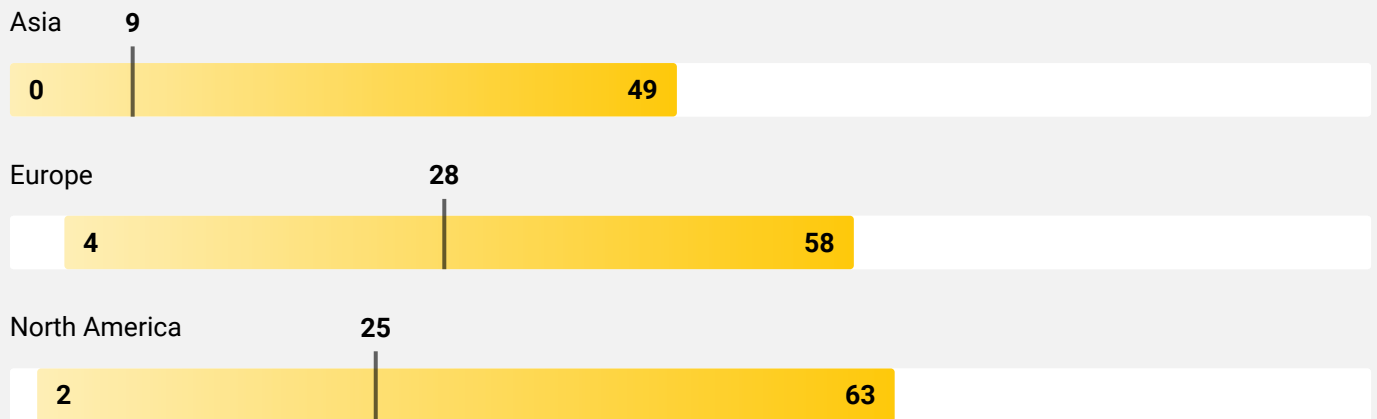


Performance by region

The Benchmark comprises 15 Asian companies, 20 European companies and 25 North American companies.²⁴ While European companies led in terms of average scores, there are high and low scoring companies across all regions, indicating the absence of a level-playing field.

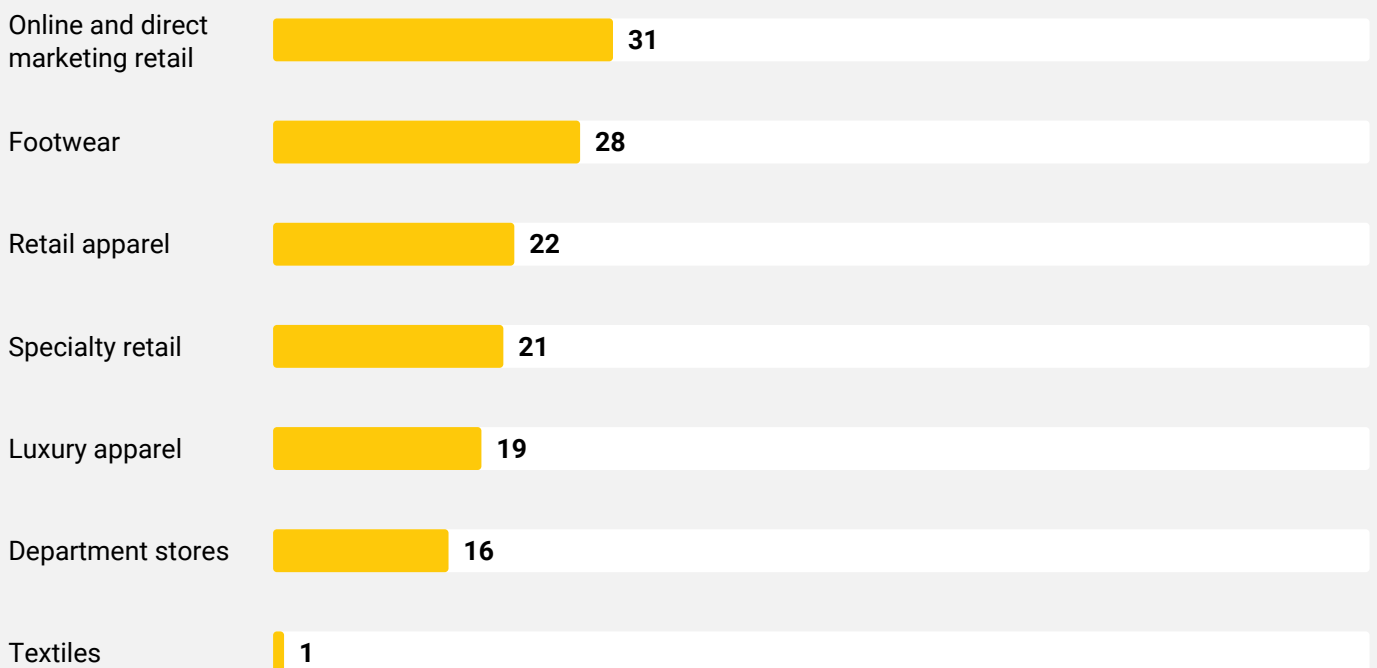
SCORES BY REGION

SCORES: **MIN** **AVERAGE** **MAX**



Performance by sub-industry

AVERAGE SUBINDUSTRY SCORES



SUB-INDUSTRY SPOTLIGHT: LUXURY BRANDS AND FORCED LABOUR RISKS

Attention to labour exploitation in apparel supply chains has traditionally focused on so-called “fast fashion” companies, while the luxury segment has largely avoided scrutiny based on the perception that higher price points, Europe-based direct suppliers and quality artisanry meant garments were produced ethically. Yet, as far back as 2018, allegations were emerging, detailing worker exploitation, unauthorised subcontracting and forced overtime, unsafe working conditions and union busting across luxury supply chains. One investigation suggested luxury brands employ the same tactics as fast-fashion companies, driving down prices paid for orders and applying pressure to export houses to deliver goods faster and more cheaply.

These poor practices appear closely linked to the luxury sector’s strong – and sometimes record – revenue growth and profitability in recent years. In the first half of 2023, **LVMH** recorded organic revenue growth of 17%, with a 30% increase in net profit, **Moncler’s revenue growth was 19%**, **Prada** reported a 62% growth in net profits, while **Hermès’ net profit was up 36%**. Against the background of these staggering figures, KnowTheChain found the sector falling woefully short in its supply chain transparency and human rights due diligence. Luxury companies hold the **second lowest average score (19/100) for a finished-goods sub-sector** in the Benchmark and demonstrated particularly poor performance on supply chain traceability and risk assessment and worker voice.

Lack of transparency: While publicly disclosing supplier lists is now standard practice for the average apparel company, only seven out of 20 companies accessed in this category provided a full first tier supplier list with names and addresses. Among the high-end²⁵ luxury companies benchmarked, **Prada** disclosed a partial first-tier supplier list for the first time. No company did so for its second or third tier and all but two (**Kering** and **Hermès**) failed to disclose sourcing countries of its raw materials.

Risk assessment: Seven out of 20 companies in this sector did not provide any relevant information on how they conduct a human rights risk assessment on their supply chains. Only four out of 20 companies reported even limited information on the risks identified as part of this process. This is despite more than half of luxury companies disclosing sourcing from at least one of the countries classified as at high risk for forced labour, including China, Ethiopia, India, Malaysia and Nepal, where worker protections are poor and conditions for abuse rife.

Worker voice: Luxury companies performed poorly both in regard to engaging with unions to support the right to organise (8/100) and in providing access to remedy to supply chain workers and their legitimate representatives (11/100).

Purchasing practices: In relation to high-end luxury companies in the Benchmark, no company disclosed taking steps to analyse the impacts of its own purchasing practices, such as order placement timing, pricing, supply chain working conditions or implementing responsible purchasing practices, such as planning and forecasting or ringfencing labour costs to ensure adequate wages. At the same time, the production cycles in the luxury sector increasingly match pace with those of the sector at large, exacerbating pressures on workers.

The alarmingly poor performance of luxury brands demonstrates the need for greater accountability and a wholesale rethinking of accepted business models and practices, as no company is immune from forced labour risks and impacts. At the same time, recent shifts, as the first leading global luxury brands take steps to embrace greater transparency, suggest some companies are choosing to be at the forefront of this change.



BENCHMARK ANALYSIS

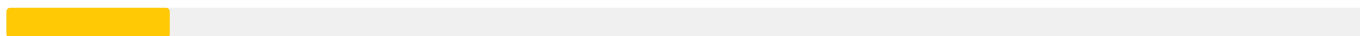
The following sections of this report outline KnowTheChain’s findings on three key areas: company performance on human rights due diligence, focusing in particular on areas critical to workers; responsible recruitment of migrant workers; and remedy. As well as highlighting gaps in company performance, these sections provide good practice examples from companies and highlight key recommendations.

Worker-centric due diligence

KnowTheChain’s methodology assesses several aspects of human rights due diligence, including how companies identify, assess, prevent and mitigate risks. This section presents KnowTheChain’s findings on how companies perform in assessing the impact of their own purchasing practices; engage with stakeholders, including workers; trace and disclose suppliers at first tier, below and at raw material level; and how they identify and assess risks through human rights risk assessments.

Purchasing practices

12/100 AVERAGE SCORE



Company purchasing practices can create an environment which either mitigates or enables supply chain worker exploitation.²⁶ Changes or cancellations in order volumes or timelines, punitive payment terms, pricing which undermines decent work, or a lack of demand forecasting or planning may lead to suppliers being unable to pay workers in time (or at all) and unable to plan for the workforce needed. On the one hand, this can lead to unpredictable reductions in hours. On the other hand, it can lead to forced overtime, inhumane pace of work, unauthorised subcontracting or a scramble to contract new or temporary workers without the necessary due diligence.

Companies' purchasing practices can also play a crucial role in ensuring suppliers can pay workers decent wages and provide a safe workplace. Examples of this include setting aside amounts necessary for workers' wages during pricing negotiations (i.e. ringfencing) to avoid incentivising suppliers to compete by lowering wages in a race to the bottom and ensuring overtime payments and social insurance access are factored into labour costs. Purchasing practices is the **second lowest scoring theme of the Benchmark**, with an average score of just 12/100.

KnowTheChain assesses whether companies disclose adopting responsible purchasing practices, such as planning, forecasting and ringfencing of labour costs; committing in its contracts with suppliers to sharing responsibility for preventing and addressing human rights impacts in its supply chains; and relevant quantitative data points, such as average lead time provided to suppliers or payment terms.

Thirty-four of the 65 (52%) companies benchmarked did not disclose the adoption of responsible purchasing practices,²⁷ scoring zero on this theme, including US retailers **Amazon** and **Walmart**, luxury brands such as **LVMH** and household names including **Boohoo**, **Macy's** and **Foot Locker**.

