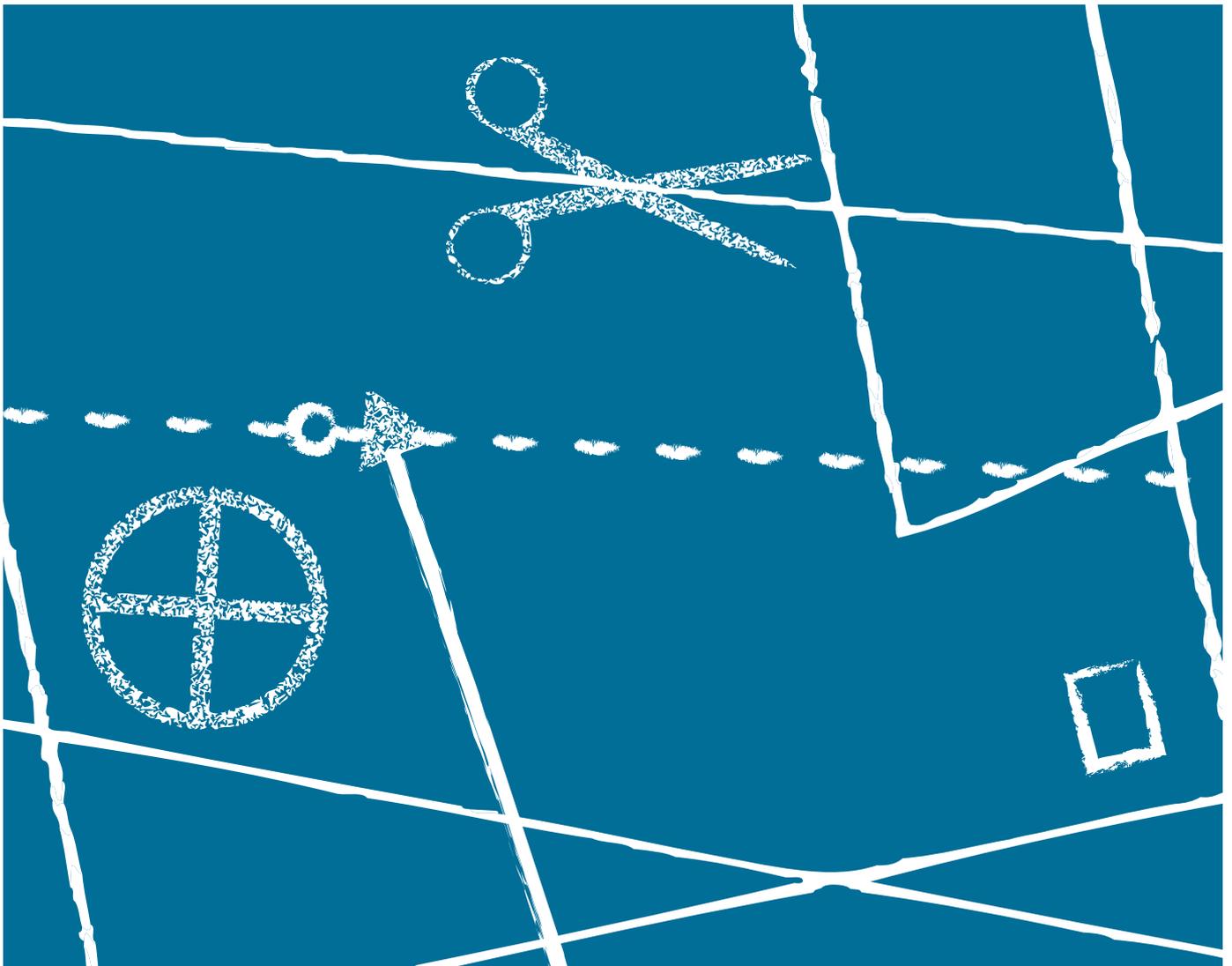


A Step by Step Guide to

Transparency in the Supply Chain



Contents

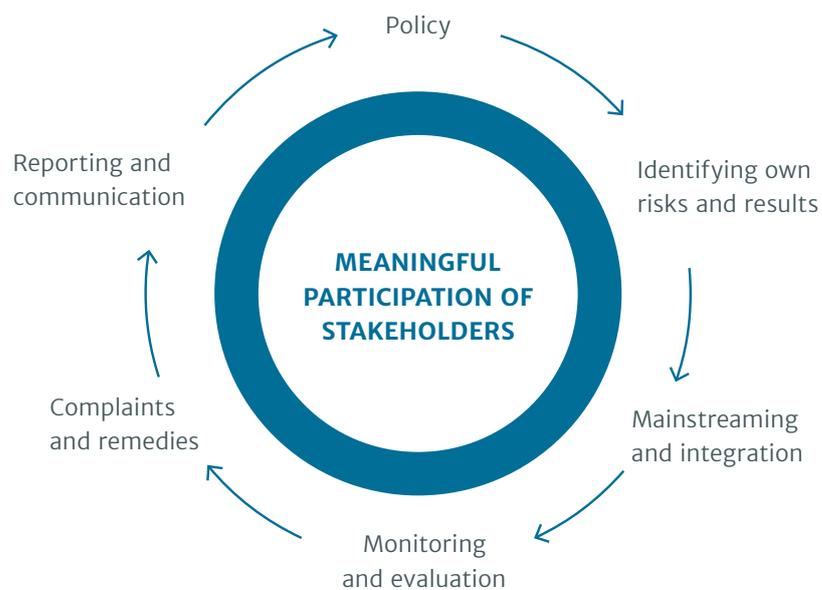
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Introduction

