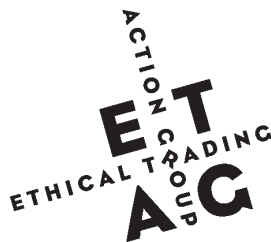


Revealing Clothing

Transparency Report Card 2006

A survey of labour
standards reporting
by retailers and
brands selling
clothes in the
Canadian market



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**Ethical Trading
Action Group (ETAG)**
December 2006



The Ethical Trading Action Group (ETAG) is a Canadian coalition of faith, labour, teacher and non-governmental organizations advocating for government policies, voluntary codes of conduct and ethical purchasing policies that promote humane labour practices based on accepted international labour standards. ETAG promotes greater public access to information on where and under what conditions clothes, shoes and other consumer products are made, and greater transparency in monitoring and verification of company compliance with international labour standards and local laws.

ETAG member organizations include: Canadian Autoworkers Union, Canadian Council for International Co-operation, Canadian Labour Congress, Canadian Union of Public Employees, KAIROS: Canadian Ecumenical Justice Initiatives, Maquila Solidarity Network, Ontario Secondary Schools Teachers Federation, Oxfam Canada, Steelworkers Humanity Fund, and UNITE HERE.

Red de
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Maquila
Solidarity Network
www.maquilasolidarity.org



The Maquila Solidarity Network (MSN) acts as the secretariat for ETAG and is the principal author of this report. MSN is a Canadian-based labour rights and solidarity organization committed to decent work and wages for garment workers worldwide. MSN's program combines research, policy advocacy, corporate campaigning and engagement, international networking and solidarity. MSN acts as the Canadian contact point for corporate campaigns and corporate social responsibility (CSR) engagement, monitoring the labour practices of Canadian, US and European retailers, brand merchandisers and apparel manufacturers, engaging with companies whenever possible and mobilizing public pressure for improved policies and practices when necessary. For more information, visit: www.maquilasolidarity.org



AccountAbility

The rating system utilized in this research was initially based on the Gradient Index developed by AccountAbility. AccountAbility is a leading international non-profit institute based in the UK dedicated to promoting accountability for sustainable development by the development of innovative and effective accountability tools. For more information, visit: www.accountability21.net

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Introduction

Last year the Ethical Trading Action Group (ETAG) published our first Transparency Report Card, *Coming Clean on the Clothes We Wear*. The Report Card assessed and compared 25 apparel retailers and brands selling apparel products in the Canadian market in terms of their efforts to address worker rights issues in their global supply chains and on how and what they report on those efforts. The 2005 Transparency Report Card is available at: www.maquilasolidarity.org/campaigns/reportcard/index.htm

Revealing Clothing is a one-year follow up to our 2005 Report. This year's report card assesses and compares the evolving labour standards initiatives of most of the companies evaluated in 2005, based on public reports of the companies, as well as those of six new companies that were not previously rated. It also amends the survey criteria to address compelling new issues that were not evaluated in last year's report card.

As with last year's report, we have relied exclusively on materials made public by the companies being evaluated.

This Report Card assesses companies on the basis of:

- their programs to achieve compliance with recognized international labour standards in the factories where their products are made; and
- the steps they are taking to communicate thoroughly, effectively and transparently these efforts to the public.

The Report Card does not attempt to evaluate actual labour practices. Because of the lack of publicly available information on factory locations and audit findings, it is

not currently possible to rate companies based on actual workplace practices or to evaluate whether progress has been made over time on labour practices or working conditions at the factory or country level. Nor does the Report Card assess how companies' labour standards policies and compliance programs apply to their retail employees. The focus of this report is exclusively on supply chains.

A central objective of this assessment is to encourage companies to disclose sufficient information to allow consumers and investors to evaluate and compare companies' labour practices and make ethical choices.

We believe that improved public reporting on labour practices within their global supply chains can be an impetus for corporations – and suppliers – to actually improve those practices over time for the following reasons:

- A company that discloses information about the content of its code of conduct subjects itself to public scrutiny about the contents of its code, its methods of monitoring code compliance, and its levels of compliance. This is a healthy dialogue that often leads to incremental improvements over time.
- Public transparency in all matters of corporate conduct, including labour practices, pushes corporations to implement better information gathering processes that ensure relevant information reaches officials with leverage to ensure positive changes in practices – even if only to reduce the risk of “bad” practices being disclosed to the market.



- ❑ Credible public reporting permits consumers and investors to compare corporate performance, and thus encourages corporations to work to improve performance in order to maintain and improve market share and corporate reputation.
- ❑ A company that discloses where its factories are located will take a more active interest in the conditions in those factories because of the increased risk that those conditions will be discovered and reported by third parties in a manner that could negatively affect the company's reputation.
- ❑ Public transparency permits civil society actors (unions and non-governmental organizations) in importing and producing countries to monitor corporate claims and performance, which in turn encourages corporations to improve behaviour and to ensure that what they report to the public is accurate.

In the year since our first Report Card was released many of the companies included in our study have expressed increased openness to engagement with groups like ETAG on improving working conditions in their supply chain. Unfortunately most new initiatives and efforts on the part of these companies are still not being reported to their investors, customers and workers.

It is our hope that brands and retailers will not only take steps to address labour rights in their supply chains but will also communicate information on their practices to the public to help engage all stakeholders in the debate around worker rights in this industry.

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2006 Findings

Table 1: General Ratings

Company	Governance and risk management	Code for labour standards	Stakeholder engagement	Management	Supply chain auditing and reporting	Total score
Levi Strauss	100	70	79	79	73	78
Reebok	30	70	79	88	85	77
Mountain Equipment Co-op	80	85	72	63	75	74
Adidas	60	70	79	67	79	73
Gap Inc.	70	40	79	67	82	71
Nike	70	45	72	54	82	68
H&M	30	55	79	54	75	64
Eddie Bauer	30	55	79	46	75	63
Liz Clairborne	90	70	64	25	70	62
Zara (Inditex)	50	70	79	8	45	49
HBC	77	55	15	38	61	48
American Eagle Outfitters	58	55	8	58	37	40
Wal-Mart	20	40	21	33	60	40
Mark's Work Wearhouse	60	55	0	13	65	39
Winners (TJX)	30	40	0	46	52	36
Roots	0	70	8	13	37	27
La Senza	0	100	0	13	15	23
Lululemon	27	55	0	0	20	18
Sears	0	55	0	0	0	8
Northern Group	0	40	0	0	0	6
Reitmans	0	40	0	0	0	6
Polo Ralph Lauren	30	0	8	0	0	5
Boutique Jacob	0	0	0	0	0	0
Forzani	0	0	0	0	0	0
Grafton-Fraser	0	0	0	0	0	0
Harry Rosen	0	0	0	0	0	0
International Clothiers	0	0	0	0	0	0
Le Chateau	0	0	0	0	0	0
Tristan & America	0	0	0	0	0	0
YM Inc.	0	0	0	0	0	0



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Table 1 on page 3 compares the overall ratings of apparel companies based on their labour standards reporting. These results are demonstrated graphically on the back cover of this report. Because this study was based exclusively on publicly available information, it is possible that some of the companies surveyed are taking more action on these issues than they are reporting to the public. Detailed company Report Cards can be found in part III of this report.

There have been some improvements in company reporting since we performed a similar assessment in 2005 which will be evident from the individual report cards starting on page 25. For example, the dramatic increase in Mountain Equipment Co-op's (MEC) score brings it close to the top of this year's Report Card. This is a result of new reporting initiatives and engagement undertaken over the past year. MEC could improve its rating still further by undertaking and reporting on engagement and training in supply countries, and by following through on its commitment to disclose factory locations in 2008.

Mark's Work Wearhouse (MWW) also made a significant improvement in its rating since 2005. HBC and Wal-Mart also improved their scores, though not as dramatically as MWW. These advances were the result of new reporting initiatives by each of the three companies, bringing them more in line with reporting standards set by leading companies. In each case, however, there is room for improvement. All three still rate below the 50th percentile in our Report Card. One significant difference between these three companies and the top ranking brands and retailers is the participation by leading brands in multi-stakeholder initiatives with labour and NGO involvement. All of the top ten companies in our Report Card are members of either the Ethical Trading Initiative or the Fair Labor Association.

Among the public companies we assessed, reporting on labour standards compliance efforts appears to be on its way to becoming a business imperative. However, based on ETAG's criteria, none of the companies surveyed is currently providing sufficient, credible and verifiable information to consumers or shareholders to allow informed ethical choices. Among these companies there are still significant differences in the kinds and level of information being provided on company efforts to address labour standards issues in their supply chains.

ETAG's 2005 Report Card highlighted general findings that were confirmed in our 2006 Report Card. They include:

- ❑ With some exceptions,¹ public companies tend to report more than private companies;
- ❑ While there is convergence among company codes of conduct on core International Labour Organization standards, most codes fail to adhere to international standards on hours of work or provide for a living wage;
- ❑ With few exceptions, companies that openly engaged with trade unions, NGOs and multi-stakeholder initiatives received higher overall ratings even when their scores for engagement are eliminated;
- ❑ The highest ranking companies are those that have at one time or another been the target of high-profile public campaigns on labour issues by consumers, investors, trade unions and NGOs, suggesting that campaigning results in better reporting; and
- ❑ Eight of the companies in this study report some factory-level audit results, but none report comprehensive results from audits at the factory-level.

¹ Commendably, HBC continued its public reporting on social responsibility issues this year despite going private after it was bought by a US investor.

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Rather than repeat the general discussion of corporate reporting contained in last year's Transparency Report Card, we have focused this year's report on new initiatives and changes in reporting over the last year. In that sense, this report should be read as a companion piece and update to last year's report, and we refer you to that volume for additional discussion of general results.²

That said, there are some key differences between last year's report and this year's effort.

First, due to the changes in our rating system (see Methodology, Appendix A), some company ratings have changed from last year even where their reporting practices have not. For example, while Gap's reported policies in the area of stakeholder engagement (section 3) have not changed over the last year, their rating in this section has dropped from 100% in last year's report to 79.2% in this year's survey. This is a result of the additional category added to this section (3.3) and the re-weighting of existing categories. That has had an effect on Gap's overall score, although its score has increased slightly in this year's rating.³

On the whole, however, the company's total rating relative to that of other companies has remained relatively stable. Readers should therefore compare a company's ratings to the ratings of other companies and to the specific criteria used in this year's report, rather than to its score in the previous year's report. And, while there is a danger that some readers may make favourable or unfavourable comparisons to last year's ratings, we believe the changes to the rating system more accurately reflect the issues that

must be addressed by companies when reporting to their investors, customers and workers.

We have expanded our report to include a number of additional brands which have been expanding their market presence in Canada: adidas, Eddie Bauer, H&M, Lululemon, Reebok, and Zara. Although adidas now owns the Reebok brand, the two companies were separate for the reporting period being reviewed and are therefore treated separately in this report.

We noted in last year's Report Card that Canadian companies, on the whole, lagged behind their US counterparts. This year the significant improvements from HBC, Mountain Equipment Coop and Mark's Work Warehouse have offset that general trend, but it's still notable that the new European retailers which have moved into the Canadian market are scoring in the top tier of our rating while only one Canadian company is scoring in that range. Some of this is attributable to the prevalence of privately-owned Canadian companies (9 of the 16 Canadian firms in this study are privately-held⁴). However five of the Canadian-owned companies in the bottom half of this ranking were publicly-held and should be expected to report more freely to their shareholders. As the Canadian market reacts to an increasing foreign presence, Canadian companies will need to adapt their transparency standards to be more in line with the measures being taken by US and European brands and retailers.

Another general trend that is reflected to a limited extent in the Report Card is the increased willingness of branded

² For further discussion on general findings, please refer to last year's report at www.maquilasolidarity.org/campaigns/reportcard/index.htm

³ Gap Inc. has not issued a new social or environmental report since our last Transparency Report Card, therefore any major changes to their practices over the last year – either positive or negative – will not be picked up by this study of public reporting.

⁴ Shortly before this went to press, US-based The Limited Brands announced a take-over of La Senza, although for the purposes of this report La Senza is counted as a Canadian brand.

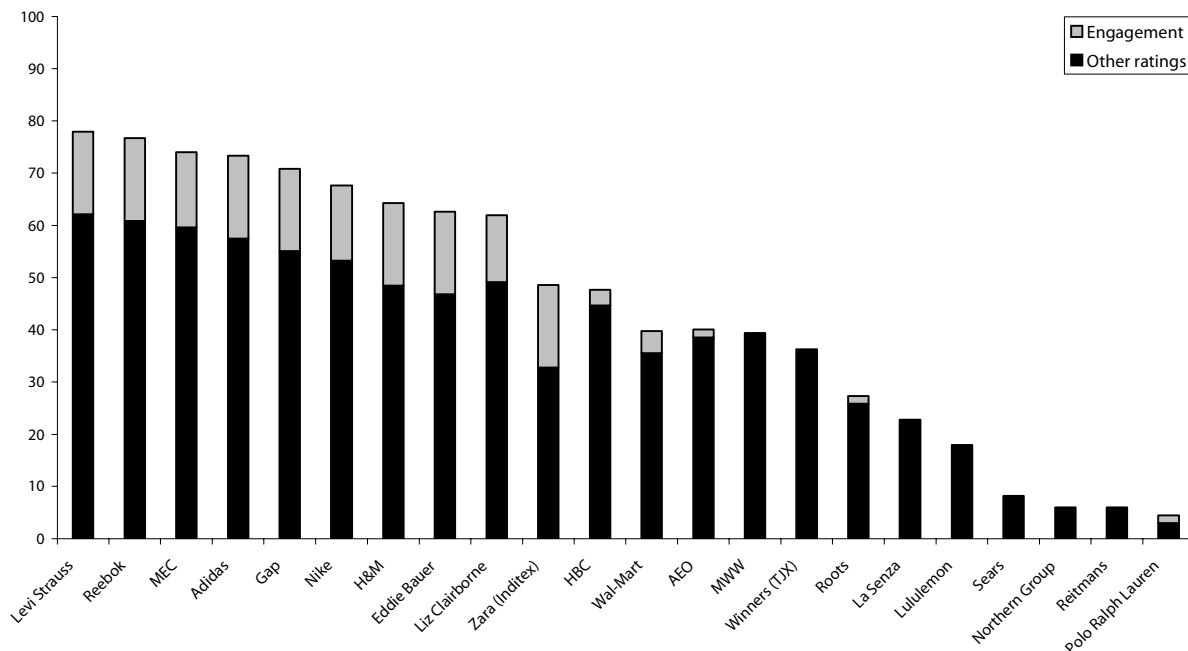
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companies to disclose supply chain information. In 2006, Reebok joined a number of other brand merchandisers, including Nike, Levi Strauss, Timberland, and Puma in publicly disclosing the names and addresses of all the factories worldwide making Reebok sports shoes and apparel products. In 2006, MEC also announced its intention to disclose factory locations by 2008.