Action and disclosure on purchasing practices is a crucial part of human rights due diligence, the absence of which may indicate a company's failure to meaningfully assess how its own practices are contributing to risks and impacts, thus raising questions about the quality of due diligence undertaken, including risk prevention and mitigation.

As it stands, despite commitments to do so, buyers are not incentivised to incorporate sustainability in their determination of the right supplier, nor to pay the true cost of production. Only five (8%) companies (**Fast Retailing**, **Inditex**, **Moncler**, **Nike** and **Puma**) clearly demonstrated incentives for staff tied to improvements in supply chain working conditions, while less than half of companies (48%) disclosed training procurement staff or relevant decision makers on supply chain forced labour risks.



FINDINGS



No company disclosed committing to responsible purchasing practices in its contracts with suppliers.



Under half (43%) of companies provided at least limited information on steps taken towards adopting responsible purchasing practices, such as those related to planning and forecasting.

While KnowTheChain noted some awareness of the need for, or commitments to, fairer purchasing practices among those companies scoring zero, these are **not matched by concrete implementation** measures. Where disclosure existed, it tended to be vague, and limited to references of membership in sector initiatives, such as **Better Work™**, **Better Buying™** and **ACT**. For instance, **Adidas** refers to “advance notice” given to suppliers, **Fast Retailing** to “appropriate” order schedules and volumes, **Lululemon** to “excessive” overtime hours, **Gildan** to “adequate” timing, **Nike** to paying “appropriate” amount for cancelled orders and **Puma** to “sufficient” production lead time, without defining or providing data evidencing what these terms mean in practice. While many companies referenced their participation in the Better Buying™ Initiative, no company disclosed the results of Better Buying™ ratings from suppliers or shared their Better Buying™ scorecards or company reports, with evidence of the concrete steps companies are taking to improve and any progress being made.

Further, while some companies mention using open costing or itemising costs related to wages (**H&M** and **Inditex**), it remained unclear whether these costs were protected and non-negotiable during pricing negotiations.



Under a quarter of companies disclosed relevant data points showing basic awareness of their buying practices and how they operate in practice. **Only 6%** disclosed a data point other than on-paper payment terms or average contract length. Only two companies (**Asics** and **H&M**) disclosed a second data point. No company disclosed year-on-year data on their purchasing practices, which would have allowed measurement of improvement over time, or lack thereof. Disclosure of quantitative data is increasingly important for companies to measure and mitigate risks – and to demonstrate compliance with upcoming mandatory human rights due diligence requirements on risk management.

Concerningly, at least two companies had **increased their payment terms** during the Covid-19 pandemic (**Gap** from 45 to 90 days and **VF** from 45 to 60 days) and neither report reverting to fairer payment terms post-pandemic.

BETTER PRACTICE

Planning and forecasting:

Asics reported it conducts ongoing business planning and forecast updates with each supplier and stated forecasts are usually shared three months prior to the first production month in each season and followed by monthly discussions with the supplier to determine where adjustments are necessary. It further disclosed it coordinates the production capacity and the actual order with the factories at the time of ordering every month. **H&M** disclosed that for best-performing suppliers it plans order capacity as long as three to five years ahead.

Working to ensure payment of wages:

While no company disclosed ringfencing labour costs, **Puma** stated overtime premium payments and social insurance payments must be included in the labour costs within the price it pays for products. **H&M** disclosed listing wages as an itemised cost and using a costing tool which includes production time, efficiency and wages of workers and through which labour costs are automatically adjusted for negotiations based on raises in local minimum wage levels and other factors. **Primark** established a short-term wages fund in seven key sourcing countries to support suppliers' ability to pay wages during a time of decreased demand.

Data on purchasing practices:

Gap disclosed, for a part of 2020, it cancelled under 3% of purchase orders by value for finished garments and garments in production. **Puma** disclosed it cancelled less than 1% of orders and pays suppliers for "any liability" associated to cancellation. **H&M** stated 99% of its apparel orders are processed using the costing calculation whereby labour costs are itemised.

Payment terms:

H&M disclosed, on average, suppliers get paid 15 days after they submit an invoice and hand over goods. **Hermès**, **Kering**, **Lululemon**, **Next** and **Primark** disclosed 30-day payment terms for all suppliers.



LIVING WAGE MEASUREMENT

Ensuring workers in the supply chain are paid a living wage, defined as a wage sufficient to meet basic needs and provide small discretionary income, lessens the likelihood an individual will be forced into exploitative working conditions, including forced labour to earn a living. Purchasing practices can hinder, or enable, the payment of living wages: ringfencing amounts committed for wages during pricing negotiations, together with contract provisions mandating the payment of country-specific living wages, should be an essential component of a company's supply chain strategy.

Only seven companies (11%) disclosed taking concrete steps to measure and implement living wages in their supply chains. Steps included collecting wage data, analysing wage gaps in accordance with global industry benchmarks, developing pilot programmes to implement the living wage in specific contexts and working with trade unions and local NGOs as part of the process. Notably, five companies which reported participating in [ACT](#), and thus committing to facilitating the payment of living wages in their supply chains, were among those who provided limited additional effort in this area (**Inditex**, **Next**, **Primark**, **PVH** and **Zalando**).

H&M reported engaging with experts to identify factors which drove wage increases between 2013 and 2019, contracting three external academic wage experts to evaluate **H&M's** past strategy, commissioning two studies on wage formation in India and a worker survey covering more than 1,300 production units in Pakistan, Vietnam, Cambodia and Europe. It also introduced a KPI linking supplier performance on worker wages to future business opportunities.

WAGE DATA DISCLOSURE

Five companies (8%) disclosed at least partial supply chain wage data (**Adidas**, **H&M**, **JD Sports**, **Nike** and **Puma**). For example:

Puma disclosed approximately 13% of its first-tier supply chain workers are paid a living wage.

The company stated 21 out of 23 of its strategic factories in Vietnam and Cambodia, which cover approximately 32% of **Puma's** production volume and value and 70,832 workers, pay on average a living wage set by the Global Living Wages Coalition. It further reported its average supplier wage in Pakistan was at 89% and in Bangladesh at 70% of the amount set by the Global Living Wage Coalition.

H&M disclosed average monthly wages, excluding overtime, at its supplier factories in nine production countries: Bangladesh, Cambodia, China, India, Indonesia, Myanmar, Pakistan, Türkiye and Vietnam, as well as the comparison to applicable minimum wages and the average number of workers in each production country. The company stated it collects wage data from suppliers each quarter.

GOOD PRACTICE BEYOND KNOWTHECHAIN: ZEEMAN

Dutch discount retailer Zeeman disclosed partnering with Schijvens, a workwear manufacturer, to provide living wages at a shared supplier in Pakistan, as well as with Prenatal, a children's apparel brand, to launch a similar living wage pilot at a shared supplier in India. In India, the two brands **provided direct worker premiums to make up the difference between the statutory minimum wage and living wage**; the premium is listed on the salary slips received by workers. The NGO FairWear ensures the premium amount reaches workers.

SPOTLIGHT: SHARED-RESPONSIBILITY CONTRACTING

The Responsible Contracting Project (RCP), with its Responsible Contracting Toolkit comprising the Model Contract Clauses 2.0 (the MCCs) and the Responsible Buyer Code of Conduct, promotes an alternative approach to traditional contracting which makes the supplier solely responsible for upholding the buying company's human rights standards in the supply chain. In its place, the RCP Toolkit introduces a model of contracting referred to as "shared responsibility" or "due diligence-aligned" contracting.

Shared-responsibility contracting requires the buying companies and their business partners to take joint responsibility for human rights in their supply chain and ensures both parties – not just the supplier – make a contractual commitment to taking active and ongoing measures to identify, mitigate and prevent potential adverse human rights impacts from occurring. Buying companies may breach their contractual due diligence obligations if they engage in irresponsible purchasing practices that aggravate the risk of harm, such as pricing below the cost of production, last minute order changes, unilateral changes to payment terms, demands for discounts or irresponsible exit.

The MCCs also integrate human rights remediation into supply contracts by ensuring that, should harms occur, both companies are contractually responsible for working together to provide remedy to victims, in proportion to their contribution to the harm. This addresses a major shortcoming of traditional contract remedies, where the non-breaching contractual party (often the buying company) is remedied instead of the victims.

With upcoming legislative developments on mandatory human rights and environmental due diligence in the European Union, a European Working Group has been established to develop European Model Contract Clauses.

Stakeholder engagement & freedom of association

Meaningful stakeholder engagement should inform all stages of companies' due diligence processes. **Worker experience ensures human rights due diligence is robust**, since workers are the ones who experience abusive conditions and have relevant, local and specific knowledge to inform companies' understanding of risk and appropriate remedy. However, KnowTheChain's data suggests the sector is failing to prioritise rightsholder-centric approaches to due diligence, favouring a top-down, compliance-based approach:

Risk assessment: Only 5% of companies (**Asos, Primark** and **VF**) described how stakeholders, such as workers, unions and civil society organisations, were engaged as part of a human rights risk assessment process.

Monitoring: Companies' monitoring processes for forced labour risk also appeared to lack worker involvement. Only 8% of companies (**Gap, H&M, Inditex, Nike** and **PVH**) disclosed the use of worker-driven monitoring in some part of their supply chains: monitoring which is undertaken by independent organisations, includes worker participation and is guided by workers' rights and priorities.

Grievance mechanisms: Grievance mechanisms are only effective if they are trusted and viewed as legitimate by the potential grievance-raisers. As such, making sure workers are actively involved in the design and operation of the mechanism is crucial. Yet only **8% of companies** disclosed workers are consulted at any stage of the process.

Working with unions to support the right to organise: Collaborating with legitimate worker unions is a critical building block in improving freedom of association in supply chains. Yet **over 70% of companies did not disclose any instance of such engagement**.²⁸

FREEDOM OF ASSOCIATION & FORCED LABOUR

Freedom of association is a so-called "enabling right". When workers can freely organise in the workplace, join independent unions, defend common interests and formally negotiate for better conditions, they are empowered to raise grievances and identify patterns of abuse and malpractice, including those associated with **forced labour**. As such, ensuring supply chain workers' right to freedom of association is a powerful tool of due diligence. Where a company enters into an enforceable labour rights agreement with a union, workers are able to flag issues as they arise, which functions as a form of ongoing monitoring of working conditions – an **essential element of an agile due diligence process that goes beyond mere compliance**. As brands are increasingly expected to take a more active role in the oversight over their supply chains, unions become a key partner for raising and addressing workers' issues, mitigating the need for direct brand intervention.

From [Pakistan](#) to [Italy](#) and [South Africa](#), the power of independent unions and collective bargaining in improving working conditions and health and safety procedures, securing wage increases, negotiating for permanent contracts and decreasing the risks of forced labour, is clear in the resulting concrete outcomes for workers.

Nevertheless, examples of better practice exist.