Creating transparency in your supply chain means understanding how your supply chain is structured and which stakeholders are involved – this encompasses the entire supply chain and goes beyond direct contractual relationships. Transparency is a prerequisite for the implementation of due diligence. Only if you know where, how and by whom your products are manufactured, are you able to adopt concrete measures to prevent social, environmental and corruption risks in your supply chain, reduce negative impacts or, if necessary, take remedial action and provide compensation. A meaningful participation of relevant stakeholders, as suggested by the Organisation for Economic Co-operation and Development (OECD) in its recommendations for the implementation of due diligence, is also only possible if you know which stakeholders are involved in your supply chain.

According to the due diligence approach and the idea of continuous improvement, the members of the Textiles Partnership are expected to gradually create more transparency in their own supply chain. In this guide, you will find starting points for how to proceed. It provides you with the necessary information, enabling you to map your supply chain and the stakeholders involved beyond direct business partners and to create more transparency and disclose supply chain data to a broader public.

Figure 1: Supply chain transparency as a basis for the due diligence process



Why is transparency important?

The implementation of due diligence requires companies to thoroughly know their supply chain and create transparency. This starts by identifying risks in the supply chain: companies that do not know which stakeholders are involved in the manufacturing of their products and where these products are made, do not have any insight into the working conditions under which the products are manufactured or the potential negative impacts on the environment.

Policy-makers also increasingly demand supply chain transparency from companies: more and more governments are introducing laws which require companies to trace their own supply chain and to counteract the social, environmental and corruption risks in their supply chain.¹

Moreover, it has been shown that supply chain transparency can open up many new **opportunities**:²

- An increasing number of consumers demand that companies provide information on where and how their products are made. A company that presents itself as transparent to the outside world builds trust with its own customers and can strengthen its brand.
- Many companies are hesitant to disclose supply chain information to the public because they fear competitive disadvantages. However, studies have shown that this will not necessarily be the case – supply chain transparency can actually offer a competitive advantage.
- A growing number of companies are having their products manufactured in the same production facilities. Greater transparency enables cooperation with other stakeholders and within the Textiles Partnership, generating potential for sharing costs, for example.
- Greater transparency can also enhance the trust of new investors and facilitate access to new funding.
- Furthermore, transparency can foster cooperation with suppliers: Manufacturers that are openly listed as suppliers for certain companies can thus be encouraged to take responsibility for implementing their own sustainability management.
- Finally, a company can enhance its reputation as an employer and increase the satisfaction of its employees when it transparently displays who manufactures the products and where they are made.

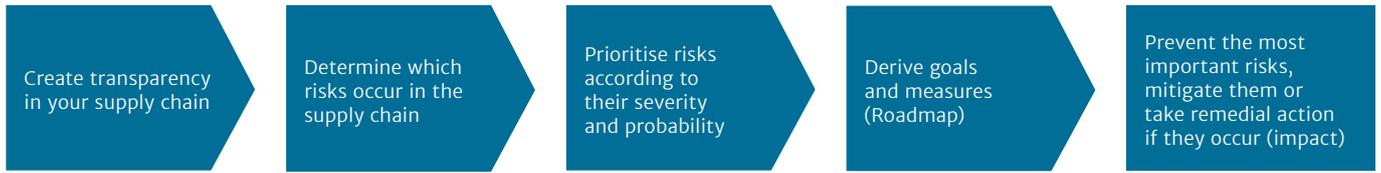
To what extent does transparency play a role in the review process?

Creating transparency in the supply chain represents a basic prerequisite for implementing risk assessments in the review process. While the Textiles Partnership aims to look at the entire upstream supply chain during the risk assessment, you are of course not able to make any statement about the parts of your supply chain that are (still) unknown to you. In terms of continuous improvement, it is, however, expected that **members of the Partnership gradually create more transparency in deeper tiers of their supply chain.**

¹ See for example the CSR Reporting Obligation (CSR Directive Implementation Act (CSR-RUG) regarding non-financial information, 2017), the UK Modern Slavery Act (2015), the French Corporate Duty of Vigilance Law (2017) or the Dutch Child Labour Due Diligence Act (2019).

² See also: <https://www.ethicaltrade.org/resources/towards-greater-transparency-business-case> (2017).

Figure 2: Reporting in the Textiles Partnership in accordance with the risk-based due diligence approach



Creating transparency in your own supply chain can thus also be a means of achieving your own objectives. For instance: reports by the media and non-governmental organisations repeatedly draw attention to forced labour in cotton mills in a particular country. You do not yet have any knowledge about cotton mills in your supply chain, as you do not deal with them directly. You set out to find out more and prevent forced labour. In order to do this you must start by establishing an overview of the spinning mills from which you procure your yarn.