Last year only five of the companies surveyed reported any engagement with NGOs or trade unions on labour standards in the supply chain. This year, fourteen of the

companies reported varying levels of engagement. While five of those were new companies added to our Report Card this year, this does indicate a general increase in reports of engagement amongst the firms that dominate the Canadian apparel market, which we see as a positive trend. As Figure 1 indicates, with few exceptions companies that engaged with NGOs and trade unions on labour standards in the supply chain fared better in overall transparency ratings than companies that did not.

Figure 1: Engagement with NGOs and trade unions



New Categories

Sustainable Compliance

Significant changes in this year's reporting relate to new categories we assessed: worker involvement in labour standards compliance, and rewards and incentives for compliant suppliers. Both relate to the issue of sustainable compliance, which has been the subject of much discussion in recent company and multi-stakeholder initiative (MSI)⁵ reports.

Many of the indicators in our Transparency Report Card measure whether a company is taking steps to uncover and report on compliance problems in its supply chain. While adopting credible standards and measuring compliance with those standards is a critical step towards improving conditions, most leading companies and multi-stakeholder initiatives now argue that companies must go beyond auditing and move towards identifying "root causes" of non-compliance and ultimately addressing the drivers of pervasive abuses to achieve more sustainable compliance.

The evidence of audit results from most of the surveyed companies shows that violations of labour standards are not only common but persistent. Partly this is a result of the nature of management systems based on auditing alone – an audit uncovers problems, and a remediation plan may address the specific violation, but for the most part the pressures which created the initial problem tend to encourage additional violations over time. Without uncovering the underlying reasons for violations of international labour standards, the risk is that violations will continue to occur.

Yet few of the companies assessed here report efforts to identify and address root causes of labour standards violation, and amongst those that do report on their efforts there are significant limitations. We charted the main approaches to building "sustainable compliance" discussed by retailers and brands in their reports and web pages. These approaches include:

- ❑ Improving management systems and policies (for example, streamlining the ordering of materials, better logistics to reduce deadline pressures which encourage excessive overtime);
- ❑ Management training (to improve a supplier's ability to address violations or to better manage operations);
- ❑ Worker training (to improve communication and grievance procedures within supply factories);
- ❑ Changes to auditing systems (to expand auditing to address why violations happen rather than simply identifying them when they do);
- ❑ Collaboration with other buyers (to jointly address recurring problems in shared factories or in regions where multiple buyers operate);
- ❑ Changing production timelines (recognizing time pressures that buyers put on suppliers which may lead to violations such as excessive overtime);
- ❑ Changing purchasing prices (recognizing that investments in improvements in factory conditions may conflict with ever-lower prices paid by buyers); and

⁵ Multi-stakeholder initiatives are organizations in which member companies collaborate with labour and nongovernmental organizations to improve labour standards compliance in company supply chains. Examples include the Fair Labor Association, the Ethical Trading Initiative, and Social Accountability International.

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Company	Supplier improvements			Buyer improvements				
	Management Training	Worker Training	Management systems and policies	Changes to auditing systems	Collaboration with other buyers	Production timelines	Purchase price	Long term relationships
adidas	●	●	●	●	●		●	
GAP	●	●	●	●	●	●	●	●
H&M	●	●	●	●	●	●		
HBC					●			
Levi Staruss	●	●	●		●			
MEC			●		●	●		
Nike	●	●	●	●	●	●	●	
Reebok	●	●	●	●	●	●	●	●
TJX	●		●					
Wal-Mart	●							
Zara (Inditex)					●			

Table 2: Addressing sustainable compliance

- Longer-term relationships (recognizing that building more solid relationships with suppliers allows room for improvements)

Table 2 illustrates which companies, among those that discussed “sustainable compliance” in their public materials, addressed which issues.

The table shows that the majority of these companies are in agreement that a few changes are priorities for their operations: collaboration with other buyers (9 out of 11); improving supplier management systems and policies (8 out of 11); and factory management training (7 out of 11).

There is less discussion in company reports on the issues of worker training (6 out of 11), improved auditing, and

changes to buyer production timelines; the latter two approaches were identified as a priority for less than half of the companies who addressed “sustainable compliance” in their reports.

Minimal attention is paid in company reports to two critical factors that impact on sustainable improvements in labour rights globally: the continual downward pressure on prices, and the lack of sustained commitment to production at any specific factory.

With regard to prices paid to suppliers, only four of the companies surveyed made any mention of purchase price as an issue, and among those four there was no concurrent discussion on how this issue might be addressed in their own supply chain operations.

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Nike, for example, does no more than mention price as a possible factor: “For example, to understand overtime, one must examine the buyer-seller relationship, including manufacturing timelines, pricing, quality demands and their associated downstream impacts on the worker. We need to understand better how our business decisions may contribute to negative impacts on workers.”⁶

Gap merely mentions “chronic price deflation” as an “industry condition” leading to poor working conditions,⁷ firmly situating price as a broad industry issue rather than one over which a specific buyer (i.e. Gap) has control. Similarly, adidas mentions “pricing” in a list of variables impacting working hours.⁸ Reebok, while noting that purchase price may impact on compliance, lays the responsibility for low prices solely on the supplier: “It is not always possible to determine whether production lead times and prices *accepted by suppliers* are consistent with full implementation of our Standards.”⁹ (emphasis added).

While the downward pressure on prices is indeed an industry-wide issue, the reality of fierce international competition is also exploited by some individual companies to bring supplier prices down or to extract other concessions from suppliers without regard for the impact on the supplier’s ability to meet labour standards. The use of internet ‘reverse auctions’ or ‘e-purchasing’, open-book costing and other methods all put immense

pressure on suppliers to lower prices.¹⁰ Like Reebok, above, most retailers or brands seem to assume that a supplier will not bid a price which cannot be met without violating labour standards, or, like Nike, suggest that low wages are a result of low productivity rather than linked to price pressures.¹¹

If sustainable compliance is a company’s goal, it cannot be pursued without understanding and addressing the potential impact purchase prices have on the ability to comply with basic labour standards, including wages.¹²

Intense price competition also combines with the lack of long-term commitments to specific suppliers and factories to send negative signals to suppliers on labour standards compliance. There is little incentive for a factory to make substantial investments in health and safety or other labour standards improvements on behalf of an international buyer that may or may not source orders from the factory once improvements are made.

Factory owners may resist taking measures that have the potential to impact on their bottom line unless there are clear commitments from brands, retailers and their sourcing agents to continue or even increase orders from the factory once improvements are realized.¹³ However only two of the companies surveyed mentioned development of longer-term relationships with factories as a strategy for sustainable compliance.

⁶ FY04 p.24, available at http://www.nike.com/nikebiz/gc/r/fy04/docs/FY04_Nike_CR_report_full.pdf

⁷ http://www.gapinc.com/public/documents/CSR_Report_04.pdf p.9

⁸ http://www.adidas-group.com/en/sustainability/suppliers_and_workers/exploring_labour_standards/working_hours.asp

⁹ http://www.reebok.com/Static/global/initiatives/rights/business/business_int.html

¹⁰ for further discussion on price competition see Oxfam, “Trading away our rights”, pp 32-37, available at: http://www.oxfam.org.uk/what_we_do/issues/trade/downloads/trading_rights.pdf; Ethical Trading Initiative “Purchasing practices: Marrying the commercial with the ethical”, available at: <http://www.ethicaltrade.org/Z/lib/2004/07/rt-purprac/index.shtml>; Insight Investment “Buying your way into trouble?” pp29-31, available at: http://www.insightinvestment.com/Documents/responsibility/responsible_supply_chain_management.pdf; and p.51, Ethical Trading Initiative. “Key Challenges in Ethical Trade”, available at: <http://www.ethicaltrade.org/Z/lib/2003/12/eticonf/pdf/ETIconf2003.pdf>

¹¹ pp.44-45, Nike FY04, http://www.nike.com/nikebiz/gc/r/fy04/docs/FY04_Nike_CR_report_pt2.pdf

¹² It should also be noted that only one of the companies in this study has a formal requirement to pay living wages in their code of conduct.

¹³ p.51, Ethical Trading Initiative. “Key Challenges in Ethical Trade”, available at: <http://www.ethicaltrade.org/Z/lib/2003/12/eticonf/pdf/ETIconf2003.pdf>



In category 4.4 of our survey, we assessed whether the company offered positive incentives to suppliers for improvements in labour rights compliance. Companies that integrated labour standards performance as a positive factor in their sourcing decisions received a 50% mark in this category. Companies were not granted the mark solely for negative incentives such as cutting off factories that did not perform. Instead, we looked for evidence that there was some gradation in company records evaluating a supplier's performance and steering sourcing towards companies that, all other things being equal, had better performance on labour rights.

To receive a 100% mark on category 4.4, companies must demonstrate that they provide factories with additional and explicit positive incentives to improve labour standards, including but not limited to increased orders, higher prices and/or longer-term supply contracts.

Only seven of the thirty companies surveyed reported that labour standards compliance was a positive factor in sourcing decisions. None of the companies reported offering additional and explicit positive incentives for improvements in labour practices.

Based on current company reporting, it seems that leading companies are beginning to recognize the limits of the auditing/policing model of labour standards compliance and are looking at new ways of building sustainable compliance. However, there is a higher emphasis in company reports on supplier and factory responsibility for labour rights abuses than root causes which may be linked to brand or retailer practices. Furthermore, root causes which stem from the basic low-price/high-mobility

business model adopted by the majority of the apparel industry are still not a major focus of discussion.

Worker involvement

Most of the management tools and reporting initiatives surveyed in this Report Card are aimed at reporting to investors, customers and other stakeholders such as NGOs and governments. Very little of the reporting done by companies is geared towards the workers who produce their goods.

While twelve of the thirteen companies in this study that have made their audit methodology publicly available report that worker interviews are part of the audit process,¹⁴ none of them gained points in category 5.6 for making audit results available to workers. Thus workers may be disengaged from the process after the initial interviews.

We also measured the company's reporting on its commitment to ongoing, scheduled training for workers in the country of manufacture (category 4.3). It is difficult to assess, based solely on company reporting, whether training programs include both workers and factory management personnel, whether they focus specifically on workers' rights, whether they are ongoing and scheduled, and whether they happen in only a few factories in selected countries or are taking place across the supply chain. Only one company, Reebok, achieved top ranking in this category. Others reported either focusing their training efforts (if any) on suppliers and/or factory management personnel, or reported ad-hoc or pilot training programs rather than systematically involving workers in the process through worker rights training.

¹⁴ Of the thirteen, adidas, which does share information about its revised and much more expansive auditing goals, does not share sufficient details about how the specific methods its auditors use to gather information. While we awarded adidas points for what it does publish and for its efforts to improve auditing methodologies and identify root causes of labour standards violations, we cannot confirm how workers are engaged in the auditing process.

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Lastly, in the newly added category 3.3, we measured whether the company reported any formal means by which workers and third parties can communicate with the retailer on problems in their supply chain. Because ETAG views worker participation in labour standards compliance as key to sustainable solutions, we believe companies need to provide formal mechanisms for workers to register complaints, and for independent investigations, and corrective action in response to these complaints.

Results on 3.3 were mixed. Some companies have instituted 1-800 numbers or local numbers through which workers can relay complaints directly to the retailer or brand. Where these numbers included local language support and were offered at no cost to the worker, we awarded points to the company for inviting feedback. (Some companies offered an e-mail address or 1-800 number without any indication that languages other than English were supported).

Companies that were part of formal multi-stakeholder initiatives like the Fair Labor Association (FLA) or the Ethical Trading Initiative (ETI) gained additional points for the availability of a third party complaint system with a clearly-articulated method of investigating and acting on complaints, including feedback to the complainant. Both programs provide for independent investigations by third parties. Under the FLA system, FLA-accredited auditors conduct investigations. Under the ETI system, the choice of whether to investigate and who conducts the investigation is negotiated between the complainants and the company, and the complainant can demand further investigations if they are not satisfied with the initial results.

None of the retailers or brands surveyed has a formal agreement with a Global Union setting out a complaints process or grievance procedure.

In both category 3.3 and category 3.2 we assessed whether the company had concluded a framework agreement with a Global Union. Like a code of conduct, an international framework agreement sets out minimum labour standards and worker rights that the company agrees to uphold in its operations. A framework agreement goes beyond a voluntary code, however, by requiring ongoing review, dialogue and negotiation between the company and the global union (which, in our rating system, is preferable to voluntary engagement). The existence of a framework agreement also indicates that a company has an open attitude toward democratic trade union representation. A framework agreement can also provide a mechanism for worker representatives through their Global Union to bring forward cases of worker rights violations and negotiate a resolution to the problem.¹⁵

Although none of the companies in this Report are currently meeting this benchmark, on November 6, 2006, Gap Inc. and the International Textile, Garment and Leather Workers Federation (ITGLWF) announced an agreement on a joint program of work which includes:

- ITGLWF briefings on freedom of association for all Gap Inc. compliance staff;
- discussions on a national level with Gap Inc. and ITGLWF national affiliates on developing a joint approach to promoting freedom of association and collective bargaining; and

¹⁵ For an example of an international framework agreement, see the agreement between the International Union of Foodworkers (IUF) and Chiquita Brands International for workers in the banana industry. For more information: http://www.iuf.org/bananas/2001/06/iuf_colsiba_and_chiquita_sign.html#more

- a plan for further dialogue at the national level in various countries with Gap buyers and compliance staff, national unions and suppliers to deal with industrial relations in the Gap supply chain¹⁶

This appears to represent a step forward towards formal agreements between Global Unions and international brands to improve compliance with labour standards across the entire supply chain.