H&M, through its **Global Framework Agreement with IndustriALL Global Union Federation and IF Metall union**, set up national monitoring committees (NMCs), which include union representatives, in six production countries. The NMCs oversee the implementation of the Agreement on the ground, and as they receive reports of potential issues from workers and intervene, play a role as both an ongoing monitoring tool and an avenue for more than 750,000 workers to report grievances to an impartial body when abuse takes place.

Fast Retailing, H&M and **Primark** joined a pilot of the **Employment Injury Scheme** (EIS), launched in 2022 by the Government of Bangladesh with involvement by **IndustriALL**, to provide income protection and medical care for workers in Bangladesh following employment-related injuries. As part of the pilot, brands have signed pledges as commitments for voluntary financial contributions.

In 2022, **Gap, H&M** and **PVH** entered into a binding agreement with a local women-led **TTCU** union, aimed to address gender-based violence and harassment (GBVH) at the brands' supplier Eastman Exports in Tamil Nadu, India. The **Dindigul Agreement** ("The Dindigul Agreement to End Gender-Based Violence and Harassment"):

- › Grants the TTCU access to train all supplier's management, supervisors and workers on GBVH;
- › Establishes an independent grievance mechanism managed by independent expert assessors appointed by the Agreement's Oversight Committee, which includes representatives from a local union, Asia Floor Wage Alliance and GLJ-ILRF;
- › Provides for appointing union-selected "floor monitors" to help co-workers report GBVH and hold meetings with management;
- › Mandates protection from retaliation for workers, as well as a guarantee of freedom of association and collective bargaining rights; and
- › Requires the supplier to introduce specific policy changes on anti-discrimination, among others.

The implementation of the Agreement to date is disclosed in the **Year-One Progress Report** and includes data on the use of the new independent grievance mechanism and the training and deployment of floor monitors.





WHICH BENCHMARKED COMPANIES HAVE SIGNED ON TO THE LEGALLY BINDING INTERNATIONAL ACCORD FOR HEALTH AND SAFETY IN THE GARMENT AND TEXTILE INDUSTRY?

Signed on to the Accord:

- ✓ Adidas
- ✓ American Eagle
- ✓ Asos
- ✓ Boohoo
- ✓ Fast Retailing
- ✓ Hanesbrands
- ✓ H&M
- ✓ Hugo Boss
- ✓ Inditex
- ✓ LPP
- ✓ Next
- ✓ Primark
- ✓ Puma
- ✓ PVH
- ✓ Zalando

Source from Bangladesh but have not signed on:²⁹

- ✗ Amazon
- ✗ Columbia
- ✗ Dick's
- ✗ Feng Tay
- ✗ Gap³⁰
- ✗ Gildan
- ✗ JD Sports
- ✗ Kohl's
- ✗ Levi's
- ✗ Lojas Renner
- ✗ Lululemon
- ✗ Macy's
- ✗ Pou Chen
- ✗ Ralph Lauren
- ✗ Ryohin Keikaku
- ✗ Tapestry
- ✗ TFG
- ✗ TJX
- ✗ Under Armour
- ✗ VF
- ✗ Walmart
- ✗ Woolworths

OTHER SUPPLY CHAIN LABOUR RIGHTS AGREEMENTS COMPANIES HAVE DISCLOSED SIGNING:

- ✓ **Asics and Puma:** [Freedom of Association Protocol](#) in Indonesia
- ✓ **Gap, H&M and PVH:** The legally binding [Dindigul Agreement](#) in Tamil Nadu, India
- ✓ **H&M, Inditex, Next, Primark, PVH and Zalando:** [ACT](#) (resulting collective agreements are legally binding)
- ✓ **Levi's:** The legally binding [Gender Justice Lesotho Agreement](#)
- ✓ **Asos, H&M and Inditex:** A Global Framework Agreement with a global union federation applicable to the company's supply chains

COLLECTIVE BARGAINING AGREEMENTS

Companies in the sector have begun to collect and disclose data on the percentage of their supply chain workforce covered by collective bargaining agreements (CBAs). This is a positive development – freedom of association is at its core a means to an end (an improvement in working conditions), rather than an end in itself. In this context, CBA coverage is a powerful piece of feedback and an indication of the workers' de-facto ability to organise and negotiate improved conditions on the ground. As such, collecting and analysing data on the presence or absence of CBAs in a company's supply chains is an important element of due diligence. The presence of a firm-level CBA has also been found by the International Labour Organization (ILO) in an empirical study to be associated with fairer wages and lower risks of excessive overtime.

Yet **only 12% of companies** disclosed even partial information on the percentage of their supply chains covered by CBAs, of which only one company provided a breakdown by region (**Inditex**) and only two companies provided aggregate data for the full first tier (**H&M** and **Lululemon**). Concerningly, the majority of the remaining companies limited their reporting to disclosing the percentage of their first-tier supply chain based in Italy, where near-universal national CBA coverage is mandated by law, while failing to disclose data for its other, higher-risk, production countries (**Kering**, **Moncler** and **Prada**). The poor disclosure of CBAs could reflect the low numbers of CBAs signed in practice, particularly across key sourcing countries in Asia. At best, this demonstrates a lack of commitment and, at worst, an aversion to ensuring the enabling right of freedom of association and collective bargaining.



Traceability & supply chain transparency

28/100 AVERAGE SCORE



Demonstrating an understanding of the company's supply chains is a crucial prerequisite for effective due diligence. Where a company gives limited insight into where its lower-tier suppliers are based or the characteristics of its supply chain workforce that may make it more vulnerable to particular types of abuse, it calls into question its ability to adequately identify and respond to risks.

KnowTheChain assesses whether companies disclose supplier lists (first tier and beyond), the sourcing countries of high-risk commodities at raw material level, and approximate data on its supply chain workforce, such as the percentages of women and migrant workers.

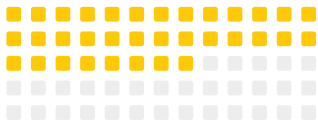
Even as legislation and import bans create an environment in which companies are expected to demonstrate transparency around their suppliers and product sourcing, KnowTheChain data reveals 42% of the companies benchmarked disclosed no relevant supplier or sourcing data. This includes US brands **American Eagle, Foot Locker, Kohl's, Skechers** and **TJX** and may raise challenges as to their ability to demonstrate compliance with legislation requiring companies to understand where their products originate, including the Uyghur Forced Labour Prevention Act (UFLPA).

More positively, since 2021, 10 companies disclosed more information on their first-tier suppliers, either publishing full-first tier supplier lists for the first time (**Gildan, Inditex, Pou Chen, Prada, Ralph Lauren**, and **Tapestry**) or improving their existing disclosure (**Amazon, Fast Retailing, Hanesbrands**, and **Under Armour**). Three companies also disclosed supplier lists for their second or third tiers for the first time (**Columbia, Hanesbrands** and **Hugo Boss**) and six disclosed more information on the sourcing countries of the raw materials they use (**Asics, Carter's, Gap, Hermès, Kering** and **Puma**).

WHY DISCLOSE PUBLICLY?

Going beyond internal visibility and making supplier lists, sourcing countries, and data on supply chain workforce public allows external stakeholders to better assist a company in meeting its human rights standards. It also yields benefits for the company's human rights due diligence process by, for example, helping identify unauthorised subcontracting and receiving early notice from stakeholders when violations in a company's supply chains arise. As such, this public disclosure shows a company is committed to identifying risks and impacts and willing to be held accountable to its stakeholders. **This does not mean that companies are expected to disclose business-sensitive information, such as volumes or pricing data.** Indeed, ample examples from the sector, and across other industries assessed by KnowTheChain,³¹ demonstrate companies face no commercial disadvantage from disclosing their suppliers and may reap reputational benefits when external stakeholders are able to identify, and notify a company of, risks or impacts at an earlier stage.

FIRST TIER SUPPLIER LISTS



Only half (52%)³² of companies in the sector disclosed at least a partial first-tier supplier list. Twenty-five (38%) companies disclosed full lists of their first-tier suppliers.

Deckers disclosed a full list of names and addresses of its first and second-tier suppliers, as well as the type of product supplied, the number of workers at each supplier with a breakdown by gender, the percentage of foreign workers, the percentage of contract workers, and whether there is union presence or a worker committee at the facility.

SUPPLIER LISTS: SECOND-TIER



Less than one-third (31%) of companies disclosed information on their second-tier suppliers. In only **18%** of cases the information disclosed accounted for at least 80% of spend.

SUPPLIER LISTS: THIRD-TIER



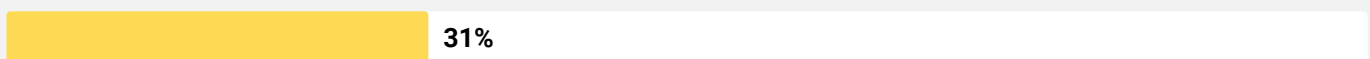
Six companies (9%) (Asos, Hanesbrands, JD Sports, Lojas Renner, Next, and VF) disclosed at least partial information on suppliers in the third tier of their supply chain. **JD Sports**, for example, disclosed names and addresses of 137 of its third-tier and 127 of its fourth-tier suppliers.

SUPPLIER LISTS

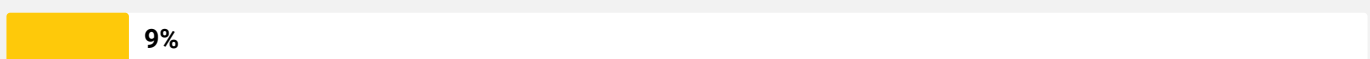
Companies disclosing a first-tier supplier list