How does the Partnership define the different individual stages of the supply chain?

The Textile Partnership **currently focuses on the upstream supply chain**, which ranges from manufacturing the raw materials to garment assembly. Where materials are procured indirectly, the supply chain also includes importers and agents. In this context, a uniform, simplified definition of the different tiers in the supply chain is applied:

Figure 3: Simplified definition of the tiers of the supply chain in the upstream supply chain

Supply chain tier	Process steps
Importers and agents (without own production)	Trading business partners
Tier 1: Final product manufacturing (manufacturing of the end product)	Manufacturing (business partners or producers)
Tier 2: Production of materials (manufacturing of the finished material)	Wet processes (finishing); fabric production
Tier 3: Raw materials processing	Yarn production (incl. synthetic fibres), spinning mills, ginning operations/cotton ginning company, wool scouring/wool-carding shop
Tier 4: Agriculture and cultivation	Cotton traders/fibre traders; cooperatives/farmers' societies; farmers/farms; forestry

The Textiles Partnership focuses on the textile supply chain in the narrower sense. This means that non-textile product components such as zippers or buttons do not need to be considered in the Partnership's review process.

Please note that serious risks may of course also arise in the supply chains of non-textile product components. International requirements demand that you consider your **entire procurement and value chain** in the risk assessment. In order to implement due diligence in the broader sense, we recommend that you also create transparency in these supply chains.

Steps towards more transparency in your supply chain

To create greater transparency in your supply chain, you must identify the stakeholders involved (suppliers and sub-suppliers) and collect information on these stakeholders as well as their relationships with each other. The objective of this 'supply chain mapping' is to depict your entire supply chain and the stakeholders involved.

Supply chain mapping is a continuous process that is never complete, as supply chains and business relationships are constantly changing. It is therefore important to proceed step by step to continuously improve the knowledge of your supply chain. Ideally, this process should be embedded into your business operations as well as the due diligence implementation of your company and suppliers.

For this reason, it is important to be clear about why your company wishes to create more transparency. Although the main purpose of supply chain transparency is to identify and effectively manage social and environmental risks along the supply chain, it is useful to develop a common understanding of how transparency can contribute to the overall vision and goals of the company. It can also be helpful for companies to set measurable objectives and commitments for the next three to five years.

Traceability or transparency?

The English terms 'traceability' and 'transparency' are often incorrectly used as synonyms. **Traceability** describes the process of tracking the origin of a product and its inputs and the route they have taken from the beginning to the end of the supply chain. With respect to corporate due diligence obligations, 'traceability'

offers companies the opportunity to plausibly establish and verify sustainability claims. 'Transparency', on the other hand, represents the process of disclosure of suppliers. This can be done with respect to internal or external stakeholders, suppliers, investors or consumers.

Prioritising suppliers

Taking the first steps towards greater transparency is often riddled with considerable difficulties, particularly if you work with a large number of suppliers in different countries. Identifying the starting point can be overwhelming. Therefore, you should first find out what information is already available in your company. In this context, it is useful to exchange information with other departments in the company. Since initial contact with suppliers is usually made through purchasing or merchandising, cooperation from these departments is key.

To facilitate the gathering of additional data, it is useful to first record information on the production sites of suppliers with whom you have a direct business relationship and with whom you already have a good bond of trust. You can also start with suppliers or production sites that have already shown

their willingness to share information. If you have a lot of direct suppliers and wish to encourage transparency in the deeper tiers of the supply chain, a **risk-based approach** and/or application of the **Pareto Principle** can be beneficial. In the risk-based approach, you prioritise those (sub-)suppliers where you suspect high risk potential. This may apply, for example, to suppliers in a country where there is a lack of (full) compliance with minimum social and environmental standards ([see useful links to country risk analyses](#)) or to suppliers that are involved in a production process with increased social and/or environmental risks (e.g. the finishing of jeans by sandblasting).

It can also be helpful to cooperate with other (internal and external) stakeholders. Working with other buyers, local partners (such as trade unions and associations), or (local) NGOs that interact with different tiers of the supply chain can help forge contacts and compile lists of contacts. It is therefore a good idea to start by creating an overview of stakeholders. Generally speaking, good planning and preparation will make the rest of the process easier for you.

The Pareto Principle

The Pareto Principle (also known as the 80/20 rule) can provide helpful information for prioritising suppliers. Based on this principle, 20 per cent of suppliers account for 80 per cent of the volume of goods. In other words,

if 80 per cent of the products or components of a company originate from 20 per cent of its suppliers, you need to start with this 20 per cent, which in turn can result in 80 per cent mapping of a supply chain or targeted tiers.



The Partnership's **T-REXS** tool can help you collect and evaluate your supply chain data. This allows you to see where you still lack information on your supply chain and which areas potentially pose hidden risks.