The limits of reporting

Last year we noted the limitations of surveying companies solely on the basis of public reporting. From the industry side, some of the companies surveyed here have expressed concern that efforts they are making to address labour rights violations but are not publicly reporting are not captured. While we share the concern that the ratings may not reflect all that is being done by a given company, the purpose of the Report Card is precisely to encourage transparency. ETAG believes that companies should be reporting to their shareholders, customers, workers and the general public on what they are doing to address endemic problems in their industry.

On the other hand, we are also concerned that companies may meet many of the criteria in our rating system, and still have serious labour rights problems in their supply chain. For example, in 2006 alone the Maquila Solidarity Network (MSN) issued urgent alerts on labour rights violations by suppliers that have produced garments for Wal-Mart, La Senza, Gap, adidas, Reebok, Nike, and more generally for brands sourcing in Bangladesh (including Mark's Work Wearhouse, H&M, Inditex, Wal-Mart, La Senza and Gap). Still more issues were raised privately with companies by MSN representatives.

In the Spring of 2006, Oxfam International released a report on freedom of association and sportswear companies in Asia,¹⁷ which included case studies involving Nike, adidas and Reebok, all of whom have fared relatively well in our Transparency Report Card. Oxfam's conclusion, from the factory case studies they examined, was that none of the companies included in their report would receive a passing grade on respect for freedom of association in practice (while noting that, in the case of Nike, adidas and Reebok, the companies had been cooperative in responding to reports of violations of freedom of association in factories producing their branded goods¹⁸).

This serves as another reminder that a company's relative transparency is, in and of itself, no guarantee of labour standards compliance within its supply chain. Our ratings in this Report Card reflect only the extent to which a company publicly discloses the presence of management tools, policies and systems to deal effectively with problems when they arise – not the existence or absence of problems at the factory level.

Size and capacity

While each company profiled in this report has an obligation to take steps to address labour rights issues in its supply chain and to report on those efforts, we recognize that there are differences in the capacity of companies to manage these issues.

First, there is the simple question of resources available to devote to compliance programs. Companies with

¹⁶ For more information see <http://www.itglwf.org/DisplayDocument.aspx?idarticle=15216&langue=2>

¹⁷ Oxfam International. Offside! Labour rights and sportswear production in Asia. 2006. available at: www.oxfam.org.au/campaigns/labour/06report.

¹⁸ Ibid, p. 102

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much larger sales and profits typically have more ability to hire compliance staff and engage more actively and directly with suppliers on the issues. While larger companies may also have much larger supply chains to track, the cost of the systems and processes they put in place to monitor and promote labour standards compliance is not directly proportional to the size of the sourcing base. Many of the indicators in this study do not correlate at all to the size of the supply chain. The fact that the Report Card rates companies largely on the basis of these labour standards compliance systems and processes could therefore unintentionally favour larger companies over smaller ones.

One way to illustrate the issue is by making a simple comparison of the ratio of a public company's score in this Report Card to its annual sales.¹⁹ As Table 3 indicates, the ranking of companies based on this ratio changes significantly. While our original ranking in Table 1 more properly evaluates a company's overall efforts on transparency and labour rights, Table 3 illustrates that when companies' overall size is taken into account, smaller public companies with fewer resources that are making significant efforts to report on labour rights issues in their supply chain compare favourably to retail giants like Wal-Mart that, under this alternative formula, shift close to the bottom rung of the ladder. As Table 3 indicates, despite annual sales that are over two-and-a-half times larger than those of the other 20 public companies in this report combined, the world's largest retailer is not even meeting the transparency standards of a company like Mountain Equipment Co-op. For comparison purposes, Wal-Mart sells as much in five hours as Mountain Equipment Co-op sells all year.

That said, there is still substantial room for improvement amongst smaller companies like La Senza, whose score in this survey stems almost entirely from publishing a superior code of conduct and stating its intention to audit within its supply chain, rather than any significant

Table 3 : Ratio of score to sales

Company	Annual Revenues (\$Cdn)	Score 2006	Ratio, score:sales
MEC	\$194,000,000	74	1 : 2,621,622
La Senza	\$410,852,000	23	1 : 17,863,130
Eddie Bauer	\$1,198,672,053	63	1 : 19,026,541
Mark's WW	\$790,700,000	39	1 : 20,274,359
Reebok	\$4,274,957,966	77	1 : 55,518,935
Levi Strauss	\$4,698,629,065	78	1 : 60,238,834
AEO	2,626,800,882	40	1 : 65,670,022
Liz Clairborne	\$5,516,432,624	62	1 : 88,974,720
Adidas	\$9,539,042,308	73	1 : 130,671,812
HBC	\$6,946,000,000	48	1 : 144,708,333
H&M	\$9,504,617,912	64	1 : 148,509,655
Reitmans	\$969,258,000	6	1 : 161,543,000
Zara (Inditex)	\$9,692,918,561	49	1 : 197,814,665
Nike	\$17,069,174,107	68	1 : 251,017,266
Gap	\$18,234,159,976	71	1 : 256,819,155
Winners (TJX)	\$18,289,588,196	36	1 : 508,044,117
Sears	\$6,238,000,000	8	1 : 779,750,000
Polo Ralph Lauren	\$4,262,440,637	5	1 : 852,488,127
Wal-Mart	\$355,964,693,223	40	1 : 8,899,117,331
Forzani	\$1,310,500,000	0	0
Le Chateau	\$279,064,000	0	0

¹⁹ We compare public companies in this exercise, as annual sales figures from private companies are not readily available. Since sales information for HBC was still available, we included HBC.

disclosure of policies and management systems or engagement with stakeholders.²⁰

Some companies note that as a result of their smaller size their orders tend to constitute a minimal part of a supplier's overall capacity and that they have less influence on that supplier than a company that represents a major part of the supplier's business.²¹ Further, there is debate over the optimal amount of a supplier's capacity that one buyer should occupy, which has at times led larger buyers to intentionally limit their sourcing in any one factory.

In either case a company could increase its potential impact by collaborating with other companies on efforts to ensure labour standards compliance in supply chains. Multi-stakeholder initiatives (MSIs) like the Fair Labor Association (FLA), Social Accountability International (SAI) and the Ethical Trading Initiative (ETI), in which member companies also collaborate with labour and nongovernmental organizations, have been developing collaboration between their members to address persistent problems in factories or regions where a number of member brands are sourcing goods.

Of the six new companies added to this year's report, five received full marks in category 3.1 for their participation in multi-stakeholder initiatives. One of the companies included in last year's report, Roots, has taken tentative steps towards membership in the Fair Labor Association (FLA), but has so far only been included as a

'Category B Licensee'. This means that only a small portion of its supply chain (which produces for the collegiate apparel market) is included in the FLA program and that it is not yet a full "Participating Company". For this reason it was not awarded points in category 3.1.

Additionally, Wal-Mart has taken steps towards participation in the multi-stakeholder Multi-Fibre Arrangement (MFA) Forum, which brings together companies, NGOs, labour and governments in projects to address the impacts of the phase-out of quotas in particular countries (such as Bangladesh and Lesotho). While ETAG is supportive of these efforts, we did not count participation in the MFA Forum as membership in an MSI because there is no formal membership or requirements of involvement as with other MSIs. Instead, we awarded points for engagement within the MFA Forum in category 3.2.

Collaboration is also assisted by public disclosure of factory locations, which allows companies with common suppliers to identify one another and jointly address any issues that may arise in shared factories. Companies can also minimize the number of audits at shared factories and devote more resources to addressing root causes. One of the new companies we added this year (Reebok) has recently disclosed all its factory locations. Another, Mountain Equipment Co-op, has committed to disclosing factory locations in 2008.

²¹ For discussion on how smaller companies can increase their influence, see <http://www.ethicaltrade.org/Z/lib/2002/11/agm-rtwksp2/index.shtml>

Conclusions

In last year's Transparency Report Card, ETAG issued general conclusions based on the detailed findings outlined in individual company report cards. Those findings are available at: www.maquilasolidarity.org

Most of the general conclusions from last year's Transparency Report Card remain accurate and relevant. In addition, based on this year's survey of reporting, ETAG's general findings are:

Room for Improvement

While there has been some incremental improvement by some companies since our 2005 Report Card, based on ETAG's criteria none of the 30 retailers and brands surveyed is currently providing sufficient, credible and verifiable information to consumers or investors to allow them to make informed ethical choices. And, while there is room for improvement at all levels, some of the largest companies should be expected to devote proportionally greater resources to labour standards compliance compared to smaller companies.

Change in approach

Some leading companies are changing their approach to labour standards compliance by investigating root causes of persistent problems and trying to address them. However there is still a general reluctance to examine whether the apparel industry business model of low prices and high mobility is a primary factor in encouraging lowering labour standards.

Few positive incentives

Some companies are integrating evaluations of a supplier's labour practices in their sourcing decisions,

but none report offering positive incentives to suppliers or factories that meet or exceed labour standards, such as increased orders, higher prices and/or longer-term supply contracts. This means that the risk of investing in improvements falls disproportionately on suppliers. They must shoulder the costs of compliance, but have little guarantee that improvements will be rewarded.

Workers left out of the process

With a few exceptions, most companies are not fully engaging workers in labour standards compliance efforts. While workers are often interviewed during factory audits, no company reports providing feedback to workers on the results of those audits. In-country training programs tend to focus on supplier and factory management; there are fewer consistent efforts to train workers on their rights. There is some room for worker involvement through complaint systems. Some retailers and brands enable workers to lodge complaints directly with their company and one third of the companies in this Report participate in formal worker and third party complaint mechanisms through multi-stakeholder initiatives like the Fair Labor Association and the Ethical Trading Initiative.



Collaboration is critical

Collaboration with other companies, NGOs, and labour organizations is critical to addressing root causes of labour rights abuses. It is also a practical option for smaller companies that, on their own, do not represent a significant percentage of a supplier's capacity and therefore have less leverage. These cooperative efforts can be aided by increased public reporting and disclosure of factory locations.

Limits of reporting

Recent labour rights abuses discovered in the supply chains of some of the companies included in this report serve as another reminder that a company's relative transparency is, in and of itself, no guarantee of labour standards compliance within its supply chain. Our ratings in this Report Card reflect only the extent to which a company publicly discloses the presence of management tools, policies and systems to deal effectively with problems when they arise – not the existence or absence of problems at the factory level.

Recommendations

ETAG believes that combined and complementary policies and actions by various actors will be needed to adequately address labour standards issues in global supply chains. Last year we put forward a set of recommendations to companies, investors, lenders, governments, and consumers, all of which, with some additions, are repeated in the next two pages. These recommendations serve as a road map for better company reporting on labour standards compliance in the supply chain. If fully implemented, these recommendations would help remove the veil of secrecy from the apparel industry and set the stage for collaborative action to eliminate worker rights abuses in global supply chains.



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Recommendations to Retailers and Brands

Improve your reporting

1. Provide transparent public reports on your company's code implementation program, including information on audit findings and corrective action taken, stakeholder engagement, worker rights training, and other steps your company is taking to meet and maintain compliance with international labour standards.
2. Publicly disclose the names and addresses of facilities manufacturing goods for your company.

Improve your labour standards program

1. Ensure that your code of conduct is consistent with International Labour Organization (ILO) conventions, with particular attention to the core conventions on child labour, forced labour, discrimination, and freedom of association and the right to bargain collectively, and that it includes provisions for payment of a living wage by local standards and hours of work that comply with ILO standards.
2. Assign overall responsibility for labour standards compliance in the supply chain to senior management officials and, where applicable, to a committee of the board of directors.
3. Institute internal monitoring and external verification systems that provide accurate information on code compliance throughout the supply chain.
4. Ensure that code compliance staff and external auditors are qualified and properly trained to monitor labour standards compliance, particularly with respect to workers' rights.

5. Institute a staged approach that prescribes corrective action to deal with non-compliance. Do not "cut and run" when violations are discovered.
6. Engage with NGOs and labour organizations in importing and manufacturing countries.
7. Facilitate the active participation of local NGOs, workers, and labour organizations in code monitoring and remediation.
8. Facilitate worker rights training for workers and management personnel at the factory level and ensure that suppliers and workers are knowledgeable about their rights and responsibilities under the code and local law.
9. Join a credible multi-stakeholder initiative and collaborate with other companies and labour and non-governmental organizations on seeking labour standards compliance and long-term solutions to persistent industry-wide problems.
10. Take special steps to ensure respect for freedom of association in countries where that right is restricted by law.
11. Provide positive incentives and rewards to suppliers that meet or exceed labour standards in the code of conduct and local law.

Recommendations for government

Adopt policies and regulations that require and/or encourage companies selling apparel products to provide transparent reports on their efforts to meet and maintain compliance with ILO conventions in their global supply chains, including:

1. Regulations requiring companies to publicly disclose the factories where their apparel

products are made, thereby creating a level playing field with companies that have already provided this level of transparency.

2. Regulations requiring companies, including private companies, to provide annual public reports on their efforts and progress in achieving compliance with ILO core conventions, and other relevant social and environmental standards, in their global supply chains.
3. Ethical procurement policies, based on ILO conventions, for government departments, agencies and other bodies for the purchase of apparel and other textile products.
4. Preference in the granting of loans, grants, overseas investment insurance and other benefits to companies that have adopted codes of conduct that are consistent with ILO core conventions, are using credible third-party auditors to verify compliance with those standards, and are making public summaries of all audit reports and corrective action taken.