Companies disclosing at least some second-tier suppliers



Companies disclosing at least some third- or fourth-tier suppliers



TRACING OF HIGH-RISK RAW MATERIALS TO ORIGIN



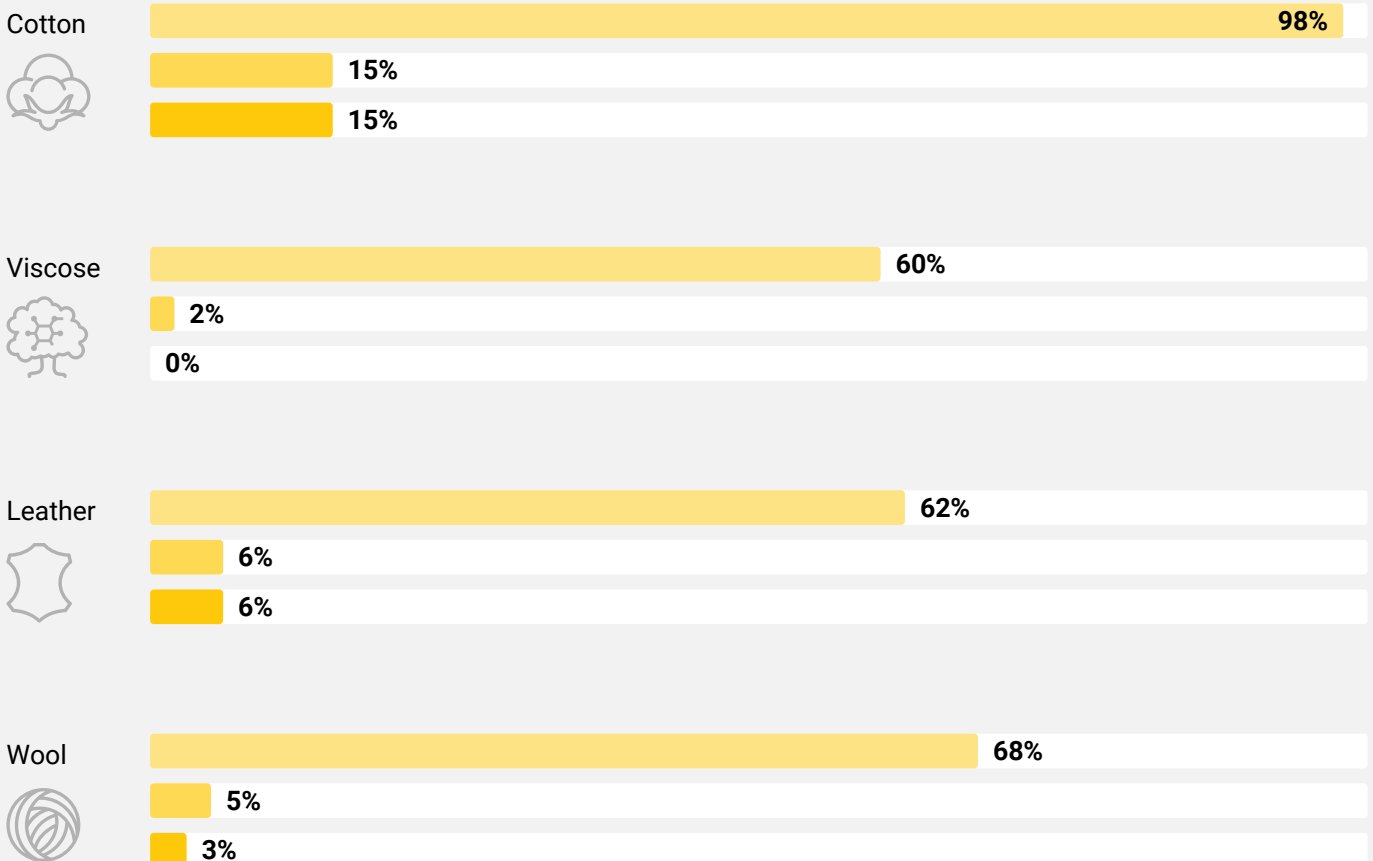
No company disclosed full lists of sourcing countries for at least three raw materials it uses, which are labelled as high risk for forced labour and only 35% of companies disclosed partial information or efforts to trace raw materials in their supply chains. This is an alarming finding in a sector with known and widespread risks to workers at raw material level – for example in cotton or cattle farming.

Over half of the companies benchmarked (65%) disclosed no information on tracing efforts of high-risk materials used in their products: a concerning figure given that companies source an average of four (and as many as seven).

Examples of better practice include **Kering**, which discloses partial sourcing country lists for cotton, cashmere, silk, wool and bovine, sheep, and lamb leather, as well as percentage of raw material traceability achieved for cotton, wool, cashmere, silk and leather.

HIGH-RISK SOURCING

- Sourcing raw material
- Disclosed some sourcing countries of raw material
- Disclosed forced labour risks associated with raw material



UNDERSTANDING THE SUPPLY CHAIN WORKFORCE

Understanding the demographic composition of supply chain workforce is important for companies to ensure they are aware of and can adequately prioritise mitigating risks salient to their workforce – particularly those groups which may face context-specific risks, such as women (for example, sexual harassment, vulnerability related to obstructed economic independence in some locations) or migrant workers (unfair recruitment practices, language barriers that impede access to information about rights and grievance channels, recruitment fees, passport retention, etc.) Yet **54% of benchmarked companies are yet to disclose** any data on their supply chain workforce.



Less than half (46%) of companies disclosed any data on their supply chain workforce.



Women workers: Almost half (45%) of companies disclosed data on the number or percentage of women working in at least a limited portion of the first tier of their supply chain, and **10%** report at least partial information beyond the first tier. Of the companies that disclosed data on women workers, the vast majority (22 of 29, or **33% of companies** benchmarked) disclosed a detailed gender breakdown per supplier in their supplier lists.



Migrant workers: Only 28% of companies disclosed data related to the number or percentage of migrant workers in at least a limited portion of their first tier supply chain, and 12% report at least partial information beyond the first tier.

COMPANY PRACTICE:

Puma discloses a supplier list that contains the percentage per supplier of women and migrant workers in all Tier 1 suppliers, suppliers representing 80% of sourcing volume for Tier 2 and Tier 3 viscose suppliers. **H&M**, in addition to disclosing data on women workers, discloses the percentages of supervisors and of worker representatives in its Tier 1 production supply chain, who are female.



SPOTLIGHT: GENDER-BASED VIOLENCE IN THE APPAREL SECTOR

Women constitute nearly 60% of the workforce in the global textile and garment supply chains. For these women, risks of abuse faced as precarious workers intersect with those based on gender to produce particularly dire forms of exploitation. **Sexual violence on the factory floor** is well-documented to be pervasive in the sector – one study in Bangladesh in 2019 found **80% of women workers have experienced or witnessed sexual assault or harassment while at work**; another investigation in Lesotho in 2018 found the same was true for nearly two-thirds of women. The abuse reported includes demeaning sexualised comments and threats, forcing women into sexual favours as a condition to retain the job, non-consensual touching, and physical violence including hitting and sexual assault. Forced labour and gender-based violence are closely interlinked, as precarity and wages that fail to cover basic needs leave workers dependent on the employer for survival and unable to oppose the abuse. In many geographical contexts, obstacles to women's employment may limit their choice to working only in apparel factories, thus making it impossible to escape.

As brands highlight diversity and inclusion commitments at home and frequently rely on messaging around women empowerment in their marketing, the conditions in which these same clothing items are made tell a different story. In fact, brands' purchasing behaviours increase the risk of abuse, as several studies have documented the links between increases in production targets imposed by brands and the intensification of harassment and gender-based violence suffered by workers.

Despite the risks of gender-based and sexual violence in the sector being well-documented, **more than half (55%) of companies have yet to disclose data on the women workers in their supply chains. Failure to disclose the gender composition of the company's supply chain workforce** suggests limited attention to the gendered risks that the majority of apparel workers globally face.



Risk assessment

Identifying and assessing actual and potential risks and impacts in a company's supply chains is a baseline step for human rights due diligence. The proposal for the EU CSDDD stipulates that companies will be expected to identify and assess actual and potential human rights and environmental harms, including stakeholder engagement, and to communicate its due diligence processes and their outcomes externally.

KnowTheChain assesses how companies conduct a human rights risk assessment, disclose the risks identified, and how they work to address specific forced labour risks identified in collaboration with relevant stakeholders.

Just over half the sector (54%) disclosed how it carries out a human rights risk assessment on its supply chains. Among those failing to disclose relevant detail on how their risk assessment is carried out include European companies **LPP** and **Prada**, as well as footwear retailers **Foot Locker** and **Skechers**.

Comparison of companies assessed in both 2021 and 2023 also shows that improvement on risk assessment was limited – with only one company (**Capri**) disclosing a human rights risk assessment on its supply chains for the first time, and six companies disclosing more information on the forced labour risks they identified in their supply chains.

RISK IDENTIFICATION

Just a fifth of companies (22%) provided a comprehensive level of detail on their risk assessment process, outlining the sources they use to understand and assess risks, and the processes and types of risks assessed. Robust stakeholder engagement appears absent from the approaches of many companies: only 5% of companies clearly outlined how engagement with stakeholders such as workers, civil society organisations, or unions, informed their risk assessment process. While many companies made reference to their participation in multi-stakeholder or industry initiatives as “stakeholder engagement”, or referred to the fact they periodically engage with unions or non-governmental organisations, very few companies named specific organisations or unions they engage with in a systematic and comprehensive manner to monitor and understand human rights risks.



OUTSOURCED OVERSIGHT:

THE PITFALLS OF RELYING ON SOCIAL AUDITING

Compounding issues related to the absence of stakeholder engagement is the overreliance on auditing as a tool for identifying labour rights risks and violations in company supply chains. The efficacy of social auditing for identifying abuse is highly contested. The European Center for Constitutional and Human Rights (ECCHR) finds that at best social auditing can act as a “selective diagnostic” tool for labour rights abuses and at worst increase human rights risks by rubberstamping malpractice. Recent research by Transparentem identified prolific audit deception across garment factories and spinning mills including the falsifying of documentation and coaching workers to lie during audit interviews – by playing to worker fears of losing their jobs.

Evidence suggests the nature of the auditing and certification industry, which is riddled with governance deficits and lack of regulatory oversight, means that substandard audits are the norm, rather than the exception. A lack of transparency around audit results further erodes the trust of relevant stakeholders and disables the vital lever of public accountability.

RISK DISCLOSURE

Only 32% of companies disclosed information on the forced labour risks identified in their supply chains. This information is often limited and vaguely framed – for example, companies commonly reference forced labour risks associated with cotton sourcing without specifying where these risks are present in their own supply chains or note risks in the industry associated with the recruitment of migrant workers.

Only 8% of companies disclosed detail on forced labour risks identified across the tiers of their supply chains, evidencing a more robust risk assessment process.

RISK ASSESSMENT AND DISCLOSURE

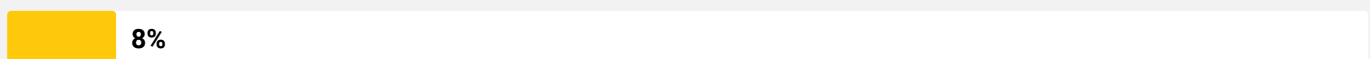
Companies that disclosed a human rights risk assessment on their supply chains



Companies that disclosed forced labour risks identified



Companies that disclosed details on forced labour risks identified across supply chain tiers



BETTER PRACTICE

Lululemon disclosed it sources three raw materials at high risk of forced labour: cotton, natural rubber and wool. It stated it has identified risks to migrant workers in Japan, Korea, Taiwan and Thailand at both suppliers and subcontractors.

Primark reported detail on forced labour risks for different groups in different locations: including young women in spinning mills and factories in South India, undocumented workers in Turkey, overtime risks in Moroccan garment factories, and risks to workers hired through agencies and labour providers in the UK and Western Europe. It further notes risks for workers in China and North Korea.