Useful links to country-specific risk analyses

- **CSR Risk Check (MVO Nederland):**

A helpful, easy-to-use tool for quickly identifying industry and country risks. Also provides possible risk management measures.

- **Country Risk Classification (amfori/BSCI)**

The classification of country risks is based on indicators such as freedom of expression and freedom of association, political stability, government effectiveness and rule of law.

- **Bertelsmann Transformation Index**

The Bertelsmann Foundation's Transformation Index analyses and evaluates the quality of democracy, market economy and political management in 129 developing and transition countries.

- **Corruption Perceptions Index (Transparency International)**

The Corruption Perceptions Index ranks 180 countries and areas according to their public sector corruption rate as perceived by experts and business people.

- **Human Development Index (HDI)**

The Human Development Index (HDI) is a yardstick for a country's development level. It comprises three components: life expectancy, education and purchasing power.

- **ITUC Global Rights Index**

The Global Rights Index uses various indicators to determine the extent to which labour rights are enshrined in legislation and practice in a country.

Choosing the right timing

In principle, it is advisable to collect the data when the order is placed, i.e. before production starts. Some suppliers are no longer willing to provide the required information after an order has been completed. The Fair Labor Association (FLA) regards the development and sample phase – before the order is finalised – as being the ideal time, as this is where suppliers are considered to be most willing to cooperate.³

It is important to note that sub-suppliers (material, inputs, etc.) have often not yet been selected before or at any time during the order placement. Any data entered at this point may therefore be incorrect. To avoid this risk, you can:

- postpone the request for information to the delivery of the production samples
- inquire during or after production whether the information is still correct
- oblige the supplier to report any corresponding changes

Due to the dynamic nature of supply chains, it is not enough to record the information just once. To ensure that the information is still up-to-date, you may need to review it again at a later date.

³ Fair Labor Organisation (FLA): Supply-Chain Mapping, Traceability, Transparency 1.0

Documenting relevant information

The decision on which supply chain data you collect should be based on why you wish to create transparency. For a risk assessment, it is usually not enough to just enter the supplier's name and address. It is recommended that you collect the following data from suppliers (and sub-suppliers) to facilitate an initial 'rough' assessment of the risk potential:

- Name of the company
- Legal form
- Contact person
- Address (GPS data where applicable)
- Stage in the supply chain (production processes, tier)
- Number of employees (ideally broken down by gender)
- Available certificates, audits and memberships (e.g. ISO 9001, ISO 14001, SA8000, Global Compact, ETI, BSCI, FLA)

If you have already identified certain risk areas, you should try to obtain more information about them in your request for data so as to assess the risk even more accurately.

Example: Based on the data available to you, you anticipate a particularly high risk of the chemical management not being sustainable. You therefore collect additional data that are specifically relevant for this area (for example, details on production processes, relevant certifications, existence of a chemicals management system, etc.)

It is important to remember that the more sensitive the data requested, the higher the probability that the (sub-)supplier will refuse to cooperate. For this reason, the targeted selection of data in the planning phase is important.

Communicating with the supplier

Disclosure of supplier data to the buyer is not a given. Such data are classified as confidential or there is a fear that disclosing such information will be used against the supplier, for example that retailers and well-known brands will sidestep the supplier and order directly from the sub-supplier.

The key to success is to establish a relationship of trust with your suppliers. If this is already the case for your company, then all the better! It is therefore very important to involve the suppliers in the process right from the start and to treat them as equal partners. For example, it may be helpful to have an initial meeting with suppliers to explain the goal of supply chain mapping and discuss the process.

It is also crucial that your request for data is not confused with an audit. Clarify the purpose of the request from the very start and schedule meetings together in advance. Avoid unannounced visits so that suppliers do not think they are being audited. Ideally, you should create a common understanding that transparency is a collaborative process rather than an obligatory requirement.

The way you communicate with your suppliers is crucial for the successful collection of data. The following pointers will help ensure that communication is efficient:

- Clearly and openly communicate the reason for and purpose of data collection.
- Highlight the importance of supply chain transparency to the supplier and the fact that supply chain transparency is increasingly expected by consumers and legislators.

- Demonstrate the benefits of supply chain transparency for the supplier (e.g. risk identification, improved quality and product management, competitive advantage through transparency).
- Be prepared, especially for questions regarding (financial) support for data collection and the consequences of not sharing information or uncovering human rights violations.

You can also

- Lay down data disclosure provisions (contractually) before order placement
- Confirm verbally or in writing that the data disclosed will not be used for personal gain
- Provide incentives for suppliers (e.g. longer-term contracts, inclusion as regular supplier)

If a supplier is not willing to share information, you may

- Enter into dialogue with the suppliers (or sub-suppliers) and explain the issue directly. It is important not to interpret a refusal or lack of information/incomplete disclosure as 'non-compliance', but to engage in dialogue with the supplier to better understand their reasoning and identify solutions.
- Propose the gradual transfer of data in order to build mutual trust.
- If necessary, point out sanction mechanisms (e.g. restricted order quantity).
- Research other initiatives and standards or exchange information with other members on whether corresponding data are already available for the specific supplier (the preliminary production stages stated may differ).