Recommendations to Investors

1. Work with other shareholders and stakeholders to pressure companies to improve their public reporting on labour standards issues where they have been found lacking.
2. Urge companies to provide sufficient information on their labour standards compliance programs, including audit findings and corrective action, as well as risk assessments of relevant issues, to allow investors to track progress and make ethical choices.

3. Call on government to adopt regulations requiring apparel companies to release annual public reports on their efforts and progress in achieving compliance with ILO core conventions and other relevant social and environmental standards.

Recommendations to Financial Institutions

1. As part of due diligence in approving loans or credit, require companies to provide sufficient information on their labour standards compliance programs, including audit findings and corrective action, as well as risk assessments of relevant issues, to allow the lending institution to assess risk and track progress.
2. Work with other stakeholders to require companies to improve their public reporting on labour standards issues where they have been found lacking.

Recommendations to Consumers

1. Urge all retailers and brands to provide consumers with sufficient information on labour practices in their global supply chains and their efforts to improve those practices for consumers to make ethical choices when they shop.
2. Urge companies that have done poorly in the Transparency Report Card to meet and exceed the ratings of industry leaders in the coming year.
3. Encourage all retailers and brands to work with labour and non-governmental organizations to improve working conditions in apparel supply factories around the world and to tackle root causes of persistent worker rights abuses in the industry as a whole.

Part II: Research Categories

Category	Scoring	Weighting ¹
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Section 1: Governance and risk management (worth 10% of overall score)

1.1 Board-level responsibility for ethical issues in the supply chain

There is a formal sub-committee of the Board of Directors with explicit responsibility for ethical issues in the supply chain.	100%	40%
There is a member of the Board of Directors with explicit responsibility for ethical issues in the supply chain.	66.7%	
There is a member of the Board of Directors or committee with responsibility for CSR issues, but it is not clear if this includes responsibility for ethical issues in the supply chain.	33.3%	
There is no evidence of responsibility at the Board of Directors level for ethical issues in the supply chain either specifically or as part of responsibility for CSR issues.	0	

1.2 Reporting of labour standards issues in the supply chain as a risk factor

There is evidence in the annual report and accounts of a systematic analysis of labour standards issues as a risk factor.	100%	30%
There is mention in the annual report and accounts of labour standards issues as a risk factor.	66.7%	
There is mention on the corporate website or in other corporate material of labour standards issues as a risk factor.	33.3%	
There is no mention of labour standards issues as a risk factor.	0	

1.3 Risk analysis of ethical issues in the company's existing supply chain

A risk or exposure analysis of ethical issues in the company's existing supply chain has been conducted.	100%	30%
A risk or exposure analysis of ethical issues in the company's existing supply chain is yet to be conducted, but there is a stated commitment to undertake one.	50%	
There is no mention of conducting a risk or exposure analysis of ethical issues in the company's existing supply chain.	0	

¹ Each category is assigned a percentage weighting within each section based on its importance to that section. Each section, in turn, is assigned a percentage weighting within the overall Report Card based on its importance. The section weighting is identified in the heading for each section.

Category	Scoring	Weighting
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Section 2: Code for labour standards in the supply chain (worth 15% of overall score)

2.1 Quality and scope of the code for labour standards in the supply chain

A code for labour standards in the supply chain exists that covers all ILO core conventions, without qualification or limitation	50%	+25% if the code includes a living wage provision +25% if the code includes an hours of work provision that is consistent with ILO conventions	60%
A code for labour standards in the supply chain exists that addresses all of the issues of the ILO core conventions but limits or qualifies the company's commitment to one of the ILO core conventions.	25%		
There is no code that addresses labour standards in the supply chain, or a code exists that covers some but not all ILO core conventions, or the code limits or qualifies the company's commitment to more than one of the core conventions.	0		

2.2 Publication and availability of the code for labour standards in the supply chain

The complete code for labour standards in the supply chain is available to the public. ²	100%	20%
The code for labour standards in the supply chain is referred to in published information.	66.7%	
The company will supply the code for labour standards in the supply chain on request, but there is no reference to it in published information.	33.3%	
There is no evidence of a code for labour standards in the supply chain in published information.	0	

2.3 Application of the code for supply chain labour standards

The code for supply chain labour standards applies to the entire breadth of or almost the entire breadth of the supply chain. ³	100%	20%
Application of the code is (clearly or deliberately) limited to the North American supply chain or to certain products or to selected suppliers or countries of supply.	50%	
It is unclear how much of the supply chain the code for supply chain labour standards applies to, or there is no code addressing labour standards in the supply chain.	0	

² To score 100%, all the elements of the code must be available to the public, rather than all the details surrounding its implementation.

³ Where a company sources branded products as well as own-brand products, the "entire breadth of the supply chain" is taken to refer to the supply chain for own-brand products.

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Category	Scoring	Weighting
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Section 3: Stakeholder engagement (worth 20% of the overall score)

3.1 Membership of multi-stakeholder processes

The company is a member of the Ethical Trading Initiative, the Fair Labor Association or Social Accountability International and/or is involved in a comparable initiative that includes representation from both NGOs and labour.	100%	30%
The company is not a member of the Ethical Trading Initiative, the Fair Labor Association or Social Accountability International or of a comparable initiative that includes representation from both NGOs and labour.	0	

3.2 Engagement with NGOs and/or trade unions relating to labour standards in supply chains

The company has signed a framework agreement with a Global Union governing compliance with labour standards in their supply chain	100%	30%
There is evidence of stakeholder engagement over time with NGOs and/or trade unions (excluding membership of groups in 3.1) that includes engagement in country of manufacture.	75%	
There is evidence of stakeholder engagement over time with NGOs and/or trade unions (beyond membership of groups in 3.1) in the home country only.	50%	
There is evidence of only ad hoc stakeholder engagement with NGOs and/or trade unions (beyond membership in MSIs in 3.1), or it is unclear whether engagement is taking place over time.	25%	
There is no evidence of proactive engagement with NGOs and/or trade unions beyond membership in MSIs in 3.1.	0	

3.3 Worker and third party complaints

There is evidence of a complaint process governed by a formal agreement between the brand or retailer and a Global Union.	100%	40%
There is evidence of a formal process through which workers and interested third parties may file complaints without fear of retaliation, complaints are independently investigated, and corrective action is taken.	66.7%	
There is evidence that workers can, on a regular basis, provide anonymous feedback on working conditions to the retailer or brand at no cost and in their spoken language.	33.3%	
There is no evidence of mechanisms for facilitating worker input or involvement in labour standards compliance program.	0	

Category	Scoring	Weighting
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Section 4: Management (worth 20% of the overall score)

4.1 Resource commitment

There is a senior manager whose primary responsibility includes labour standards in the supply chain. The manager is two or fewer reporting levels from the board. ⁴	100%	25%
There is a senior manager whose primary responsibility includes labour standards in the supply chain. The manager is more than two reporting levels from the board, or it is not clear how many levels from the board he or she is.	50%	
There is no senior manager whose primary responsibility includes labour standards in the supply chain.	0	

4.2 Training for buying agents

There is ongoing, scheduled training for buying agents on labour standards in the supply chain.	100%	25%
There is training for buying agents on labour standards in the supply chain, but it is on an ad hoc rather than a scheduled basis.	50%	
There is no training for buying agents on labour standards in the supply chain.	0	

4.3 Training for factory management personnel and workers

There is ongoing, scheduled training for factory workers and management personnel on labour standards in the supply chain.	100%	25%
There is training for factory workers and management personnel on labour standards in the supply chain, but it is on an ad hoc rather than an ongoing, scheduled basis.	66.7%	
There is training for factory management personnel on labour standards in the supply chain, but there is no training for factory workers.	33.3%	
There is no training for factory management personnel or factory workers on labour standards in the supply chain	0	

4.4 Rewards and incentives

Suppliers are offered positive incentives and rewards ⁵ that are explicitly linked to their performance on labour standards	100%	25%
A supplier's performance on labour standards compliance is an explicit positive factor in decisions about where to place orders.	50%	
There is no evidence that a supplier's performance on labour standards compliance is an explicit factor in decisions about where the company places orders.	0	

⁴ Evidence sought specifically of a senior manager rather than a senior management-level committee.

⁵ For example, longer-term contractual relationships, higher per-unit prices, or increased orders may be offered to suppliers that pay workers a living wage.

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Category	Scoring	Weighting
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Section 5: Supply Chain auditing and reporting (worth 35% of the overall score)

5.1 Commitment to auditing labour standards in the supply chain

There is a policy committing the company to auditing labour standards across the entire breadth of the supply chain.	100%	15%
There is a policy committing the company to ad hoc auditing or to pilot audits of labour standards across at least part of the supply chain, or the level of commitment to auditing labour standards in the supply chain is unclear.	50%	
There is no evidence of a policy committing the company to any form of auditing labour standards across any part of the supply chain.	0	

5.2 Status of the audit schedule

An auditing work plan has been scheduled and is currently being implemented. ⁶	100%	5%
An auditing work plan has been scheduled but has not yet been implemented.	50%	
There is no scheduled work plan for auditing labour standards in the supply chain, or there is no auditing of labour standards in the supply chain.	0	

5.3 Public disclosure of manufacturing sites

The company has publicly disclosed the names and addresses of all of the facilities producing its own branded goods and those of any subsidiary brands owned by the company.	100%	10%
The company has publicly disclosed the names and addresses of all of the facilities producing only its own branded goods.	66.7%	
The company has publicly disclosed the names and addresses of a portion of the facilities producing its own branded goods.	33.3%	
The company has not publicly disclosed the names and addresses of the facilities producing its own branded goods.	0	

5.4 Transparency of the labour standards auditing methodology

The supply chain labour standards auditing methodology is publicly available and follows generally accepted practices and/or at least one explicit external standard. ⁷	100%	15%
The auditing methodology is not publicly-available and/or is not grounded in a generally accepted practice and/or external standard, or there are no audits of labour standards in the supply chain.	0	

⁶ "Work plan" refers to a schedule for auditing labour standards in the supply chain.

⁷ An example of an explicit external standard is the SA8000 standard.

Category	Scoring	Weighting
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5.5 External verification of labour standard audits

There is third party involvement that includes systematic input from NGOs and/or labour in the country of supply into the verification of labour standard audits.	100%	20%
There is third party involvement that includes ad hoc input from NGOs and/or labour in the country of supply into verification of labour standard audits, or it is unclear how systematic this involvement is.	66.7%	
There is third party involvement in the verification of labour standard audits, but there is no input from NGOs or labour in the country of supply.	33.3%	
There is no external verification of supply chain labour standard audits.	0	

5.6 Reporting the results of audits of labour standards in the supply chain

There is full and complete disclosure including quantitative analysis of audit findings at the factory or supplier level.	80%	+20% if audit findings or summaries of audit findings are made available to workers in the audited factory.	20%
There is some disclosure and analysis of audit findings at a factory or supplier level.	60%		
There is full and complete disclosure and quantitative analysis of aggregate audit findings.	40%		
There is broad commentary on aggregate audit findings, but no figures are disclosed.	20%		
There is no discussion of audit findings.	0		

5.7 Dealing with non-compliance

There is a policy for handling instances of non-compliance with the code, and this policy includes a staged approach to dealing with violations.	100%	15%
There is reference to handling non-compliance with the code. Details of how this is handled are given, but there is no indication of a staged approach to dealing with violations of the code.	66.7%	
There is reference to handling non-compliance with the code, but there are no details of the approach used.	33.3%	
There is no mention of dealing with non-compliance with the code.	0	

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Part III:

Individual Company Report Cards



adidas

Banners: adidas, Reebok, Rockport, TaylorMade

Type of company: Public, AD SG.DE

Notes:

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain - no evidence of Board-level responsibility for ethical issues in the supply chain.	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -Evidence of an analysis of labour standards as a risk factor in the Annual Report. (<i>Annual Report 2005, p. 108</i>)	100	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain - Strategic monitoring concentrated on high risk factories and those with large volumes of orders (<i>SEA report 2005, p. 24</i>) -Fair Labour Association (FLA) conducts risk assessment to determine which factories will be subject to independent external monitoring <i>p.21-22, FLA Charter document: http://www.fairlabor.org/all/about/FLAcharter.pdf</i>	100	30
Section total score / section weighting	60	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There are "Standards of Engagement" that cover the core ILO conventions. -It does not meet the hours of work standards -It does not include living wage requirements	50	60
2.2 Publication and availability of the code for labour standards in the supply chain -It is published on their website <i>http://www.adidas-group.com/en/sustainability/Overview/our_standards/standards_of_engagement.asp</i>	100	20
2.3 Application of the code for supply chain labour standards -Code applies to entire breadth of production <i>Standards of Engagement</i>	100	20
Section total score / section weighting	70	X 15%

3. Stakeholder Engagement

3.1 Membership of multi-stakeholder processes -Member of FLA	100	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -Ongoing engagement with NGOs and trade unions including engagement in the country of supply. <i>http://www.adidas-group.com/en/sustainability/stakeholders/ways_we_engage/participation_and_collaboration/default.asp</i>	75	30
3.3 Worker and third party complaints - workers and third parties have access to FLA third party complaints process - has internal confidential reporting channel <i>p. 72, 2006 FLA Annual Report</i>	66.7	40
Section total score / section weighting	79.2	X 20%