VF disclosed recruitment issues for migrant workers and states in response it has launched a programme for first- and second-tier supplier facilities in Jordan, Thailand and Taiwan. It also disclosed its highest-risk raw materials and their associated sourcing countries including cotton, leather and rubber, and risks of poor working conditions, health and safety, and inadequate standards of living in the “outermost” tiers of its synthetics supply chain.

WORKING WITH STAKEHOLDERS TO ADDRESS FORCED LABOUR RISKS

Just 12% of companies reported stronger steps than their peers to address specific forced labour risks identified in their supply chains in collaboration with relevant stakeholders such as expert civil society organisations, unions, workers, or governments. In response to worker exploitation in Leicester’s garment industry, **Asos** said it was working on a key recommendation of Nottingham Rights Lab to “improve community-based support, advocacy, and advice for workers.” The company reported it was seeking to achieve this including by launching the [Fashion-Workers Advice Bureau Leicester](#), which is funded by brands including **Asos** and trade unions. It stated the bureau offers free support on a range of issues including workers’ rights and has resolved issues for more than 70 workers “relating to welfare rights, housing, and reclaiming missing and unpaid wages.”

Inditex disclosed working with local organisation [MUDEM](#) in Turkey aimed at “regulating the employment situation of refugee and migrant workers” by assessing the labour conditions of refugees and migrants with specialist organisations; obtaining necessary work permits; supporting integration in the workplace through training and language courses; and providing refugee and migrant workers with support and access to services.

Due diligence: conclusion & recommendations

RECOMMENDED COMPANY ACTION

Purchasing practices

Quantitative data on purchasing practices: Adopt and disclose several year-on-year data points on responsible purchasing practices relating to all first-tier suppliers, including:

Payment practices: Payment terms (noting that 30 days is best practice) and percentage of suppliers paid in full within 30 days (or 60 days) of delivery;

Planning and forecasting, such as: whether a forecast is issued, the timing (noting that 90 days or more is good practice), whether it is regularly updated, and whether it is accurate; and

Costing: Percentage of orders priced to reflect the costs of compliance with the company's supplier code (including fair wages for the labour required and the cost of the Employer Pays Principle, i.e., the costs for responsible recruitment of migrant workers and repayment of worker-paid recruitment fees) and to allow for a reasonable and maintained supplier profit.

Supplier ratings: Publicly disclose supplier ratings received from independent parties such as Better Buying™ (e.g., disclose Better Buying™ scores and Company Reports, which include forecasting, costing and payment practices).

Living wage: Ensure supply chain workers are paid a living wage to ensure a decent standard of living and to reduce risks such as excessive overtime. Disclose the methodology used for assessing a living wage.

Shared-responsibility contracting: Contractually commit to responsible purchasing practices in contracts with suppliers, including with respect to pricing, order changes and providing reasonable financial and non-financial assistance to business partners.



Freedom of association and collective bargaining

Enter into binding and enforceable agreements with unions and/or worker groups.

Play an active, transparent role in negotiations between suppliers and workers and independent trade unions in industrial disputes. Seek the reinstatement of unfairly dismissed union members and leaders—proactively ensuring that this takes place, even in the absence of outside pressure.

Traceability and supply chain transparency

Disclose the names and addresses of first-tier suppliers and second-tier suppliers.

Provide factory-level disclosure of relevant data points on suppliers' workforce, including the:

- Percentage of women workers and migrant workers;
- Average wage, as well as the average wage for women and migrant workers, and the living wage gap;
- Presence of trade union and/or worker representatives chosen by workers; and
- Percentage of workers under collective bargaining agreements.

Risk assessment

Conduct and disclose detailed supply chain risk assessments which include assessment of forced labour risks across supply chain locations and tiers, and which are informed by robust, independent data on purchasing practices. These assessments should be participatory, incorporating the perspectives of workers, their representatives, and the views of expert stakeholders in locations where suppliers are based. Disclosure of risks identified in different supply chain tiers provides confidence that the process is effective.



Responsible recruitment of migrant workers

14/100 AVERAGE SCORE



In the apparel sector, migrant workers are relied upon in both raw material cultivation and the manufacture of goods. Whether seasonal agricultural workers engaged in cotton cultivation, refugee workers, or migrant workers brought in to work in garment manufacturing clusters, their exposure to recruitment intermediaries can leave them in situations of debt. In many countries, migrant workers are further precluded by law from organising to advocate for their rights in the workplace, and women migrant workers may face additional intersecting risks. The increasing focus on short turnarounds and lead times has in recent years generated a further shift towards precarious temporary labour over stable regular employment.

Despite the prevalence of migrant worker exploitation in apparel and footwear supply chains, KnowTheChain has identified significant gaps in company due diligence when it comes to addressing risks specific to migrant workers, as well as further gaps between policy and practice.

KnowTheChain assesses whether companies have a policy commitment to the Employer Pays Principle, adopt preventative efforts,³³ and can provide evidence of repayment of fees to supply chain workers. It also assesses companies' transparency regarding the labour agencies used by suppliers, and whether companies provide details of how they work with stakeholders to support responsible recruitment in their supply chains.

European luxury sector companies **Hermès, LVMH, Moncler, Prada and Salvatore Ferragamo all scored zero on the theme of Recruitment** and did not disclose a policy that prohibits worker-paid fees in their supply chains.

Policies

Nearly two-thirds (65%) of companies disclosed a general policy provision that prohibits recruitment fees in their supply chains. Yet, only a quarter of companies have a supply chain policy which aligns with the Employer Pays Principle (43%), specifying that the employer and not the worker must be responsible for the payment of recruitment-related fees. **Adidas**, for example, discloses a Responsible Recruitment Policy which states that “no recruitment fees or related costs should be charged to, or otherwise borne by, workers” and directs to an additional supplier guidelines document in which it uses the ILO’s Guidance note on Related Fees and Recruitment Costs definition on the categories of fees and costs which are prohibited. It states that “recruitment fees should be paid by employers for finding workers, not by workers for finding jobs.” Positively, seven companies have newly disclosed a no-fee policy since 2021 (**ANTA, Carter’s, Columbia, Fast Retailing, Kering, Tapestry** and **Under Armour**) and three companies have strengthened their existing no-fee policy (**Burberry, Hanesbrands** and **VF**), suggesting a growing recognition of the forced labour risks associated with recruitment.

Risk prevention

While the adoption of policies in the sector is gaining pace, disclosure of how those policies are implemented fails to match the commitments made. **Only 12% of companies** outlined how they ensure effective implementation of their policy prohibiting worker-paid fees, showing the steps taken to proactively prevent fees from being charged to workers in the first place. This can include showing:

They know where workers are recruited from and demonstrate mapping of migration corridors and associated costs. Cost mapping should be conducted on a regular basis (at least annually) to ensure the amounts calculated are accurate.

They understand practices used by labour agencies and are mapping labour agencies in sending and receiving countries.

Specialised investigations are used to ensure workers have not paid fees, which incorporate cost mapping and include an assessment of foreign worker quotas, and key documentation such as contracts and agreements with labour agencies, letters regarding worker visas, and verification that the employers, and not the workers, paid.

KnowTheChain data bears out a **gap between policy and practice**: while an increasing number of companies in the sector commit to preventing recruitment fees in their supply chains, evidence is lacking on how such commitments are implemented in practice. While 37% of benchmarked companies identified risks to migrant workers in their supply chains, only 28% disclosed data on the number or percentage of migrant workers in at least a limited portion of their first-tier supply chains.

BETTER PRACTICE

Lululemon's Foreign Migrant Worker Standard requires suppliers to have direct contracts with recruitment agencies which specify fees must not be charged to workers.

The company disclosed detail on its **no-fee programme in Taiwan**. It stated it verifies worker personnel files, payslips, and contracts with vendors and labour agencies during its on-site visits. To **understand recruitment channels**, it disclosed asking suppliers to map all foreign migrant workers in the facility, including sending countries and recruitment channels, interviewing workers, interviewing recruitment agencies in sending and receiving countries, and engaging with the Taiwan Direct Hiring Office. To **understand recruitment costs**, Lululemon reported using Verite's migration corridor fact sheets, and researching industry available information (through the Responsible Labour Initiative and the IOM). It said it also verifies cost amounts through on-site assessments, document checks, and worker interviews.

Lululemon further provided concrete **examples of supplier implementation**,³⁴ including a supplier using a direct hiring channel instead of overseas labour agents to reduce 70% of recruitment costs; using the Vietnam and Thailand facilities to provide local recruitment services and thus reduce reliance on overseas labour agents; and hiring abroad directly in partnership with only a local Taiwanese agent.

Among the eight companies that disclosed taking some preventative measures in relation to recruitment fees (**Adidas, Amazon, Capri, Lululemon, Nike, Primark, Ralph Lauren** and **VF**), disclosure included working with the IOM CREST (**Adidas** and **Amazon**) and the Issara Institute (**Nike**) to address recruitment risks in a specific country context), additional due diligence steps and training on recruitment fee risks where suppliers hire migrant, agency, or temporary workers (**Primark**), collecting information on migration corridors and recruitment agencies used (**Lululemon** and **Ralph Lauren**), placing documentation requirements on suppliers in the supplier code (**Adidas** and **VF**), and using audits to review workers' contracts and seek to identify whether prohibited fees had been paid (**Capri**). Even where companies have disclosed preventative measures in relation to the charging of fees to workers, these tend to be limited in their application and it is not clear how they are being implemented across high-risk supply chain contexts.

TRACING AND MAPPING LABOUR AGENCIES USED BY SUPPLIERS:

Understanding where labour providers are used in company supply chains is key to fully assessing the risks to migrant workers. However, few companies (15%) disclosed tracing labour agencies used by their suppliers and **no company** disclosed information on the agencies identified.³⁵ Where a company disclosed efforts to trace labour intermediaries used in its supply chains, the disclosure was limited to requiring suppliers to proactively provide, or merely make available on request by the buyer, the list of recruitment intermediaries used.

WORKING WITH RELEVANT STAKEHOLDERS TO SUPPORT RESPONSIBLE RECRUITMENT:

Just over a quarter (28%) of companies disclosed broader efforts to support responsible recruitment in their supply chains by working with relevant stakeholders. These endeavours to work collaboratively within the sector are important for addressing issues as endemic as exploitative recruitment practices.

For example, **Asos** disclosed working with EcForme, a local Malagasy NGO, to develop pre-departure orientation training for migrant workers considering migration from Madagascar to Mauritius as well as with Ovibashi Karmi Unnayan Program, a local community-based migrant rights organisation in Bangladesh, to develop pre-departure orientation training for workers considering migration to Mauritius from Bangladesh, among other steps. **Fast Retailing** disclosed working with the IOM to provide training on responsible recruitment to sending-country recruitment agencies in Sri Lanka and Nepal, among other steps. **Adidas** disclosed working with IOM Crest to improve recruitment practices among its second-tier suppliers in Taiwan, including conducting a specialised migrant worker risk assessment which identified key sending countries, and providing training on responsible recruitment to recruitment agencies from the countries identified.