If you have just started the process of creating transparency, you probably have not yet established a long-term, trust-based relationship with your suppliers. In this case, you will need to be patient. It will probably take time for your suppliers to understand the purpose of creating transparency. It will also take time for the data collection process to be established. Be aware that this process will be slow and that you may not receive all the information immediately.

Contacting sub-suppliers

Access to sub-suppliers will be easier if an introduction is made by the relevant purchasers in the supply chain. This means that initial contact with your tier 2 suppliers is best established through or together with your tier 1 suppliers. If both tier 1 and tier 2 suppliers participate in the same initial meeting, collaboration is enhanced because suppliers can develop a common understanding of the purpose of the data collection.

Since your supplier faces similar difficulties in ensuring transparency in his/her supply chain, it is in your own best interests to help him/her win over his/her suppliers. To do this you can, for example, draft a written request, compile positive examples, take over direct communication with the sub-suppliers, or suggest changes to the supplier contracts.

If you work primarily with **importers or agents**, it is essential to involve these stakeholders in the process of creating supply chain transparency. In this context, importers and agents need the same preparation and motivation to collect and share supply chain data as direct suppliers. Open dialogue about the purpose of data collection can be helpful. You could also include the disclosure of certain supply chain data directly in the contract you sign with the importer or agent.

Ensuring data quality

The deeper you delve into the supply chain, the more difficult it is to ensure the quality of the data provided and check its accuracy. The leverage of companies usually decreases, and it becomes increasingly difficult to directly assign products and production processes to your company.

There is therefore a need to build the capacities of the organisations and individuals involved if data quality is to be guaranteed. Data quality will be improved if defined procedures are in place and the responsible workers and managers are sufficiently trained. The following measures may also help safeguard data quality:

- Request a self-declaration from suppliers regarding the completeness of data
- Request provision of supporting documents to verify the information
- Conduct cross-checks with existing data (for example, using the Open Apparel Registry to clearly locate the production site)
- Carry out on-site visits
- Arrange for checks to be carried out by external agencies

Besides the validity of the data, formal aspects are also relevant, for instance:

- In what language is the information available?
- Can the data be transferred to your company's own IT system?
- Can the stated address be clearly assigned?

Using standards

The use of certain standards may assist you in providing transparency. However, it does not replace the entire process and the evaluation of data or risk assessment. In most cases, standards do not cover the entire supply chain. Therefore, you cannot determine what kind of information is collected. Furthermore, the data are held by the standards organisation and you usually do not have direct access to these data. You should therefore not rely solely on standards if you want to gather information on the supply chain. An overview of various standards and certifications in the textile sector and their approaches to supply chain transparency may be found in the [annex](#). The information provided there is by no means exhaustive.

Additional information and helpful documents on supply chain mapping

- **Supply-Chain Mapping, Traceability, Transparency 1.0 (FLA)**

Clearly structured introductory guidelines on supply chain mapping. Provides a description of twelve consecutive steps as well as answers to a wide range of relevant questions.

- **Guidelines and tools provided by AGT and FLA**

As part of a joint project implemented by the Dutch Agreement on Sustainable Garments and Textile (AGT) and the Fair Labor Association (FLA) on combating child labour in textile supply chains, a range of tools and guidelines were developed for mapping the (deeper) supply chain, including:

- Recommendations for data retrieval for the risk of child labour
- Guidelines and recommendations for dialogue with suppliers
- Guidelines for suppliers for engaging in dialogue with their suppliers

- **A Guide to Traceability. A Practical Approach to Advance Sustainability in Global Supply Chains (UN Global Compact & Business for Social Responsibility, BSR)**

Comprehensive general guidance on traceability. Definition and models of traceability, best practices, implementation guidelines, business cases for sustainability measures, etc.

- **Step-by-Step Guide to Sustainable Supply Chain Management**

A step-by-step guide for SMEs that includes examples and templates, as well as information on mapping supply chains (transparency) and conducting risk analyses.

- **WikiRate**

An open, collaborative online tool that gathers information on the relationships and environmental, social and governance aspects of companies in their business networks – from factories in supply chains to ownership structures and investors.

From internal to external transparency

Supply chain transparency is becoming increasingly important. More and more companies are publishing their supplier lists and offering consumers the possibility to trace products all the way back to the production of raw materials using QR codes and tracking systems.

Some of the benefits of disclosing supply chain data include:

- Positive consumer perception – external disclosure of supply chain information can create trust among consumers and other external stakeholders regarding quality, origin and production conditions.
- Improved potential of identifying synergies in the industry and implementing joint projects with companies along the supply chain.
- Faster and more appropriate response in case a supplier violates the buyer's sustainability requirements because the buyer can more easily be notified.

Individual or aggregated disclosure? Supply chain data can either be disclosed **individually**, allowing for direct conclusions to be drawn about your company, or **aggregated** in alliances/organisations/initiatives, making it impossible to trace suppliers back to your company.