4. Management

4.1 Resource Commitment - Compliance program administered by Global Director of Social & Environmental Affairs which reports to General Counsel and the Board. (FLA Report 2006)	100	25
4.2 Training for buying agents - Some evidence of training for sourcing staff, but it is not clear if this is ongoing. <i>p.19, http://www.adidas-group.com/en/sustainability/_downloads/social_and_environmental_reports/taking_on_the_challenges_social_and_environmental_report_2004.pdf</i>	50	25
4.3 Training for factory management personnel and workers - training for workers and management, but it's unclear if this is ongoing and scheduled. <i>Sustainability website content package (http://www.adidas-group.com/en/sustainability/_downloads/social_and_environmental_reports/adidas_sustainability_website_content_march2006.pdf)</i>	66.7	25
4.4 Rewards and Incentives - "The SOE (Standards of Engagement) is an integral part of the Global Operations cumulative factory rating system and ensures that customer demands and competitive advantage are achieved in a responsible environment" <i>"Connected by Football" (http://www.adidas-group.com/en/sustainability/_downloads/social_and_environmental_reports/connected_by_football_social_and_environmental_report_2005.pdf)</i>	50	25
Section total score / section weighting		66.7 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to Auditing Labour Standards in the Supply Chain There is a commitment to auditing across the entire supply chain <i>Standards of Engagement</i>	100	15
5.2 Status of the Audit Schedule -An auditing workplan is currently being implemented. Also subject to FLA auditing plan. <i>Connected by Football</i>	100	5
5.3 Public Disclosure of Manufacturing Sites -Some disclosure of factory locations to stakeholders in specific circumstances, as well as disclosure of factories producing for the collegiate market through FLA. <i>p.8, Connected by Football</i>	33.3	10
5.4 Transparency of the Labour Standards Auditing Methodology -Discussion of "strategic monitoring" involving more intensive study of key risks in each factory. Although these auditing methods appear to exceed basic checklist auditing, more details on the specific techniques used should be made publicly available. <i>http://www.adidas-group.com/en/sustainability/suppliers_and_workers/monitoring_compliance/default.asp</i>	100	15
5.5 External Verification of Labour Standard Audits -14 audits conducted by FLA in 2005 but unclear if local NGOs or trade unions consistently involved. Some additional auditing work with NGO involvement as part of Jo-In Project in Turkey. <i>http://www.adidas-group.com/en/sustainability/suppliers_and_workers/verifying_compliance/default.asp; p.13, Connected by Football</i>	66.7	20
5.6 Reporting the Results of Audits of Labour Standards in the Supply Chain -FLA tracking charts show audit results on a factory level. - some aggregate data available on adidas website: <i>(http://www.adidas-group.com/en/sustainability/performance_data/default.asp)</i>	60	20
5.7 Dealing with Non-Compliance -There is a publicly available policy for handling instances of non-compliance and it includes a staged approach to dealing with violations. <i>http://www.adidas-group.com/en/sustainability/suppliers_and_workers/enforcing_compliance/default.asp</i>	100	15
Section total score / section weighting		78.7 X 35%

Total Score **73** /100



American Eagle Outfitters Inc.

Banners: American Eagle Outfitters

Type of company: Public, NASDAQ: AEOS

Notes: 869 Stores in the US and Canada

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -Reported evidence of a "Nominating and Corporate Governance committee" that has explicit responsibility for CSR issues but not clear if this includes responsibility for ethical issues in the supply chain. http://phx.corporate-ir.net/phoenix.zhtml?c=81256&p=irol-SocialResponsibility	33	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -reputational and operational risks from failure to comply with labour standards are specifically addressed in 10-K filing dated April 5, 2006.	100	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain - No mention of comprehensive risk analysis of labour standards issues in the company's supply chain - "Factories are selected for inspection based on a combination of volume and risk factors" - No disclosure of specifics as to what constitutes "risk factors" Website: Corporate Social Responsibility	50	30
Section total score / section weighting		58.2 X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a "Vendor Code of Conduct" -It covers the core ILO conventions but limits the company's commitment to: -Freedom of association: "Vendors and contractors must respect the rights of employees to associate freely, join organizations of their choice and bargain collectively <i>without unlawful interference.</i> " -It does not meet the hours of work standards -It does not include living wage requirements	25	60
2.2 Publication and availability of the code for labour standards in the supply chain -It is published on their website http://phx.corporate-ir.net/phoenix.zhtml?c=81256&p=irol-SocialResponsibility	100	20
2.3 Application of the code for supply chain labour standards -Code applies to entire breadth of production -"contractually requires all suppliers to meet our global workplace standards...as set forth in our Code of Conduct" p. 4, 10-K filing dated April 5, 2006	100	20
Section total score / section weighting		55 X 15%

3. Stakeholder Engagement

3.1 Membership of multi-stakeholder processes -No reported evidence of involvement in a multi-stakeholder initiative that includes representation from both NGOs and labour. -Member of Business for Social Responsibility (BSR) which does not qualify as a MSI	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -Participated in joint open letters regarding labour and human rights issues in Mexico and Philippines http://www.maquilasolidarity.org/alerts/Letter%20to%20Governor%20Marin%20Torres%20Mar%2020%2006.pdf	25	30
3.3 Worker and third party complaints - No reported evidence	0	40
Section total score / section weighting		7.5 X 20%

4. Management

4.1 Resource Commitment -There is a VP of Corporate Responsibility and Customs Compliance Officer -This VP is two or fewer reporting levels from the board <i>Corporate Social Responsibility Page, see above link</i>	100	25
4.2 Training for buying agents -There are reports of training programs for buying and production teams -There are no reports, however, of whether this is ongoing and scheduled or carried out on an ad-hoc basis <i>Corporate Social Responsibility Page, see above link</i>	100	25
4.3 Training for factory management personnel and workers -"A majority of our suppliers also conduct in-country training at the manufacturing facilities. This includes, but is not limited to, training on labor standards and security." <i>Corporate Social Responsibility Page, see above link</i>	33.3	25
4.4 Rewards and Incentives -No reported evidence	0	25
Section total score / section weighting		58.3 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to Auditing Labour Standards in the Supply Chain -There is an internal auditing program that applies to all factories in supply chain -"policy for the inspection of factories throughout the world where goods are produced to our order" <i>p. 4, 2005 Annual Report</i>	100	15
5.2 Status of the Audit Schedule -No reported evidence	0	5
5.3 Public Disclosure of Manufacturing Sites -No reported evidence	0	10
5.4 Transparency of the Labour Standards Auditing Methodology -The auditing methodology is not publicly available	0	15
5.5 External Verification of Labour Standard Audits -There is mention of third party involvement in the verification of audits, but the identity of the auditing organization is not reported -There is no reported evidence of input from NGOs or labour in the country of supply <i>Corporate Social Responsibility Page, see above link</i>	33.3	20
5.6 Reporting the Results of Audits of Labour Standards in the Supply Chain -No reported evidence	0	20
5.7 Dealing with Non-Compliance -There is a publicly available policy for handling instances of non-compliance and it includes a staged approach to dealing with violations (it could be more detailed). <i>Corporate Social Responsibility Page, see above link</i>	100	15
Section total score / section weighting		36.7 X 35%

Total Score **40** /100



Boutique Jacob Inc.

Type of company: Private

Notes: Private companies have different internal organization from public companies. They are also not required to publish annual reports.

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30
Section total score / section weighting	0	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is no reported evidence of a Code of Vendor Conduct	0	60
2.2 Publication and availability of the code for labour standards in the supply chain -Nothing publicly available related to a Code of Conduct	0	20
2.3 Application of the code for supply chain labour standards -No reported evidence of a code	0	20
Section total score / section weighting	0	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -No reported evidence	0	30
3.3 Worker and third party complaints - No reported evidence	0	40
Section total score / section weighting	0	X 20%

4. Management

4.1 Resource Commitment -No reported evidence	0	25
4.2 Training for Buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -No reported evidence	0	25
4.4 Rewards and Incentives -No reported evidence	0	25

Section total score / section weighting **0** X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -No reported evidence	0	15
5.2 Status of the audit schedule -No reported evidence	0	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -No reported evidence	0	15
5.5 External verification of labour standard audits -No reported evidence	0	20
5.6 Reporting the results of audits of labour standards in the supply chain -No reported evidence	0	20
5.7 Dealing with non-compliance -No reported evidence	0	15

Section total score / section weighting **0** X 35%

Total Score **0** /100



Eddie Bauer

Corporate banners: Eddie Bauer
Type of company: Public, EBHI: NASD

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -Fair Labour Association (FLA) conducts risk assessment to determine which factories will be subject to independent external monitoring <i>p.21-22, FLA Charter document (http://www.fairlabor.org/all/about/FLAcharter.pdf)</i>	100	30
Section total score / section weighting		30 X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a "Factory Workplace Code of Conduct" -It covers the core ILO conventions but limits the company's commitment to: -Child labour: <i>"No person shall be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15."</i> -It allows exceptions to the hours of work standards for "extraordinary circumstances" without defining them. -It does not include living wage requirements	25	60
2.2 Publication and availability of the code for labour standards in the supply chain -Code is available on their website <i>http://investors.eddiebauer.com/responsibility/global_labor.cfm</i>	100	20
2.3 Application of the code for supply chain labour standards -Code applies to entire breadth of production. <i>http://investors.eddiebauer.com/responsibility/global_labor.cfm</i>	100	20
Section total score / section weighting		55 X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -Member of FLA	100	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -There is evidence of engagement over time with NGOs including in the country of manufacture <i>p.100, 2005 FLA Annual Report; p.67, 2006 FLA Annual Report</i>	75	30
3.3 Worker and third party complaints - workers and third parties have access to FLA third party complaints process	66.7	40
Section total score / section weighting		79.2 X 20%

4. Management

4.1 Resource commitment -There is a Director of Public Affairs and Corporate Social Responsibility in charge of their Global Labor Practices program, but they are more than 2 reporting levels from the Board. <i>p. 66, 2006 FLA Annual Report</i>	50	25
4.2 Training for buying agents -evidence of ongoing training programs for sourcing staff. <i>p. 67, 2006 FLA Annual Report; p.27, 2003 FLA Annual Report; 2004 FLA Annual Report</i>	100	25
4.3 Training for factory management personnel and workers -Some reported evidence of training for factory management; no reported evidence of training for workers. <i>p. 26, 2003 FLA Annual Report</i>	33.3	25
4.4 Rewards and incentives -No reported evidence	0	25

Section total score / section weighting **45.8** X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -There is a commitment to auditing across the entire breadth of the supply chain. http://investors.eddiebauer.com/responsibility/global_labor.cfm	100	15
5.2 Status of the audit schedule -An auditing work plan has been scheduled and is currently being implemented - Percentage of factories are audited by FLA <i>p. 66, 2006 FLA Annual Report</i>	100	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology - FLA auditing methodology is available through www.fairlabor.org and follows generally accepted practices. - Methodology used by internal monitors or other third party monitors is not publicly available	100	15
5.5 External verification of labour standard audits -Fair Labor Association audited 8 facilities in 2005. <i>p. 66, 2006 FLA Annual Report</i>	66.7	5
5.6 Reporting the results of audits of labour standards in the supply chain -There is some disclosure and analysis of audit findings at the factory or supplier level. <i>See FLA tracking charts (www.fairlabor.org)</i>	60	20
5.7 Dealing with non-compliance -There is a staged approach for dealing with non-compliance with the code. http://investors.eddiebauer.com/responsibility/global_labor.cfm ; p.28, 2003 FLA Annual Report	100	15

Section total score / section weighting **75.3** X 35%

Total Score **63** /100



The Forzani Group Ltd.

Corporate banners: Sport Check, Sports Experts, Sport Mart, Coast Mountain Sports, National Sports

Franchise banners: Sports Experts, Intersport, Econosports, Atmosphere, RnR

Type of company: Public, TSX: FGL-T

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30
Section total score / section weighting	0	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is no reported evidence of a "Code of Vendor Conduct" - One of the banners FG operates is Intersport North America. Intersport N.A. is the North American subsidiary of Intersport, a European company that sells private brand merchandise. Intersport has a code of conduct that it applies to the manufacture of its products, which Forzani sells, but FG makes no public mention of this code.	0	60
2.2 Publication and availability of the code for labour standards in the supply chain -Nothing publicly available related to a Code of Conduct	0	20
2.3 Application of the code for supply chain labour standards -No reported evidence of a code	0	20
Section total score / section weighting	0	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -No reported evidence	0	30
3.3 Worker and third party complaints - No reported evidence	0	40
Section total score / section weighting	0	X 20%

4. Management

4.1 Resource commitment -No reported evidence	0	25
4.2 Training for buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -No reported evidence	0	25
4.4 Rewards and incentives -No reported evidence	0	25
Section total score / section weighting		0 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -No reported evidence	0	15
5.2 Status of the audit schedule -No reported evidence	0	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -No reported evidence	0	15
5.5 External verification of labour standard audits -No reported evidence	0	5
5.6 Reporting the results of audits of labour standards in the supply chain -No reported evidence	0	20
5.7 Dealing with non-compliance -No reported evidence	0	15
Section total score / section weighting		0 X 35%

Total Score 0 /100



GAP Inc.