Remediation of recruitment fees

The proportion of companies disclosing the remediation of recruitment fees to workers in their supply chains is alarmingly low. Only 8% of companies (**Lululemon, Puma, PVH, Ralph Lauren** and **Under Armour**) reported examples of fee remediation in their supply chains.³⁶ While four companies have disclosed new instances of fee remediation since 2021 (**Lululemon, Puma, PVH** and **Ralph Lauren**), it is notable that five companies which have previously disclosed examples of fee remediation, failed to disclose such examples more recently (**Adidas, Asics, Burberry, Nike** and **Primark**). This suggests a reactive rather than proactive approach, and one which is sensitive to stakeholder pressure arising from public allegations or external investigations, rather than a robust, ongoing no-fee programme.³⁷ Yet investigations continue to reveal the charging of fees to workers in apparel and footwear supply chains; as such it is concerning that so few companies disclose the remediation of fees to workers.

Notably, while 34% of benchmarked companies are signatories to the American Apparel & Footwear Association and the Fair Labor Association's Industry Commitment to Responsible Recruitment,³⁸ (in which companies commit to work to eliminate worker-paid recruitment fees and to timely repayment of fees where they had been paid by workers), 17 of these signatory companies have not disclosed evidence of fee repayment in the 2023 Benchmark. This includes 12 companies that have been benchmarked by KnowTheChain at least since 2018, when the commitment was first launched:³⁹ **Adidas, Asics, Capri, Carter's, Columbia, Fast Retailing, Gap, Gildan, Hanesbrands, Nike, Pou Chen** and **VF**. This calls into question the effectiveness of long-standing voluntary commitments alone in incentivising action.⁴⁰

Importantly, the lack of remedy outcomes for workers in relation to recruitment-related fees should not be taken as an absence of fees charged to workers.

RECRUITMENT FEES AND RELATED COSTS

Policy prohibiting recruitment fees in supply chains



Disclose due diligence steps to prevent the charging of fees to supply chain workers



Repayment of fees to supply chain workers



BETTER PRACTICE

Puma reported 255 foreign migrant workers at six supplier factories in Japan, South Korea, Taiwan, and Thailand were paid back more than US\$100,000 in identified recruitment fees. Puma disclosed subsequently verifying the repayment evidence; for one of the factories, a nominated third party interviewed 18% of the 226 migrant workers on site.

PVH disclosed its supplier in Thailand repaid US\$22,900 to 112 migrant workers from Myanmar.

Lululemon reported working with a second-tier supplier and the supplier's subcontractor to resolve a case concerning recruitment fees and non-reimbursement of airline ticket costs for two workers. As a result, workers were fully repaid and provided with bank accounts to ensure their control over their full wages in the future. Lululemon said it verified the repayment through interviews and document review.

RECOMMENDED COMPANY ACTIONS

Incorporate the **Employer Pays Principle** into supply chain policies and contracts to ensure the employer, not the worker, bears the costs.

Implement the Employer Pays Principle by preventing fees from being charged to workers in the first instance and ensuring employers pay for recruitment costs. In order to assess and understand forced labour risks, identify recruitment corridors, as well as recruitment fees and related costs charged in different recruitment corridors, and undertake detailed checks on relevant documentation from suppliers (such as contracts with recruitment agencies or worker visas). To ensure fees are being paid upfront by suppliers, companies should request specific documentation to verify fees are being paid directly to agencies, government agencies or service providers as appropriate. Use tools such as IOM CREST's **labour migration process mapping guide** to assess and address risks to migrant workers. Engage with workers to determine whether fees have been paid.

Ensure purchasing practices incorporate the costs of meeting the Employer Pays Principle in payments to suppliers.

Take steps to ensure the effective, timebound and transparent repayment of worker-paid fees across supply chains. Where employers cannot or will not reimburse recruitment fees to workers, take responsibility for ensuring workers are compensated. Remedy should include repayment of the full amount of fees paid as well as interest workers may have paid on loans in order to pay fees, as well as inflation.

Disclose names and information on recruitment agencies used by suppliers and carry out due diligence on supplier relationships with labour agencies – a key predictor of risks to workers.

Remedy

7/100 AVERAGE SCORE

Companies have a responsibility to enable the remediation of labour rights violations in their supply chains.⁴¹ To enable workers whose rights have been violated to raise complaints and have them remedied, companies must ensure supply chain workers have access to effective grievance mechanisms.⁴²

KnowTheChain assesses whether companies disclose a process for providing remedy to supply chain workers, outcomes of remedy for workers, and how companies have remediated allegations of forced labour in their supply chains. KnowTheChain also assesses whether companies ensure a grievance mechanism is available to supply chain workers and their legitimate representatives, whether they disclose data about the operation of the mechanism demonstrating its use, and whether workers are involved in the design and performance of the mechanism.

Remedy is the lowest scoring theme of the Benchmark. Remarkably, in a sector characterised by supply chains with prolific labour rights violations, only a fifth of companies (22%) disclosed remedy outcomes for supply chain workers.



Access to remedy

A significant portion of benchmarked companies (40%) did not clearly outline how they ensure effective grievance mechanisms are available to suppliers' workers and their representatives. **As such, it is unclear whether workers in the supply chains of almost half the sector can access remedy.** Even where grievance mechanisms are in place, only 23% of companies disclosed data on the use of mechanisms by workers or their representatives – providing limited insight into the effectiveness of these mechanisms.

Companies ensuring that workers and/or their representatives are involved in the design or performance of grievance mechanisms, as such enhancing worker trust in the mechanism, are the exception to the rule. Only 8% of companies (**Asos, Fast Retailing, Gap, H&M** and **PVH**) disclosed mechanisms that involve workers or their representatives in their design or performance. These mechanisms had been implemented in specific supply chain contexts with a view to addressing specific risks. **Gap, H&M** and **PVH** are signatory to the enforceable Dindigul Agreement, through which workers at supplier Eastman Exports have access to an independent grievance mechanism managed by independent expert assessors, appointed by the Agreement's Oversight Committee (this includes representatives from a local union, Asia Floor Wage Alliance and GLJ-ILRF).

Asos reported it launched the Just Good Work app in Mauritius where workers can access information about their rights, and report grievances which go directly to the Migrant Resource Centre and local trade union Confederation des Travailleurs des Secteurs Publique et Privé (CTSP). The company disclosed CTSP has trained workers in Mauritius on how to use the app and reported on the number of workers using the app. However, the company does not disclose data on grievances submitted.

GRIEVANCE MECHANISMS

Companies that disclosed a grievance mechanism for suppliers' workers



Companies that disclosed data on the use of mechanisms in their supply chains



Companies that disclosed that workers or representatives were involved in the design or performance of mechanisms



Remedy outcomes

KnowTheChain operates under the assumption that labour rights violations likely exist in any large global company's supply chains and therefore asks companies to provide examples of remedy outcomes to workers in their supply chains.

Just a fifth of companies (22%) disclosed examples of remedy outcomes for workers in their supply chains. This was in most cases limited to only one such example: with six companies (9%) providing detail on more than one example (**Adidas, Asics, Lululemon, Next, Puma, and Primark**). **Lululemon** was the only company to disclose an example of remedy beyond the first tier of its supply chains (repayment of hiring fees and travel costs to workers at a second-tier facility).

No company demonstrated a sufficient holistic approach to remedy which includes both corrective measures to prevent recurrence of the breach and provision of restitution of the harm suffered by workers. In general, companies' remedy provisions entailed ensuring the payment of overtime rates where they have not been paid; the reinstatement of workers where they had been fired for union activity; or the reimbursement of recruitment fees (often severely delayed) to workers who had paid fees to secure a job. There does not appear to be any consideration for other forms of remedy such as financial compensation or psychological support for the harm suffered. While remedy should incorporate other forms of restitution such as repatriation and worker-determined forms of justice, **no company reported providing these measures**.

Of the 65 companies assessed, only **Lululemon** reported checking with workers whether they were satisfied with remediation provided. This appears to be illustrative of a broader failure to integrate workers at all stages of human rights due diligence processes in the sector.

In the aftermath of the Covid-19 pandemic, it seems that workers in apparel supply chains are still bearing the brunt of wage theft, job loss and precarious employment conditions, with concerning little evidence of remediation. In 2021, KnowTheChain found that only four out of 37 companies (11%) assessed could demonstrate several remedy outcomes for workers. Yet KnowTheChain's 2023 data on Remedy does not appear to show any lessons learned from companies post-pandemic, with only 8% of companies disclosing multiple outcomes of remedy for workers – illustrating remedy outcomes for workers remain few and far between.

BETTER PRACTICE

Next reported discovering a case involving 25 children in child labour in Myanmar. The company disclosed working with two local non-governmental organisations to interview the children, families and facility involved before developing a plan to ensure the children were no longer employed and their families were supported on a monthly basis until the children reached legal working age. It disclosed the support provided included provision of financial support equivalent to wages the children would have earned in employment.

ALLEGATIONS OF FORCED LABOUR IN COMPANIES' SUPPLY CHAINS

KnowTheChain incorporates publicly available allegations of forced labour into its scoring approach to assess companies' responses to the allegations and whether they provide a remedy the affected workers find satisfactory.

Allegations of forced labour were identified in the supply chains of almost half of benchmarked companies (46%).⁴³

The majority of these allegations related to the use of alleged Uyghur forced labour directly or indirectly in companies' supply chains, either through the transfer of workers or through suppliers which have subsidiaries based in the Xinjiang Uyghur Autonomous Region (XUAR). A recent [report by the UN Special Rapporteur on Contemporary Forms of Slavery](#) identified that "indicators of forced labour pointing to the involuntary nature of work rendered by affected communities have been present in many cases" in the context of "State-mandated systems". Three companies (**Adidas**, **Asos** and **Primark**) reported they had engaged or were currently engaging with groups representing affected workers, such as the Coalition to End Forced Labour in the Uyghur Region, and in line with Principle 18 of the [UN Guiding Principles on Business and Human Rights](#), which states that where direct consultation with affected stakeholders is not possible, businesses should consider reasonable alternatives, including consulting credible, independent expert resources "including human rights defenders and others from civil society." However, no company in the Benchmark reported on any remedy outcomes for workers.

As a general matter, in circumstances in which conducting due diligence is not possible, businesses must also consider responsible exit. In cases where companies are linked to human rights abuses, the [OHCHR's Interpretive Guide to the UNGPs](#) and [Considerations for Remaining and Exiting](#) outline that companies are expected to seek to increase leverage with partners and if unsuccessful, consider ending the business relationship. Moreover, as OHCHR explains, the UNGPs expect companies to consider the severity of the impacts in case of crucial relationships. Where the severity of the impact is high and companies lack the ability to undertake due diligence or use their leverage, ending business relationships with suppliers active in or linked to forced labour should be considered by companies who want to ensure their supply chains are not at risk of exposure to forced labour.