Ways of disclosing individual data

Individual data are usually made available to the general public through publications, for instance in a company's sustainability report or on its website. The disadvantage of publishing in (annual) reports is that the information is quickly outdated. Data can be updated more quickly on your own company website. This, however, requires that the information is collected on a more regular basis. It is also possible to disclose individual data through organisations or initiatives.

Who	How	Advantages and disadvantages
Company	<ul style="list-style-type: none">• Company website• Sustainability report• External platforms (For example Open Apparel Registry)	<ul style="list-style-type: none">+ High level of transparency for stakeholders+ Strong control over the data- A lot of administrative effort

Ways of disclosing aggregated data

The disclosure of data in aggregated form, e.g. via industry initiatives, prevents the possibility to trace individual suppliers back to a specific company. There is a link to the initiative/organisation that discloses the data, however, so that stakeholders do have a point of contact.

Who	How	Advantages and disadvantages
Industry initiatives	<ul style="list-style-type: none">• Transfer of data to external platform/ industry initiative by the company• Requirement for suppliers to disclose information on an external platform	<ul style="list-style-type: none">+ Less administrative effort- Reduced level of transparency for stakeholders

Disclosure in the Textiles Partnership

The Partnership for Sustainable Textiles also wants to contribute to increasing transparency in the textile and garment sector. For this reason, the Steering Committee has decided to create an aggregated list of suppliers⁴, which is to be published via the Open Apparel Registry.

The Partnership members share data on their suppliers (at least tier 1; minimum name and address) in a standardised format with the Partnership Secretariat, which aggregates the data into an anonymous list. This list is published via the Open Apparel Registry (see list of the Dutch Agreement for Sustainable Garments and Textile, AGT).

The aggregated data will mainly be used for:

- targeted initiation of partnership activities, such as Partnership initiatives or strategic cooperation arrangements
- identification of synergies within the membership by recognising and prioritising the members' main areas of activity and sourcing
- greater leverage in addressing specific issues (use of data will be assessed on a case-by-case basis)
- targeted policy dialogue in producer countries

⁴ See Steering Committee resolution of 10.02.2020 'Disclosure of supply chain data'.

Which data should be disclosed?

The decision on which data are to be disclosed lies with the decision-makers within the companies and should be based on the purpose of the disclosure. For instance, is your company interested in extensive transparency vis-à-vis the public? Or will disclosure of the name and address of suppliers possibly suffice? What are the advantages or disadvantages of disclosing supplementary information (e.g. production processes, number of employees and products manufactured, etc.)? The expectations of external stakeholders such as NGOs also play a role in deciding which data are to be disclosed (see e.g. Transparency Pledge).

Figure 4: Supply chain transparency requirements of different initiatives

Partnership requirements (requirements of OAR and AGT)	Requirements of the Transparency Pledge
<ul style="list-style-type: none">• Full name of the supplier/production unit• Location (address)	<ul style="list-style-type: none">• The full name of all authorized production units and processing facilities. (<i>Processing factories include printing, embroidery, laundry, and so on</i>)• The site addresses.• The parent company of the business at the site.• Type of products made. (<i>apparel, footwear, home textile, accessories</i>)• Worker numbers at each site. (<i>by category: less than 1000, 1001 to 5000, 5001 to 10000, more than 10000</i>)

It is important that your suppliers are informed about the manner of a potential disclosure at the time when the data are collected. You should discuss this with the suppliers involved and ideally document the matters discussed in writing. Otherwise this can lead to a loss of trust and the supplier may no longer be willing to cooperate if you make a new request. In general, the accuracy of the data should always be taken into account and the list should be updated regularly.

Useful links for the disclosure of supply chain data

- **Open Apparel Registry (OAR)**

A freely accessible database of production sites in the textile industry. Published supplier lists are entered and can be displayed in the database. Diverse search functions and filter options are available.

- **Agreement on Sustainable Garments and Textiles (AGT)**

A Dutch multi-stakeholder initiative that aims to improve conditions in the global textile industry. For this purpose, the initiative publishes an aggregated list of the production companies via the OAR.

- **Transparency Pledge**

Initiative from the Human Rights Watch and Clean Clothes Campaign that calls on companies in the textile industry to publish certain supply chain data in an individually traceable manner.

- **ILO Better Work**

Initiative to register the names of garment companies and their compliance with national and international labour standards.

- **The Institute of Public & Environmental Affairs (IPE)**

Public database where test reports on emissions (e.g. wastewater) from production sites are made available to the public.

- **Open Data Standard for the Apparel Sector (ODSAS)**

In collaboration with WikiRate, the International Corporate Accountability Roundtable (ICAR) and the Clean Clothes Campaign, the OAR has developed practical tips for disclosing supply chain data to facilitate the use and exchange of disclosed data.