Banners: GAP, Banana Republic, Old Navy, Forth & Towne
Type of company: Public, NYSE: GAP

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -There is a "Governance, nominating and social responsibility" sub-committee in charge of ethical issues in supply chain (p.8, 2004 CSR report)	100	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -Have developed factory rating system to identify risk in the supply chain. http://www.gapinc.com/public/SocialResponsibility/sr_fac_wwf_rf.shtml	100	30
Section total score / section weighting	70	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a list of "Standards of Engagement" -It is not consistent with ILO core conventions with respect to child labour, "at least 14 years of age" -It also limits the company's commitment to: -Freedom of association: "Workers are free to choose whether or not to lawfully organize and join associations." -It does not include a living wage requirement -It does not meet ILO hours of work standards	0	60
2.2 Publication and availability of the code for labour standards in the supply chain -It is published on their website http://www.gapinc.com/public/SocialResponsibility/socialres.shtml	100	20
2.3 Application of the code for supply chain labour standards -Code applies to entire breadth of production. GAP code of vendor conduct, see above link	100	20
Section total score / section weighting	40	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -Member of Ethical Trading Initiative (ETI) and Social Accountability International (SAI) www.ethicaltrade.org , 2005 Annual report, http://www.gapinc.com/public/SocialResponsibility/sr_fac_partner.shtml	100	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -CSR report mentions several examples of GAP's engagement with local NGOs and other stakeholders, both in importing countries and countries of manufacture. There is sufficient reported evidence of engagement over time, for example with local unions in Lesotho, labour and human rights groups in Cambodia, and local NGO monitoring organizations in Central America. p. 6, 33, 39, 40 2004 CSR report, also: http://www.gapinc.com/public/SocialResponsibility/sr_fac_partner.shtml	75	30
3.3 Worker and third party complaints - workers and third parties have access to Ethical Trading Initiative third party complaints process. Some facilities that are SA8000 certified may also be covered by third party processes under the SAI program.	66.7	40
Section total score / section weighting	79.2	X 20%

4. Management

4.1 Resource Commitment -There is a VP of Social Responsibility whose stated mandate is the improvement of factory working conditions and labour standards -This person is two or fewer reporting levels from the board <i>p. 9, 2004 CSR report.</i>	100	25
4.2 Training for Buying agents -A pilot project is currently underway to conduct training sessions with merchandising and design teams <i>p. 33 of 2004 CSR report</i>	50	25
4.3 Training for factory management personnel and workers -There are many mentions of training projects for factory management personnel and factory workers. -Although it's probably ongoing, there is no sense of it being a regularly scheduled part of the operation, across the supply chain; most are specific pilot programs or in specific countries. <i>2003 CSR report: training sessions in Lesotho, Cambodia, China</i> <i>2004 CSR report: p.10, 12, 19</i>	66.7	25
4.4 Rewards and Incentives - Have developed an integrated Vendor Scorecard which includes labour standards along with issues like speed and quality when considering where to place orders. <i>Annual Report 2005 p. 11</i>	50	25
Section total score / section weighting		66.7 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -There is a commitment to auditing across the entire breadth of the supply chain -In 2005, audits were conducted in 96% of supply chain factories <i>p. 11, 2005 Annual report</i>	100	15
5.2 Status of the audit schedule -An auditing work plan has been scheduled and is currently being implemented -Once approved a factory will be inspected at least once a year <i>p.18, 2004 CSR report</i>	100	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -The auditing methodology is publicly available and follows generally accepted practices -2004 report makes reference to the audit process outlined in the 2003 report -2003 report is still available through their website <i>p.17, 2004 CSR report</i>	100	15
5.5 External verification of labour standard audits -There are several reports of instances in which GAP partners with local NGOs to conduct third party audits and a commitment to developing these efforts over time. <i>p.20-21, 2003 CSR Report http://ccbn.mobular.net/ccbn/7/645/696/index.html</i>	100	20
5.6 Reporting the results of audits of labour standards in the supply chain -Aggregate reporting on audit findings with analysis of results in annual CSR reports -There is some disclosure and analysis of audit findings at the factory or supplier level -Factory level findings are public through reports published by EMIH and COVERCO of audits conducted in factories in Honduras and Guatemala <i>p.22 CSR report, COVERCO website</i>	60	20
5.7 Dealing with non-compliance -There is a publicly available policy for handling instances of non-compliance and it includes a staged approach to dealing with violations <i>p.21, 2004 CSR report</i>	100	15
Section total score / section weighting		82 X 35%

Total Score **71** /100



Grafton-Fraser Inc.

Banners: Jack Fraser, Tip Top Tailors, Gafton and Co., Stonehouse, The Suit Exchange, Mr. Big and Tall, Britches

Type of company: Private

Notes: Private companies have different internal organization from public companies. They are also not required to publish annual reports.

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30
Section total score / section weighting	0	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is no reported evidence of a Code of Vendor Conduct	0	60
2.2 Publication and availability of the code for labour standards in the supply chain -Nothing publicly available related to a Code of Conduct	0	20
2.3 Application of the code for supply chain labour standards -No reported evidence of a code	0	20
Section total score / section weighting	0	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -No reported evidence	0	30
3.3 Worker and third party complaints - No reported evidence	0	40
Section total score / section weighting	0	X 20%

4. Management

4.1 Resource Commitment -No reported evidence	0	25
4.2 Training for Buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -No reported evidence	0	25
4.4 Rewards and Incentives -No reported evidence	0	25
Section total score / section weighting		0 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -No reported evidence	0	15
5.2 Status of the audit schedule -No reported evidence	0	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -No reported evidence	0	15
5.5 External verification of labour standard audits -No reported evidence	0	20
5.6 Reporting the results of audits of labour standards in the supply chain -No reported evidence	0	20
5.7 Dealing with non-compliance -No reported evidence	0	15
Section total score / section weighting		0 X 35%

Total Score 0 /100



Harry Rosen Inc.

Type of company: Private

Notes: Private companies have different internal organization from public companies. They are also not required to publish annual reports.

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30
Section total score / section weighting	0	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is no reported evidence of a Code of Vendor Conduct	0	60
2.2 Publication and availability of the code for labour standards in the supply chain -Nothing publicly available related to a Code of Conduct	0	20
2.3 Application of the code for supply chain labour standards -No reported evidence of a code	0	20
Section total score / section weighting	0	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -No reported evidence	0	30
3.3 Worker and third party complaints - No reported evidence	0	40
Section total score / section weighting	0	X 20%

4. Management

4.1 Resource Commitment -No reported evidence	0	25
4.2 Training for Buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -No reported evidence	0	25
4.4 Rewards and Incentives -No reported evidence	0	25
Section total score / section weighting		0 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -No reported evidence	0	15
5.2 Status of the audit schedule -No reported evidence	0	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -No reported evidence	0	15
5.5 External verification of labour standard audits -No reported evidence	0	20
5.6 Reporting the results of audits of labour standards in the supply chain -No reported evidence	0	20
5.7 Dealing with non-compliance -No reported evidence	0	15
Section total score / section weighting		0 X 35%

Total Score 0 /100



HBC

Banners: The Bay, Zellers, Home Outfitters

Type of company: Private

Notes:

Notes on Findings	Company Score	Question weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -There is evidence of a board member with explicit responsibility for ethical issues in the supply chain. http://www.hbc.com/hbc/socialresponsibility/sourcing/	66.7	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -There is mention of labour standards issues as a risk factor in the annual report. <i>HBC Annual Information Form 2005, p. 10</i>	66.7	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -There is reported evidence of a risk or exposure analysis of labour standards issues in the supply chain -Break down vendors into 3 levels of priority. Each level focuses resources to perceived risk. i.e. Priority A (high priority): top 200 suppliers based on volume of sales, perceived risk and factory location. -Note: it is not clear whether "perceived risk" is based on a systematic risk analysis of labour standards issues in the supply chain or just on expectations. <i>p. 39, 2005 CSR Report</i>	100	30

Section total score / section weighting **76.7** X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a "Code of Vendor Conduct" -It is not consistent with ILO core conventions with respect to child labour: -"workers can be no less than 15 (or 14 where the law of the country of manufacture allows)" -It covers the core ILO conventions but limits the company's commitment to: -Freedom of association: "Management practices must respect the right of employees to free association and collective bargaining <i>where applicable</i> ." -Discrimination: "We will <i>favour Business Partners</i> who ensure that no employee shall be subject to any discrimination" -It includes a living wage requirement (although without providing information regarding the application of this standard in their supply chain or the definition of this standard in particular countries). -It does not meet the ILO hours of work standards	25	60
2.2 Publication and availability of the code for labour standards in the supply chain -It is published on their website http://www.hbc.com/hbc/socialresponsibility/sourcing/	100	20
2.3 Application of the code for supply chain labour standards -Code applies to entire breadth of production -"we will only engage business partners who demonstrate a commitment...to meet our requirements stated in this code" <i>See above link</i>	100	20

Section total score / section weighting **55** X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence of involvement in a multi-stakeholder initiative that includes representation from both NGOs and labour. -HBC is a member of various initiatives that do not qualify as MSIs, including: CBSR, BSCI, and CRART.	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain --HBC is a member of various initiatives including: CBSR, BSCI, the UN Global Compact, and CRART. - Reports engagement with KAIROS, MSN and Play Fair at the Olympics	50	30
3.3 Worker and third party complaints - No reported evidence	0	40
Section total score / section weighting		15 X 20%

4. Management

4.1 Resource Commitment -There is a Senior Manager in the Social Compliance Department but it is unclear how many reporting levels s/he is from the Board http://www.hbc.com/hbc/socialresponsibility/sourcing/	50	25
4.2 Training for Buying agents -Company has training for HBC's buyers to explain the principles of HBC's code of vendor conduct and the company's auditing programs. <i>p.36-37, 2005 CSR report</i>	100	25
4.3 Training for factory management personnel and workers -No reported evidence of training for factory management personnel or factory workers	0	25
4.4 Rewards and Incentives -No reported evidence	0	25
Section total score / section weighting		37.5 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -There is a commitment to auditing all factories that manufacture products for HBC. <i>p. 38-39, 2005 CSR Report</i>	100	15
5.2 Status of the audit schedule -An auditing work plan has been scheduled and is currently being implemented <i>p. 38, 2005 CSR Report</i>	100	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -The auditing methodology is publicly available and follows generally accepted practices. <i>p. 38, 2005 CSR Report</i>	100	15
5.5 External verification of labour standard audits -Third party audits conducted by Intertek Labtest and Independent Global Compliance Services. -There is no reported evidence of input from NGOs or labour in the country of supply <i>p. 38, 2005 CSR Report</i>	33.3	20
5.6 Reporting the results of audits of labour standards in the supply chain -There is broad commentary on aggregate audit findings for a sample of factories with 3 audits in 18 months. No specific figures are provided on findings by workplace, country or geographic region. <i>p. 39-40, 2005 CSR report</i>	20	20
5.7 Dealing with non-compliance -There is a publicly available policy for handling instances of non-compliance and it includes a staged approach to dealing with violations. <i>p. 38: 2005 CSR report</i>	100	15
Section total score / section weighting		60.7 X 35%

Total Score **48** /100



H&M

Corporate banners: H&M

Type of company: Public, H&M B: OM Stockholm

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain - Number and extensiveness of audits determined by risk assesment of the countries of manufacture, number of employees, and commercial significance to H&M p.6, 2005 CSR Report (http://www.hm.com/filearea/corporate/fileobjects/pdf/common/COMMON_CSRREPORT_PART1_SOCIAL_PDF_1157098062729.pdf)	100	30
Section total score / section weighting	30	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a Code of Conduct - It limits the company's commitment to freedom of association: "We don't accept any disciplinary actions from the factory against workers who choose to peacefully <i>and lawfully</i> organise or join an association" - It does not meet the hours of work standard - it does not have a living wage standard	25	60
2.2 Publication and availability of the code for labour standards in the supply chain -Available in numerous languages on H&M website http://www.hm.com/ca/corporateresponsibility/downloads_downloads.nhtml	100	20
2.3 Application of the code for supply chain labour standards -Standards apply to the entire breadth of production p.2, 2005 CSR Report	100	20
Section total score / section weighting	55	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -Member of FLA (http://www.fairlabor.org/all/news/updates/2006320.pdf)	100	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -There is evidence of engagement with NGOs and labour over time, including in the country of manufacture 2005 CSR Report	75	30
3.3 Worker and third party complaints - workers and third parties have access to FLA third party complaints process. - Workers are also given H&M contact information during audit interviews. p.6, 2005 CSR Report	66.7	40
Section total score / section weighting	79.2	X 20%

4. Management

4.1 Resource commitment -There is a VP of Corporate Social Responsibility, one of 10 senior executives <i>(Annual Report 2005, p. 49)</i>	100	25
4.2 Training for buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -There is training for workers and management but it is unclear whether it is ongoing. <i>p.18, 2005 CSR Report; p. 32, 2005 Annual Report</i>	66.7	25
4.4 Rewards and incentives -Code of conduct ranking is a factor in overall supplier evaluation. <i>p.40, 2005 CSR Report</i>	50	25

Section total score / section weighting **54.2** X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -There is an internal monitoring program and FLA external audits	100	15
5.2 Status of the audit schedule -An auditing work plan has been scheduled and is currently being implemented. - Percentage of factories are audited by FLA <i>pp.12-14, 2005 CSR Report</i>	100	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -The auditing methodology is publicly available and follows generally accepted practices <i>p. 6, 2005 CSR Report</i>	100	15
5.5 External verification of labour standard audits -FLA external verification includes input from NGOs and unions onsite but it is unclear how systematic this third party involvement is.	66.7	5
5.6 Reporting the results of audits of labour standards in the supply chain -There is some disclosure and analysis of aggregate audit results, and factory-specific results from FLA audits will be made available. <i>p.15-16, 2005 CSR Report; www.fairlabor.org</i>	60	20
5.7 Dealing with non-compliance -There is a staged approach for dealing with non-compliance <i>p.17, 2005 CSR Report</i>	100	15

Section total score / section weighting **75.3** X 35%

Total Score **64** /100



International Clothiers Inc.

Banners: International Clothiers, International Boys, Fairweather, Randy River

Type of company: Private

Notes: Private companies have different internal organization from public companies. They are also not required to publish annual reports.