While some companies deny sourcing from specific suppliers alleged to have sourced from the XUAR, as companies offer limited supply chain transparency beyond the first tier of their supply chains, it is difficult to determine whether companies themselves can verify supply chain links beyond those at first tier.

H&M was the only company to report on remedy in the case of a specific allegation of forced labour. The allegation involved abusive living and working conditions, physical and sexual violence, and abuse of vulnerability for women workers in India. In response, the company signed the [Dindigul Agreement](#), with Tamil Nadu Textile and Common Labour Union representing the affected workers, with the goal of addressing the conditions that facilitated the alleged abuse.

RECOMMENDED COMPANY ACTION

Grievance mechanisms: Ensure independent and effective grievance mechanisms are available to suppliers' workers and their representatives, including below the first tier of supply chains. Demonstrate their effectiveness by disclosing data on the operation and use of the mechanism by suppliers' workers or their representatives. Ensure worker involvement in the design and performance of grievance mechanisms.

Remedy outcomes: Companies should disclose concrete remedy outcomes for workers, including in cases of specific allegations. In particular, companies should:

Engage with workers on an ongoing basis to ensure the full extent of rights violations is identified (such as the amount of any recruitment fees and related costs paid by workers), meaningful remedy is developed, and workers are satisfied with the remedy outcomes;

Work with suppliers, independent unions, workers, labour agencies and, where relevant, peer companies to ensure workers receive remediation; and

Where allegations against the company have been made, contribute financially to remediation in consultation with affected workers or their representatives.

Shared-responsibility contracting: Contractually commit to remedy in contracts with suppliers, for example by including clauses which address the following:

Buyer and supplier must each prioritise stakeholder-centred remediation for human rights harms before or in conjunction with conventional contract remedies and damage assessments; and

Buyer must participate in remediation if it caused or contributed to harm. Prioritising remediation helps ensure human rights harms will be addressed and neither party will benefit – by receiving damages as a result of a human rights-related breach of contract – from a human rights harm.

Responsible exit: Follow recommendations by the [OHCHR](#) on analysis of severity of risks, leverage, and crucial nature of business relationships and potential termination of business relationships. Where the severity of the impact is high and companies lack the ability to undertake due diligence or use their leverage, ending business relationships with suppliers active in or linked to forced labour should be considered by companies who want to ensure their supply chains are not at risk of exposure to forced labour.

APPENDIX 1:

COMPANY SELECTION

KnowTheChain assesses companies in sectors in which forced labour risks have been widely documented. It reviews the largest global companies per sector, as these companies have a large supply chain workforce as well as significant leverage (and therefore may have the potential for both the greatest negative impact on workers and the ability to significantly improve supply chain working conditions). Due to its focus on (listed equity) investors, KnowTheChain assesses publicly listed companies only. The 65 apparel and footwear companies included in the assessment were selected using primary criteria: companies must be publicly listed and are selected on the basis of their size (market capitalisation) and the percentage of revenues derived from own-branded products. In addition, for the 2022-23 Benchmarks, company selection also took into account additional considerations to ensure regional or sub-industry representation. The initial company selection took place in 2022, including a review of the companies' market capitalisation. Two of the companies in KnowTheChain's Benchmarks have significant revenues from several product types and are, therefore, included in more than one sector Benchmark (**Amazon** and **Walmart**). For this report, KnowTheChain has assessed the following 65 companies against its Benchmark methodology:

Engaged with KnowTheChain:⁴⁴ ● Yes ● Informal ○ No

↓ Company	Market cap in US\$bn	Headquarters	Year
○ ABC-Mart Inc. (ABC-Mart)	3.56	Japan	2020
● Adidas AG (Adidas)	45.34	Germany	2016
○ Aditya Birla Fashion & Retail Ltd. (ABFRL)	3.34	India	2022
● Amazon.com Inc. (Amazon)	1,562.79	United States	2018
● American Eagle Outfitters Inc. (American Eagle)	3.56	United States	2020
○ ANTA Sports Products Ltd. (ANTA)	41.13	China	2018
○ Arezzo&Co (Arezzo)	1.73	Brazil	2022
● Aritzia, Inc. (Aritzia)	4.18	Canada	2022
● Asics Corp. (Asics)	3.62	Japan	2018
● ASOS Plc (Asos)	2.61	United Kingdom	2022
● Boohoo Group Plc (Boohoo)	1.52	United Kingdom	2022
○ Burberry Group plc (Burberry)	10.34	United Kingdom	2018
● Canada Goose Holdings Inc. (Canada Goose)	2.78	Canada	2020
● Capri Holdings Ltd. (Capri)	10.00	United Kingdom	2018
● Carter's Inc. (Carter's)	3.93	United States	2018
● Columbia Sportswear Co. (Columbia)	5.98	United States	2018
● Deckers Outdoor Corp. (Deckers)	7.35	United States	2020
● Dick's Sporting Goods Inc. (Dick's)	9.09	United States	2020
○ Eclat Textile Corp. Ltd. (Eclat)	5.67	Taiwan	2018
● Fast Retailing Co. Ltd. (Fast Retailing)	54.64	Japan	2016
○ Feng Tay Enterprises Co. Ltd. (Feng Tay)	6.51	Taiwan	2020
○ Foot Locker Inc. (Foot Locker)	3.07	United States	2018
● Gap Inc. (Gap)	5.43	United States	2016
● Gildan Activewear Inc. (Gildan)	7.40	Canada	2016

Engaged with KnowTheChain:⁴⁴ ● Yes ● Informal ○ No

↓ Company	Market cap in US\$bn	Headquarters	Year
● Hanesbrands Inc. (Hanesbrands)	5.41	United States	2016
● Hennes & Mauritz AB (H&M)	27.83	Sweden	2016
● Hermès International SCA (Hermès)	145.29	France	2018
● Hugo Boss AG (Hugo Boss)	4.23	Germany	2016
● Industria de Diseño Textil SA (Inditex)	82.18	Spain	2016
○ JD Sports Fashion plc (JD Sports)	10.41	United Kingdom	2020
● Kering SA (Kering)	88.36	France	2016
● Kohl's Corp. (Kohl's)	7.74	United States	2020
● Levi Strauss & Co. (Levi's)	9.02	United States	2020
○ Li Ning Co. Ltd. (Li Ning)	26.00	China	2020
● Lojas Renner SA (Lojas Renner)	4.83	Brazil	2020
○ LPP Spolka Akcyjna (LPP)	3.81	Poland	2018
● Lululemon Athletica Inc. (Lululemon)	41.37	Canada	2016
● LVMH Moët Hennessy Louis Vuitton SE (LVMH)	371.25	France	2018
○ Macy's Inc. (Macy's)	7.58	United States	2020
● Moncler SpA (Moncler)	16.33	Italy	2020
○ Mr Price Group Ltd. (Mr Price)	3.58	South Africa	2018
● Next plc (Next)	12.13	United Kingdom	2020
● Nike Inc. (Nike)	215.93	United States	2016
● Page Industries Ltd. (Page Industries)	6.24	India	2018
● Pou Chen Corp. (Pou Chen)	3.37	Taiwan	2018
○ Prada SpA (Prada)	15.96	Italy	2016
● Primark	20.64	United Kingdom	2016
● Puma SE (Puma)	13.68	Germany	2018
● PVH Corp. (PVH)	6.85	United States	2016
● Ralph Lauren Corp. (Ralph Lauren)	9.40	United States	2016
○ Ryohin Keikaku Co. Ltd. (Ryohin Keikaku)	3.84	Japan	2020
○ Salvatore Ferragamo SpA (Salvatore Ferragamo)	3.63	Italy	2018
○ Shenzhou International Group Holdings Ltd. (Shenzhou)	25.26	China	2016
● Shimamura Co. Ltd. (Shimamura)	3.30	Japan	2018
○ Skechers U.S.A. Inc. (Skechers)	7.17	United States	2018
● Tapestry Inc. (Tapestry)	10.80	United States	2020
○ The Foschini Group Ltd. (TFG)	2.60	South Africa	2022
○ The TJX Companies Inc. (TJX)	78.85	United States	2020
○ Trent Ltd. (Trent)	5.22	India	2022
● Under Armour Inc. (Under Armour)	7.95	United States	2016
● VF Corp. (VF)	22.56	United States	2016
● Walmart Inc. (Walmart)	374.92	United States	2018
● Woolworths Holdings Ltd. (Woolworths)	3.17	South Africa	2022
○ Youngor Group Co. Ltd. (Youngor)	4.97	China	2018
● Zalando	17.17	Germany	2020

APPENDIX 2:

BENCHMARK METHODOLOGY

→ View [benchmark methodology](#)

KnowTheChain assesses companies' English language publicly disclosed efforts to address forced labour risks in upstream supply chains. The KnowTheChain methodology is based on the UN Guiding Principles on Business and Human Rights and covers policy commitments, due diligence, and remedy. The methodology uses the ILO core labour standards (which cover the human rights that the ILO has declared to be fundamental rights at work: freedom of association and collective bargaining, a safe and healthy working environment, and the elimination of forced labour, child labour, and discrimination) as a baseline standard. The methodology has been developed through consultation with a wide range of stakeholders and a review of other benchmarks, frameworks, and guidelines such as the OECD Due Diligence Guidance on Responsible Business Conduct.

KnowTheChain reviews and, where relevant, updates its methodology ahead of every benchmark to integrate emerging good practices, align with relevant frameworks and benchmarks, and respond to the dynamic nature of human rights and labour abuses. Further, KnowTheChain aims to decrease companies' reporting burdens and increase the objectivity of the Benchmark by integrating third-party information in addition to corporate disclosure. Research was conducted through July 2023 or through September 2023, where companies provided additional disclosure or links.

ENGAGEMENT WITH BENCHMARKED COMPANIES

KnowTheChain contacted all the benchmarked companies in April 2022, inviting them to join introductory webinars. Where needed, KnowTheChain followed up via phone and in local languages to ensure the companies had received the communication. The majority of the companies (80%, or 52 out of 65) confirmed a contact person for communication to KnowTheChain. Benchmarked companies were given the opportunity to review the initial research findings and disclose additional information over two months (July to September 2023). In addition to English language information on each company's website, KnowTheChain evaluated additional public disclosure provided by nearly half (48%) of the companies. Another 9% of the companies sent links to existing or newly added disclosure on their websites. Further, membership in initiatives that address forced labour and include requirements for companies to address forced labour risks were given some credit in the Benchmark (where the company disclosed membership).

FORCED LABOUR ALLEGATIONS

KnowTheChain undertook comprehensive desktop research for allegations of forced labour within the companies' supply chains. KnowTheChain included only those allegations that met the minimum threshold of the Corporate Human Rights Benchmark and multiple forced labour indicators of the ILO. Companies were given an opportunity to respond to and provide additional information on the allegation during the additional disclosure period.