Annex

Common textile standards/certifications and their approaches to supply chain transparency

Standard/certification	Explanation	Relevance for supply chain transparency
<p>Better Cotton Initiative (BCI)</p> 	<p>Initiative that aims to promote the sustainable production of cotton. It offers system partners the opportunity to participate in the Better Cotton Chain of Custody (CoC).</p>	<ul style="list-style-type: none"> • BCI provides members with a list of companies that offer Better Cotton Claim Units (BCCUs) to facilitate the inclusion of 'Better Cotton' in the supply chain. • BCI members use two CoC models to create transparency in the supply chain: <ul style="list-style-type: none"> • Product Segregation CoC Model: From cultivation to ginning, 'Better Cotton' must be stored, transported and processed separately. • Mass Balance CoC Model: A volume tracking system is used after the ginning process stage. This ensures that the amount of 'Better Cotton' sold corresponds to the amount of 'Better Cotton' purchased. • BCI provides its members with a number of documents (guidelines, etc.) to support implementation of the CoC models.
<p>bluesign</p> 	<p>System that supports members in minimising environmental impacts throughout the entire production process. It uses 'input stream management' to ensure that all substances and raw materials are audited in advance of the production process.</p>	<ul style="list-style-type: none"> • Provides a database that offers access to a list of audited suppliers, materials and accessories as well as approved products. • Creates transparency by supporting the implementation of environmental, security and health (EHS) standards within the existing supply chain. • Members are responsible for their own supply chain mapping. In particular, all tier 1 (ready-to-wear clothing) and tier 2 (textile manufacturers) suppliers and their bluesign system partner status (member and/or offer of bluesign-approved materials) should be known.

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Tools

- Better Cotton Platform (BCP): An online system that is only used by BCI and registered supply chain organisations that purchase, sell or source 'Better Cotton'. In this way, suppliers and manufacturers can inform their customers how much 'Better Cotton' is contained in each product they buy.
- Online training courses

- bluefinder (web-based database for advanced search for certified partners, products, etc.)
- Audits organised by bluesign technologies

Chain of Custody information

Better Cotton Chain of Custody Guidelines
<https://bettercotton.org/wp-content/uploads/2014/01/Better-Cotton-Chain-of-Custody-Guidelines-2018-v1.3.pdf>

Systematic approach
<https://www.bluesign.com/consumer/how-does-it-work.html>





Standard/certification	Explanation	Relevance for supply chain transparency
<p>Business Social Compliance Initiative (BSCI)</p> 	<p>A global business association that aims at enhancing human prosperity, using natural resources responsibly and driving open trade globally.</p>	<ul style="list-style-type: none"> Generates synergies through exchange of information on joint producers (e.g. audit reports, support for improvements, capacity building) via BSCI member platform. BSCI members are independently responsible for supply chain mapping, strategy implementation and risk management/monitoring.
<p>Cotton Connect (CC) (Implementation partner for BCI)</p> 	<p>Supports textile brands and companies in establishing transparent and resilient cotton supply chains. Cotton farmers also benefit from improved economic and social conditions.</p>	<ul style="list-style-type: none"> Supports large brands and companies in establishing sustainability strategies using risk assessments. Transparency in the supply chain is created using own bottom-up TraceBale traceability software tool. TraceBale ID data can be integrated into existing yarn ID systems to provide a complete overview of the cotton supply chain. Offers support with supply chain mapping to create transparency within the supply chain from cultivation to manufacturing.
<p>Cotton made in Africa (CmiA)</p> 	<p>Aims to improve the social, environmental and economic conditions of smallholder cotton farmers in sub-Saharan Africa and increase demand for cotton on sales markets.</p>	<ul style="list-style-type: none"> Supports corporate partners in integrating certified cotton into existing procurement structures. It also provides a selection of nominated spinning mills, fabric producers and manufacturers that use vertical integration. CmiA partners can choose up to which level transparency should be established in the value chain. Both possible CoC systems initially guarantee complete traceability from cultivation to the spinning mill; thereafter, the two systems differ in terms of the level of transparency. <ul style="list-style-type: none"> Hard Identity Preserved (HIP): Full transparency of the cotton from cultivation to the finished product. Stakeholders must enter all relevant information into the database. Mass Balance (MB): Quantity control at spinning mill level. An online tracking system developed for CmiA monitors the quantity of cotton purchased and compares it with the quantity of CmiA-labelled yarn sold. In the CmiA network, the path of the cotton from ginning to delivery of the finished textile to the company partner can be transparently traced (depending on the selected degree of transparency).





Tools

Chain of Custody information

- BSCI Platform (database for managing supply chain information)
- BSCI working groups, contacts, training courses
- Network of external accredited audit firms

Supply chain mapping approach
https://www.amfori.org/sites/default/files/Part%20I%20System%20Manual_o.pdf

- CottonConnect platform (TraceBale)
- Workshops
- Meetings with stakeholders, buyer teams and suppliers

Traceability strategy

- CmiA database (database for managing supply chain information)
- Workshops
- Routine audits organised by CmiA

Chain of Custody Guidelines
<https://cottonmadeinafrica.org/wp-content/uploads/2020/03/Chain-of-Custody-Guideline-CmiA.pdf>





Standard/certification

Explanation

Relevance for supply chain transparency

Fairtrade

Certified Cotton Mark

International Textile Standard/ Textile Program




Fair Trade is an organised social movement and market-based approach that aims to help producers in developing countries obtain better trading conditions and promote sustainability. The movement advocates the payment of a higher price to producers as well as social and environmental standards. It focuses in particular on exports from developing countries to developed countries.