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30
Section total score / section weighting	0	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is no reported evidence of a Code of Vendor Conduct	0	60
2.2 Publication and availability of the code for labour standards in the supply chain -Nothing publicly available related to a Code of Conduct	0	20
2.3 Application of the code for supply chain labour standards -No reported evidence of a code	0	20
Section total score / section weighting	0	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -No reported evidence	0	30
3.3 Worker and third party complaints - No reported evidence	0	40
Section total score / section weighting	0	X 20%

4. Management

4.1 Resource Commitment -No reported evidence	0	25
4.2 Training for Buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -No reported evidence	0	25
4.4 Rewards and Incentives -No reported evidence	0	25

Section total score / section weighting **0** X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -No reported evidence	0	15
5.2 Status of the audit schedule -No reported evidence	0	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -No reported evidence	0	15
5.5 External verification of labour standard audits -No reported evidence	0	20
5.6 Reporting the results of audits of labour standards in the supply chain -No reported evidence	0	20
5.7 Dealing with non-compliance -No reported evidence	0	15

Section total score / section weighting **0** X 35%

Total Score **0** /100



La Senza Corporation

Type of company: Public, TSX: LSZ.SV

Note: The Limited Brands recently announced a take-over of La Senza

Notes on Findings	Company Score	Question weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain <i>Website: Corporate Social Responsibility</i>	0	30
Section total score / section weighting	0	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a "Code of Vendor Conduct" -It covers the core ILO conventions -It meets the hours of work standards -It includes a living wage requirement	100	60
2.2 Publication and availability of the code for labour standards in the supply chain -It is published on their website <i>http://lasenzacorporation.com/en/pdfs/ethical_code.pdf</i>	100	20
2.3 Application of the code for supply chain labour standards -Code applies to entire breadth of production <i>Social Responsibility statement, see above link</i>	100	20
Section total score / section weighting	100	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -No reported evidence	0	30
3.3 Worker and third party complaints - No reported evidence	0	40
Section total score / section weighting	0	X 20%

4. Management

4.1 Resource Commitment -Mention of an Ethical Standards manager, although there is no information publicly available as to where they are with relation to the board. http://lasenzacorporation.com/en/soc_resp.html	50	25
4.2 Training for Buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -No reported evidence	0	25
4.4 Rewards and Incentives -No reported evidence	0	25
Section total score / section weighting		12.5 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -There is a commitment to auditing every new factory and re-auditing all current factories. http://lasenzacorporation.com/en/soc_resp.html	100	15
5.2 Status of the audit schedule -No reported evidence	0	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -The auditing methodology is not publicly available	0	15
5.5 External verification of labour standard audits -There is no reported evidence of external verification of labour standards audits -Initial audits are conducted by La Senza staff -The company encourages the use of third party inspectors, but it is unclear how often this is true or who the third party inspectors are. <i>Social Responsibility statement, see above link</i>	0	20
5.6 Reporting the results of audits of labour standards in the supply chain -No reported evidence	0	20
5.7 Dealing with non-compliance -No reported evidence	0	15
Section total score / section weighting		15 X 35%

Total Score **23** /100



Le Château Inc.

Type of company: Public, TSX: CTU.A

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30
Section total score / section weighting	0	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is no reported evidence of a Code of Vendor Conduct	0	60
2.2 Publication and availability of the code for labour standards in the supply chain -Nothing publicly available related to a Code of Conduct	0	20
2.3 Application of the code for supply chain labour standards -No reported evidence of a code	0	20
Section total score / section weighting	0	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -No reported evidence	0	30
3.3 Worker and third party complaints - No reported evidence	0	40
Section total score / section weighting	0	X 20%

4. Management

4.1 Resource Commitment -No reported evidence	0	25
4.2 Training for Buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -No reported evidence	0	25
4.4 Rewards and Incentives -No reported evidence	0	25
Section total score / section weighting		0 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -No reported evidence	0	15
5.2 Status of the audit schedule -No reported evidence	0	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -No reported evidence	0	15
5.5 External verification of labour standard audits -No reported evidence	0	20
5.6 Reporting the results of audits of labour standards in the supply chain -No reported evidence	0	20
5.7 Dealing with non-compliance -No reported evidence	0	15
Section total score / section weighting		0 X 35%

Total Score 0 /100



Levi Strauss & Co.

Banners: Levi's, Dockers, Levi Strauss Signature
Type of company: Private. Levi Strauss has publicly traded bonds. As well, its Japanese subsidiary is public.

Notes on Findings	Company Score	Question weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -The "Corporate Citizenship" board sub-committee is responsible for ethical issues in the supply chain <i>2006 10-K, p. 126</i>	100	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -There is reported evidence of a systematic analysis of labour standards issues as a risk factor <i>(2006 10-K, p. 17)</i>	100	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -There is reported evidence of a risk or exposure analysis in the supply chain -Country assessment Guidelines: "The Guidelines assist us in making practical and principled business decisions as we balance the potential risks and opportunities associated with conducting business in specific countries" -Includes consideration of: health and safety conditions, human rights environment, legal system, political, social and economic environment. http://levistrauss.com/Downloads/GSOG.pdf	100	30
Section total score / section weighting	100	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain - There is a "Code of Vendor Conduct" - It addresses all issues of the ILO core conventions, but limits the company's commitment to: -Non-discrimination: "we will favour partners who share this value" and -Freedom of association: "we expect our suppliers to respect the right to free association and the right to organize and bargain collectively <i>without unlawful interference</i> " -However, the terms of Engagement Guidebook expands on both of these points and places their code in line with ILO standards (pp. 22 and 27) -Code does not meet the ILO hours of work standards -Code does not have a living wage requirement <i>Terms of Engagement Guidebook, http://levistrauss.com/Downloads/TOEGuidebook2005.pdf</i>	50	60
2.2 Publication and availability of the code for labour standards in the supply chain -It is published on their website http://levistrauss.com/Downloads/GSOG.pdf	100	20
2.3 Application of the code for supply chain labour standards -Code applies to entire breadth of production and to licensees <i>10-K (Feb 14, 2006), p. 9</i>	100	20
Section total score / section weighting	70	X 15%

3. Stakeholder Engagement

3.1 Membership of multi-stakeholder processes -Member of Ethical Trading Initiative (ETI) http://www.ethicaltrade.org/Z/abteti/who/memb/list.shtml#co	100	30
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3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chains -Some reported examples of engagement over time with NGOs and labour unions in importing countries. Engagement with NGOs and trade unions through MFA Forum, Better Factories Cambodia Project, Bulgaria Apparel Project. Also Business for Social Responsibility and Centre for Corporate Citizenship. http://levistrauss.com/Citizenship/ProductSourcing/InitiativesAndWorkingGroups.aspx	75	30
3.3 Worker and third party complaints - workers and third parties have access to Ethical Trading Initiative third party complaints process and are provided no-cost contact information for local Levis assessors in their own language. http://www.levistrauss.com/Citizenship/ProductSourcing/CodeApplication/FactoryAssessment.aspx	66.7	40
Section total score / section weighting		79.2 X 20%

4. Management

4.1 Resource commitment - has a Vice President for the Global Code of Conduct, two reporting levels from the Board http://www.levistrauss.com/Citizenship/ProductSourcing/CodeApplication/FactoryAssessment.aspx	100	25
4.2 Training for buying agents - conducts training sessions for buying agents, merchandisers and product development managers http://levistrauss.com/Citizenship/ProductSourcing/CodeApplication/TrainingAndTools.aspx	100	25
4.3 Training for factory management personnel and workers - LS&Co provides training for factory management and either directly or through NGOs, provides training for factory workers. Has also established a two-day training program and guidebook for factory management on managing to meet the company's labour standards. It's not clear if this is ongoing and scheduled. http://levistrauss.com/Citizenship/ProductSourcing/Issues/SupplierOwnership.aspx http://levistrauss.com/Citizenship/ProductSourcing/CodeApplication/FactoryRelationship.aspx	66.7	25
4.4 Rewards and incentives -Suppliers performance on labour standards is an explicit factor in decisions about where to place orders but there are no positive incentives for meeting or exceeding standards. http://levistrauss.com/Citizenship/ProductSourcing/Issues/IntegratingTOE.aspx	50	25
Section total score / section weighting		79.2 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -Annual assessments of all contract factories. http://levistrauss.com/Citizenship/ProductSourcing/CodeApplication/FactoryAssessment.aspx	100	15
5.2 Status of the audit schedule -An auditing work plan has been scheduled and is currently being implemented -Factories are assessed before they are approved; they are audited once a year once approved http://levistrauss.com/Citizenship/ProductSourcing/CodeApplication/FactoryRelationship.aspx	100	5
5.3 Public disclosure of manufacturing sites -Has disclosed the names and addresses of all "active, approved owned-and-operated, contract and licensee factories that manufacture and finish Levi's®, Dockers® and Levi Strauss Signature® products" http://levistrauss.com/Citizenship/ProductSourcing/Issues/FactoryNamesAndLocations.aspx	100	10
5.4 Transparency of the labour standards auditing methodology -The auditing methodology is publicly available and follows generally accepted practices http://levistrauss.com/Citizenship/ProductSourcing/CodeApplication/FactoryAssessment.aspx	100	15
5.5 External verification of labour standard audits -Some external audits are conducted by Verité and 70 individual third-party monitors. -There is some reported evidence of input from local NGOs but it is unclear how systematic this involvement is. http://levistrauss.com/Citizenship/ProductSourcing/CodeApplication/FactoryAssessment.aspx http://www.verite.org/services/main.html	66.7	20
5.6 Reporting the results of audits of labour standards in the supply chain -Some case studies available but no ongoing presentation of audit results	0	20
5.7 Dealing with non-compliance -There is a publicly available policy for handling instances of non-compliance and it includes a staged approach to dealing with violations http://levistrauss.com/Citizenship/ProductSourcing/CodeApplication/PerformanceAndRemediation.aspx p. 4, TOE Guidebook: http://levistrauss.com/Downloads/TOEGuidebook2005.pdf	100	15
Section total score / section weighting		73.3 X 35%

Total Score **78** /100



Liz Claiborne Inc.

Banners: 28 apparel brands, including Liz Claiborne, Mexx, DKNY Jeans, Lucky Brand Jeans, Juicy Couture, Ellen Tracy
Type of company: Public, NYSE: LIZ

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -The Nomination and Governance Committee is responsible for "standards of engagement (human rights and factory screening and monitoring)" http://media.corporate-ir.net/media_files/irol/82/82611/governance/governance_committee_charter_031505.pdf	100	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor - mention in the annual report and accounts of labour standards issues as a risk factor p. 62, http://library.corporate-ir.net/library/82/826/82611/items/194530/Annual%20Report_full.pdf	66.7	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -Prioritized internal audits based on country risk and previous compliance record p. 72, 2006 FLA Annual Report	100	30

Section total score / section weighting **90** X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a list of Standards of Engagement -It is consistent with the ILO core conventions -It does not meet the hours of work standards -It does not include a living wage requirement	50	60
2.2 Publication and availability of the code for labour standards in the supply chain -It is published on their website http://www.lizclaiborneinc.com/rights/conduct.asp	100	20
2.3 Application of the code for supply chain labour standards -Standards apply to entire breadth of production "Suppliers must adhere to Liz Claiborne's Standards of Engagement" See above link	100	20

Section total score / section weighting **70** X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -Member of the Fair Labour Association (FLA) www.fairlabor.org	100	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -There are reports of examples of engagement with NGOs and/or trade unions in Guatemala, China and Hong Kong. It is unclear whether this engagement is taking place over time. p. 72, 2006 FLA Annual Report	25	30
3.3 Worker and third party complaints - workers and third parties have access to FLA third party complaints process - has internal confidential reporting channel p. 72, 2006 FLA Annual Report	66.7	40

Section total score / section weighting **64.2** X 20%

4. Management

4.1 Resource Commitment -VP of Human Rights Compliance is responsible for compliance activities -This person is two reporting levels from the board <i>p. 71, 2006 FLA Annual Report</i>	100	25
4.2 Training for Buying agents - No reported evidence	0	25
4.3 Training for factory management personnel and workers - No reported evidence of training for factory management personnel or factory workers	0	25
4.4 Rewards and Incentives -No reported evidence	0	25

Section total score / section weighting **25** X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -There are internal audits and FLA external audits. -Liz Claiborne's internal monitoring program was accredited by the FLA in 2005 <i>www.fairlabor.org</i>	100	15
5.2 Status of the audit schedule -An auditing work plan has been scheduled and is currently being implemented -Percentage of factories are audited by FLA <i>p. 71, 2006 FLA Annual Report</i>	100	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -The auditing methodology is publicly available and follows generally accepted practices -FLA audit methodology available through website -Methodology used by internal monitors is not. <i>www.fairlabor.org</i>	100	15
5.5 External verification of labour standard audits -FLA external verification includes input from NGOs and unions onsite but it is unclear how systematic this third party involvement is. -13 factories audited by FLA in 2005 <i>p. 71, 2006 FLA Annual Report</i>	66.7	20
5.6 Reporting the results of audits of labour standards in the supply chain -There is some disclosure and analysis of audit findings at the factory or supplier level <i>See FLA tracking charts</i>	60	20
5.7 Dealing with non-compliance -There is reported evidence of a policy for dealing with non-compliance -It is not very detailed and it is unclear whether there is a staged approach to dealing with violations	66.7	15

Section total score / section weighting **70.3** X 35%

Total Score **62** /100



Lululemon

Banners: Lululemon

Type of company: Private

Notes: Private companies have different internal organization from public companies. They are also not required to publish annual reports.