KnowTheChain operates on the assumption forced labour likely exists in all large global supply chains. Therefore, a high score in the Benchmark indicates that a company disclosed strong efforts to address the forced labour risks in its supply chains; it does not mean a company has "slavery-free" supply chains. The Benchmark should not be seen as reflective of all labour rights issues occurring within apparel and footwear supply chains, and it should be read alongside other information on the sector, such as allegations regarding labour and other human rights issues collected by the Business & Human Rights Resource Centre.

SCORING

Each company received a benchmark score, ranging from zero to 100. All indicators are weighted equally, with the exception of the Remedy indicator, which is weighted slightly higher than the other 11 indicators at 10%, as opposed to 8.18%. Indicator elements are weighted differently depending on whether they focus on a policy, implementation of a policy or process, or outcomes for workers. All indicator elements will be scored out of 100. You can find more information on the weighting of indicators and indicator elements on our website [here](#). In all cases, a company may receive partial points toward an indicator element.

NON-SCORED INFORMATION

Where relevant, the Benchmarks also assessed whether companies have available a disclosure under the California Transparency in Supply Chains Act, the UK Modern Slavery Act, and/or the Australian Modern Slavery Act. This information is provided on a company's scorecard but is not included in a company's benchmark score. In addition, KnowTheChain assessed corporate disclosure (and in limited instances, third-party disclosure relating to the company's products) to determine which high-risk commodities are sourced by the companies and from which high-risk locations they are sourced.



ENDNOTES

- 1 ITUC (2016), "[Frontlines Report: Inside the Global Supply Chains of 50 Top Companies.](#)" Accessed 8 December 2023.
- 2 ITUC (2023), "[2023 Global Rights Index.](#)" Accessed 5 December 2023.
- 3 See [Performance by sub-industry.](#)
- 4 See Lululemon (7 December 2023), "[Lululemon athletica Q3 2023 Results.](#)" Accessed 7 December 2023.
Puma (24 October 2023), "[Puma well on track to achieve full-year outlook after Q3.](#)" Accessed 5 December 2023.
- 5 Internal Displacement Monitoring Centre (2021) "[Global Report on Internal Displacement.](#)" p. 78.
- 6 The SPDR® S&P® Retail ETF seeks to provide investment results that, correspond generally to the total return performance of the S&P® Retail Select Industry Index. The S&P Retail Select Industry Index comprises stocks in the S&P Total Market Index that are classified in the GICS Apparel Retail, Automotive Retail, Broadline Retail, Computer & Electronic Retail, Consumer Staples Merchandise Retail, Drug Retail, Food Retailers and Other Specialty Retail sub-industries.
- 7 Asia Floor Wage Alliance and Global Labor Justice found that nine in ten factories they revisited since 2020 had not resolved covid wage claims amounting to US\$71 million. Global Labor Justice (February 2023), "[Big fashion & Wall Street cash in on wage theft.](#)"
- 8 Nike denies the sourcing relationship with Violet Apparel. For more information see Business & Human Rights Resource Centre (20 October 2023), "[Nike's Response.](#)" Accessed 10 December 2023.
- 9 The brands Matalan and Boohoo.com named in articles have denied the allegations. For more information see Business & Human Rights Resource Centre (June 2023), "[Boohoo's response.](#)" Accessed 10 December 2023.
- 10 As of November 2023. For further detail please see Business & Human Rights Resource Centre (November 2023), "[Myanmar garment workers allegation tracker.](#)" Accessed 23 November 2023. For further examples, see Business & Human Rights Resource Centre (February 2023), "[Myanmar: Trade union leaders allegedly dismissed in factory 'downsizing' & blacklisted.](#)" Accessed 23 November 2023.
- 11 For the brand's response to the allegation, please see the Business & Human Rights Resource Centre (July 2023), "[Alisco Group response.](#)" Accessed 10 December 2023.
- 12 These incidents are reported across garment sourcing locations including Bangladesh, Madagascar, Myanmar and Cambodia.
- 13 Workers are calling for a rate of 23,000 taka (US\$208 monthly) whereas in October 2023 they had received an offer equivalent to US\$90.
- 14 Contradictory to legislation which provided they should have been paid GB£7 for eight hours' work plus an overtime rate.
- 15 Quotes from workers interviewed by Transparentem.
- 16 The high-risk raw materials and garment sourcing locations listed below are those identified by the US Department of Labour. US Department of Labour (2022), "[List of goods produced by child labour or forced labour.](#)" Accessed 5 November 2023.
- 17 "High risk" materials are those listed by the US Department of Labour and those identified in the public reporting and through consultation with expert organisations in the sector. See US Department of Labour (2022), "[List of goods produced by child labour or forced labour.](#)" Accessed 5 November 2023.
- 18 See [Forced labour risks in today's apparel and footwear supply chains.](#)
- 19 The Worker Voice theme of KnowTheChain's methodology includes an assessment of how companies work with local or global unions or other legitimate worker representatives to support freedom of association in their supply chains as well as the provision of effective grievance mechanisms for suppliers' workers and their representatives.
- 20 See [Forced labour risks in today's apparel and footwear supply chains.](#)
- 21 "High risk" materials are those listed by the US Department of Labour and those identified in the public reporting and through consultation with expert organisations in the sector. See US Department of Labour (2022), "[List of goods produced by child labour or forced labour.](#)" Accessed 5 November 2023.
- 22 A total of 37 companies were benchmarked by KnowTheChain in both 2021 and 2023. A lower score should not necessarily be taken as an indication that the company has failed to improve. Individual company scorecards can be consulted here for detail on improvements made by companies. Find out more about KnowTheChain's methodology review process for the 2022-23 Benchmarks [here.](#)

- 23 Some of the instances of recruitment fee remediation from the 2021 Benchmark were in direct response to major investigations by Transparentem in Malaysia in [2019](#) and [2020](#).
- 24 The Benchmark additionally includes three South African companies and two Brazilian companies. As these are smaller samples and therefore not regionally representative, they are excluded from this regional analysis.
- 25 “High end” luxury companies included in the Benchmark comprise Burberry, Capri, Kering, Hermès, LVMH, Moncler, Prada, and Salvatore Ferragamo.
- 26 See for more on responsible purchasing practices: Fair Labor Association, [“Principles of Fair Labor and Responsible Sourcing and Production for Manufacturing.”](#) Accessed 19 November 2023. Better Buying, [“Five Principles of Responsible Purchasing.”](#) Accessed 19 November 2023.
- 27 For more information on the criteria assessed as “responsible purchasing practices”, please see the 2022/2023 KnowTheChain Benchmark [methodology](#).
- 28 29% of the companies benchmarked reported at least one instance of informal or formal engagement with a local union or global union federation. 28% of companies disclosed being party to a global framework agreement with a union covering freedom of association and collective bargaining in its supply chains, another enforceable labour rights agreement with a union, or participation in a sector initiative as part of which they have concluded an agreement with a global union federation.
- 29 The list reflects both companies that the KTC identified publicly disclose sourcing from Bangladesh (e.g. by reviewing supplier lists) and those listed on the Clean Clothes Campaign’s Accord tracker page. Clean Clothes Campaign, [“Which brands have signed the safety Accord?”](#) Accessed 29 October 2023.
- 30 Gap Inc has signed on to the Pakistan Accord on Health & Safety in the Textile & Garment Industry.
- 31 For data and examples of supplier list disclosure in the [food and beverage](#) and [ICT](#) sectors, see the respective KnowTheChain 2022-2023 Benchmark reports.
- 32 In addition to the 52% of companies with credited first-tier supplier lists, Arezzo&Co appears to disclose a supplier list covering the first, second, and third tiers; however, as the list is only available in Portuguese and only on the Portuguese-language website, it could not be taken into account as KnowTheChain assesses English language disclosure only.
- 33 Measures can include: regularly mapping migration corridors and associated costs, mapping labour agencies in sending and receiving countries and specialised investigations with migrant workers and relevant documentation.
- 34 The full dataset for the Benchmark can be downloaded [here](#).
- 35 See [Traceability and supply chain transparency](#) section for information on disclosure of other supply chain actors (first-tier and beyond).
- 36 Two additional companies (Burberry and H&M) made reference to instances of fee charging in their supply chains but provided no detail on where they took place, the number of workers affected, or how they were remediated.
- 37 Some of the instances of recruitment fee remediation from the 2021 Benchmark were in direct response to major investigations by Transparentem in Malaysia in 2019 and 2020.
- 38 As of November 2023.
- 39 The commitment originally included “no worker pays for a job” and was updated in March 2023 to specifically include that workers should receive a timely refund of fees and costs.
- 40 Some companies have disclosed instances of fee repayment in previous KnowTheChain Benchmark cycles.
- 41 See Guiding Principle 22, OHCHR (2011), [“Guiding Principles on Business and Human Rights.”](#)
- 42 See Guiding Principle 31, OHCHR (2011), [“Guiding Principles on Business and Human Rights.”](#)
- 43 Not all publicly available allegations against companies were included in the final Benchmark research. Where KnowTheChain could conduct additional verification in relation to supply chain links with companies, some public allegations were removed. For more information on KnowTheChain’s methodology for identifying and assessing allegations, please see [Appendix 2: Benchmark methodology](#).
- 44 “Yes” indicates that a company participated in the research process by having an engagement call with KnowTheChain, or submitted links or additional disclosure to KnowTheChain during the engagement period (July to September 2023). “Informal” means a company had some form of contact with KnowTheChain between April 2022 and October 2023 which could include an email enquiring about KnowTheChain or its methodology, or a call outside the engagement period. “No” means a company did not interact with KnowTheChain between April 2022 and October 2023 (beyond confirming a point of contact for KnowTheChain, confirming receipt of research, or stating it declines to provide additional information). For more information on company engagement and to view companies’ additional disclosure, see [here](#).

ABOUT KNOWTHECHAIN

KnowTheChain – a programme of the Business & Human Rights Resource Centre – is a resource for business and investors to identify and address forced labour and labour rights abuses within their supply chains. It benchmarks current corporate practices, develops insights, and provides practical resources with the aim of informing investor decision-making and changing corporate approaches to the identification, prevention and remedy of forced labour conditions.

Humanity United is a foundation dedicated to bringing new approaches to global problems that have long been considered intractable. It builds, leads, and supports efforts to change the systems that contribute to problems like human trafficking, mass atrocities, and violent conflict. Humanity United is part of The Omidyar Group, a diverse collection of organisations, each guided by its own approach, but united by a common desire to catalyse social impact.

Sustainalytics is a leading independent ESG and corporate governance research, ratings, and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. Sustainalytics works with hundreds of the world's leading asset managers and pension funds that incorporate ESG and corporate governance information and assessments into their investment processes. The firm also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices, and capital projects.