- Transparency in the supply chain must be created by Fairtrade members.
 - Independent **physical tracing** of all Fairtrade products by name and FLO ID of the traders (for example on invoices, delivery notes and receipts).
 - Exception for the Fairtrade Cotton Program: **Quantity compensation** is allowed from the spinning stage onwards, which means that the independent certification organisation (FLO-CERT) uses documents to check that the equivalent quantity of cotton is bought/sold as a raw material under Fairtrade conditions, thereby tracing the quantity through the entire supply chain..
- In the Fairtrade system, the certification holder is responsible for supply chain mapping, compliance with Fairtrade values and transparent process and management systems.

Fair Wear Foundation (FWF)



Aims to support member organisations in monitoring and implementing improved working conditions in order to resolve compliance problems that are difficult to control due to the complexity of supply chains in the textile industry.

- Conducts factory audits and brand performance checks and runs a helpline for workers' complaints to assess brand performance in the existing supply chain.
- Wants to create transparency by supporting, monitoring and assessing the work of each brand and reporting about it publicly. FWF uses this process to collect data and develop replicable strategies needed to transform the entire sector.
- FWF members have an individual responsibility for supply chain mapping and the improvement of working conditions.

Global Organic Textile Standard (GOTS)



Standard that defines environmental and social criteria for textiles made from certified organic fibres. Covers the supply chain from ginning to retail.

- Provides a public database that allows users to search for GOTS-certified companies (by process stage, location, application area and GOTS-certified products).
- Requires physical traceability: it must be ensured at all stages of the supply chain that organic and conventional fibres are not mixed/contaminated.
- Transparency in the supply chain is created by:
 - **Scope certificate:** Confirmation by an approved certifier that the listed products/product groups can be manufactured according to GOTS criteria.





Tools

Chain of Custody information

- Routine audits by the certification organisation FLOCERT GmbH

Textile standard
https://files.fairtrade.net/standards/TextileStandard_EN.pdf

Trader standard
https://files.fairtrade.net/standards/TS_EN.pdf

- Access to FWF's expertise, research and tools
- Routine audits organised by FWF (audit reports are accessible to the general public)
- Training courses, support for crisis situations, drafting of action plans

Supply chain approach
<https://api.fairwear.org/wp-content/uploads/2018/05/FWF-Annual-Report-2017.pdf>

- GOTS database, which can be accessed by the public
- Network of external accredited audit firms

GOTS standard 5.0
https://www.global-standard.org/images/GOTS_Documents/GOTS_Standard_5.0_EN.pdf



Standard/certification	Explanation	Relevance for supply chain transparency
		<ul style="list-style-type: none"> • Transaction certificate: Confirmation that a particular shipment of products received from a certified entity is GOTS-certified and that the goods have been stored separately. • GOTS certification does not provide the company with complete supply chain transparency. The accredited certifier or direct contractual partner keeps scope/transaction certificates confidential within the supply chain.
<p>International Association of Natural Textile Industry</p> <p>IVN BEST</p> 	<p>Standard that aims to ensure the highest possible level of environmental protection, social standards and consumer safety.</p>	<ul style="list-style-type: none"> • Requires physical traceability: It must be ensured at all stages of the supply chain that organic and conventional fibres are not mixed/contaminated. • Transparency in the supply chain is established through scope and transaction certificates. • IVN BEST certification does not provide the company with complete supply chain transparency. The accredited certifier or direct contractual partner keeps scope/transaction certificates confidential within the supply chain.
<p>Textile Exchange</p> <p>Organic Content Standard (OCS)</p> <p>Content Claim Standard (CCS)</p>  	<p>Used to track and verify the level of organically grown materials in an end product. To do this, the use of a raw material from cultivation to the finished product is viewed. The use of chemicals or social and ecological production aspects that are not directly related to organic cotton are excluded in this context.</p> <p>OCS uses the Chain of Custody requirements of the Content Claim Standard (CCS).</p>	<ul style="list-style-type: none"> • States that physical traceability should be ensured. Mixing with conventional materials is allowed but must be clearly identified. • Transparency in the supply chain is established through scope and transaction certificates. • OCS certification does not provide the company with complete supply chain transparency. The accredited certifier or direct contractual partner keeps scope/transaction certificates confidential within the supply chain.

Tools	Chain of Custody information
<ul style="list-style-type: none">• Certification consulting, trade contacts and product databases• Network of external accredited audit firms	IVN BEST standard 6.0 English version on request (please contact: Heike Hess, heikehess@naturtextil.com)
<ul style="list-style-type: none">• Network of external accredited audit firms• Certification toolkit (information on implementation, explanation of the certificate, pricing and labelling, etc.)	Content Claim Standard Chain of Custody model https://textileexchange.org/wp-content/uploads/2016/06/CCS-Implementation-Manual-v2.0.pdf

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