Notes on Findings	Company Score	Question weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -There is a board member with explicit responsibility for ethical issues in supply chain http://www.lululemon.com/about/legacies/manufacturing	66.7	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30
Section total score / section weighting	26.7	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a "Workplace Code of Conduct" -It covers the core ILO conventions but limits: Child labour: "No person shall be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows)..." -It does not meet the hours of work standard -It does not have a living wage requirement	25	60
2.2 Publication and availability of the code for labour standards in the supply chain -Workplace Code of Conduct is available on their website http://www.lululemon.com/about/lululemon_code_of_conduct.pdf	100	20
2.3 Application of the code for supply chain labour standards -Applies to entire supply chain http://www.lululemon.com/about/legacies/manufacturing	100	20
Section total score / section weighting	55	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -No reported evidence	0	30
3.3 Worker and third party complaints - No reported evidence	0	40
Section total score / section weighting	0	X 20%

4. Management

4.1 Resource Commitment -There is a Global Director of Production but it is not clear if s/he is responsible for labour standards in the supply chain. http://www.lululemon.com/about/legacies/manufacturing	0	30
4.2 Training for Buying agents -There is mention of training but insufficient information on the type, frequency and content. http://www.lululemon.com/about/legacies/manufacturing	0	25
4.3 Training for factory management personnel and workers -No reported evidence	0	25
4.4 Rewards and Incentives -No reported evidence	0	20
Section total score / section weighting		0 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -There is a commitment to auditing across the entire breadth of the supply chain	100	15
5.2 Status of the audit schedule -An auditing work plan is in place and is currently being implemented http://www.lululemon.com/about/legacies/manufacturing	100	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -No reported evidence	0	15
5.5 External verification of labour standard audits -No reported evidence	0	20
5.6 Reporting the results of audits of labour standards in the supply chain -No reported evidence	0	20
5.7 Dealing with non-compliance -No reported evidence	0	15
Section total score / section weighting		20 X 35%

Total Score **18** /100



Mark's Work Wearhouse

Banners: Mark's Work Wearhouse, L'Equipeur

Type of company: Public, TSX: CTR

Notes on Findings	Company Score	Question weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -There is a board "Social Responsibility and Risk Governance Committee" with responsibility for ethical issues in the supply chain. <i>p. 24, 2006 Annual Information Form (http://www.corporate-ir.net/media_files/tor/ctr.a.to/reports/033106AIF.pdf)</i>	100	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -There is mention of labour standards issues as a risk factor in the annual report <i>p. 77, 2005 annual report</i>	66.7	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30

Section total score / section weighting **60** X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a "Code of Vendor Conduct" -It does not cover the core ILO conventions: -It does not include freedom of association. -It does not meet the hours of work standards -It does not include a living wage requirement	25	60
2.2 Publication and availability of the code for labour standards in the supply chain -It is published on their website <i>2006 Supplier Code of Business Conduct, http://www2.canadiantire.ca/CTenglish/conduct_code.html</i>	100	20
2.3 Application of the code for supply chain labour standards -Code applies to entire breadth of production <i>p.3 2006 Supplier Code of Business Conduct (see link above)</i>	100	20

Section total score / section weighting **55** X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -No reported evidence	0	30
3.3 Worker and third party complaints - Has a complaints line but not clear that calls can be made in the workers spoken language <i>p.8 2006 Supplier Code of Business Conduct (see link above)</i>	0	40

Section total score / section weighting **0** X 20%

4. Management

4.1 Resource Commitment -There is a "Social Compliance Officer," but it is not clear how many reporting levels they are from the Board. <i>pg. 3, MWW Social Compliance Process Report, Sept. 2006</i> <i>(http://www2.marks.com/documents/SocialComplianceProcess.pdf)</i>	50	25
4.2 Training for Buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -No reported evidence	0	25
4.4 Rewards and Incentives -No reported evidence	0	25
Section total score / section weighting		12.5 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -Committed to auditing all sourcing facilities. <i>p.22, 2006 Annual Information Form</i>	100	15
5.2 Status of the audit schedule -An auditing workplan has been scheduled and is currently being implemented <i>p. 4, Social Compliance Process document, 2006.</i>	100	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -The auditing methodology is publicly available and follows generally accepted practices. <i>http://www2.marks.com/documents/MarksStandardCodeProvisions.pdf</i>	100	15
5.5 External verification of labour standard audits -Mention of third party auditors. -There is no reported evidence of input from NGOs or labour in the country of supply <i>Audit policy statements, http://www2.marks.com/csrpolicies.asp</i>	33.3	20
5.6 Reporting the results of audits of labour standards in the supply chain -Disclosure and quantitative analysis of aggregate findings <i>http://www2.marks.com/documents/SocialComplianceProcess.pdf</i>	40	20
5.7 Dealing with non-compliance -There is a publicly available policy for handling instances of non-compliance and it includes a staged approach to dealing with violations <i>p. 5-6, Social Compliance Process document, 2006.</i>	100	15
Section total score / section weighting		64.7 X 35%

Total Score **39** /100



Mountain Equipment Co-operative

Type of company: MEC is a Co-operative. It makes company information public to its members.

Notes:

Notes on Findings	Company Score	Question weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for labour standards issues in the supply chain -The Community Involvement Committee has explicit responsibility for ethical sourcing. <i>2005 Accountability Report, p.21</i> http://images.mec.ca/media/Images/pdf/MEC_Accountability_Report_v1_m56577569830608499.pdf	100	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -Mention of labour standards issues as a risk factor on the company website. http://www.mec.ca/Main/content_text.jsp?FOLDER%3C%3Efolder_id=2534374302883130&bmUID=1162848637198	33.3	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain - MEC's Supply Chain Country Risk Initiative rates factories based on audit results and country risks. http://www.mec.ca/Main/content_text.jsp?FOLDER%3C%3Efolder_id=2534374302883130&bmUID=1162848637198 -In addition, Fair Labour Association (FLA) conducts risk assessment to determine which factories will be subject to independent external monitoring <i>p.21-22, FLA Charter document</i> (http://www.fairlabor.org/all/about/FLAcharter.pdf)	100	30

Section total score / section weighting **80** X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a "Buying Policy" -It covers the core ILO conventions -It meets the hours of work standards -It does not include a living wage requirement	75	60
2.2 Publication and availability of the code for labour standards in the supply chain -It is published on their website http://www.mec.ca/Main/content_text.jsp?FOLDER%3C%3Efolder_id=770745&bmUID=1121142692240	100	20
2.3 Application of the code for supply chain labour standards -Code applies to entire breadth of production <i>p.3, 2005 Ethical Sourcing Report</i> http://images.mec.ca/media/Images/pdf/MEC_Ethical_Sourcing_Report_v1_m56577569830602543.pdf	100	20

Section total score / section weighting **85** X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -Member of the Fair Labour Association (FLA) <i>p. 18, 2005 Accountability Report</i>	100	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain - Ongoing stakeholder engagement is taking place in the home country <i>p. 2, 2005 Ethical Sourcing Report, p21 2005 Accountability Report</i>	50	30
3.3 Worker and third party complaints - workers and third parties have access to FLA third party complaints process. MEC has also instituted a channel for worker complaints. http://www.mec.ca/Main/content_text.jsp?FOLDER%3C%3Efolder_id=2534374302883130&bmUID=1162852459537	66.7	40

Section total score / section weighting **71.7** X 20%

4. Management

4.1 Resource Commitment -There is an Ethical Sourcing Manager, reporting directly to the CEO <i>p. 18, 2005 Accountability Report</i>	100	25
4.2 Training for Buying agents -There is training for any MEC staff in regular contact with factories, including buyers, designers, production associates, and quality assurance technicians. http://www.mec.ca/Main/content_text.jsp?FOLDER%3C%3Efolder_id=2534374302883130&bmUID=1162848637198	100	25
4.3 Training for factory management personnel and workers -No reported evidence	0	25
4.4 Rewards and Incentives -Have developed an Ethical Sourcing Scorecard which is integrated into supplier review process. "It will factor the competing demands we put on a factory". <i>p.7, 2005 Ethical Sourcing Report</i>	50	25

Section total score / section weighting **62.5** X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -There are internal audits and FLA audits. Commitment to begin auditing non-private label brands in 2008. <i>p. 17, 2005 Accountability Report</i>	100	15
5.2 Status of the audit schedule -An auditing work plan has been scheduled and is currently being implemented -Every factory is audited at least once every two years. FLA also conducts independent audits. <i>p. 17, 2005 Accountability Report</i>	100	5
5.3 Public disclosure of manufacturing sites -Commitment to disclose factory locations in 2008. <i>p. 21, 2005 Accountability Report</i>	0	10
5.4 Transparency of the labour standards auditing methodology -The auditing methodology is publicly available and follows generally accepted practices <i>p. 18, 2005 Accountability Report</i> -FLA audit methodology available through website (www.fairlabor.org) www.fairlabor.org	100	15
5.5 External verification of labour standard audits -FLA external verification includes input from NGOs and unions onsite but it is unclear how systematic this third party involvement is www.fairlabor.org	66.7	20
5.6 Reporting the results of audits of labour standards in the supply chain -There is some disclosure and analysis of audit findings at the factory or supplier level -FLA tracking charts not yet available but audits have been completed and will be made available. <i>p.5-6, 2005 Ethical Sourcing Report, www.fairlabor.org</i>	60	20
5.7 Dealing with non-compliance -There is a publicly available policy for handling instances of non-compliance and it includes a staged approach to dealing with violations <i>p.7, 2005 Ethical Sourcing Report</i>	100	15

Section total score / section weighting **75.3** X 35%

Total Score **74** /100



NIKE Inc.

Banners: Information below only applies to the NIKE and Jordan brands managed by NIKE Inc.
Type of company: Public, NYSE: NKE

Notes on Findings	Company Score	Question weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for labour standards issues in the supply chain -There is a board "Corporate Social Responsibility" committee responsible for labour issues, among other things <i>p. 6, 2004 CSR report</i>	100	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -Fair Labour Association (FLA) conducts risk assessment to determine which factories will be subject to independent external monitoring. Nike also conducts an internal risk analysis of labour standards compliance in its supply chain to determine which factories receive Nike's more extensive "M-audits" (as opposed to less intensive but more frequent SHAPE audits) <i>p.21-22, FLA Charter document http://www.fairlabor.org/all/about/FLAcharter.pdf; p. 22, FY04 CR Report</i>	100	30
Section total score / section weighting		70 X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a "Code of Vendor Conduct" -It covers the core ILO conventions but limits the company's commitment to: -Freedom of association: "Nike partners with contractors who share out <i>commitment to best practices and continuous improvement</i> in management practices that respect the rights of all employees, including the right to free association and collective bargaining." -It does not meet the hours of work standards -It does not include a living wage requirement	25	60
2.2 Publication and availability of the code for labour standards in the supply chain -It is published on their website <i>http://www.nike.com/nikebiz/nikebiz.jhtml?page=25&cat=code</i>	100	20
2.3 Application of the code for supply chain labour standards -Code applies only to Nike and Jordan brands <i>p.16, 2004 CSR report</i>	50	20
Section total score / section weighting		45 X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -Member of the Fair Labour Association (FLA) <i>p. 32, 2004 CSR report</i>	100	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -CR report mentions examples of Nike's engagement with local NGOs and other stakeholders in importing countries and, to a lesser extent, in countries of manufacture. However, there is no reported evidence of onsite engagement over time.	50	30
3.3 Worker and third party complaints - workers and third parties have access to FLA third party complaints process	66.7	40
Section total score / section weighting		71.7 X 20%

4. Management

4.1 Resource Commitment -There is a "Director of Global Apparel Operations and Corporate Responsibility" -This person is a member of the CR Business Leadership team that reports to the CR board Committee. <i>p.7, 2004 CSR report</i>	100	25
4.2 Training for Buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -The Nike compliance team provides generalized training or makes it available through outside resources, to raise factory team competencies and capacities to self-manage labour, environment, safety and health -16,950 factory workers and management received training in 2004 -No indication that this is scheduled or ongoing practice <i>p. 19 and 30, 2004 CSR report</i>	66.7	25
4.4 Rewards and Incentives -Use a "balanced scorecard" wherein compliance issues are considered alongside with cost, delivery and quality when choices are made about sourcing. <i>FY04 report, pps 10-14</i>	50	25
Section total score / section weighting		54.2 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -"all factories with which Nike places orders directly should receive an initial SHAPE assessment and third party labour audit at minimum" -Being a member of the FLA also commits NIKE to having a percentage of factories audited by the FLA <i>p.18 CSR report</i>	100	15
5.2 Status of the audit schedule -An auditing work plan has been scheduled and is currently being implemented -Factory Compliance Cycle -FLA schedule <i>p. 17 CSR report, www.fairlabor.org</i>	100	5
5.3 Public disclosure of manufacturing sites -Disclosure of factory level manufacturing facilities for NIKE brand products, but not for all brands owned by company - http://www.nike.com/nikebiz/nikebiz.jhtml?page=25&cat=activefactories	66.7	10
5.4 Transparency of the labour standards auditing methodology -The auditing methodology is publicly available and follows generally accepted practices -Internal audit methodology is available in CSR report -FLA audit methodology available through website <i>p.35, 2004 CSR report, www.fairlabor.org</i>	100	15
5.5 External verification of labour standard audits -FLA external verification includes input from NGOs and unions onsite but it is unclear how systematic this third party involvement is <i>p.22,2004 CSR report, www.fairlabor.org</i>	66.7	20
5.6 Reporting the results of audits of labour standards in the supply chain -There is some disclosure and analysis of audit findings at the factory or supplier level -FLA tracking charts -Mostly aggregate audit findings <i>p. 36, 2004 CSR report, www.fairlabor.org</i>	60	20
5.7 Dealing with non-compliance -There is a publicly available policy for handling instances of non-compliance and it includes a staged approach to dealing with violations <i>p.17, 2004 CSR report</i>	100	15
Section total score / section weighting		82 X 35%

Total Score **68** /100



Northern Group Retail Ltd.

Banners: Northern Reflections and Northern Getaway

Type of company: Private

Notes: Private companies have different internal organization from public companies. They are also not required to publish annual reports.

Notes on Findings	Company Score	Question weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30
Section total score / section weighting	0	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a list of "Global Sourcing Guidelines" -It does not meet the core ILO conventions with respect to child labour, -"Workers may not be younger than 15 years of age (or 14 where local law permits)" -It covers the core ILO conventions but limits its commitment to more than one convention: -Freedom of association: "the right to choose to affiliate with <i>legally sanctioned</i> organizations or associations" -It does not meet hours of work standards -It does not have a living wage requirement	0	60
2.2 Publication and availability of the code for labour standards in the supply chain -Global Sourcing Guidelines are available on their website http://northernreflections.com/vr4-web-site/aboutGlobalSourcing.jsp.vr	100	20
2.3 Application of the code for supply chain labour standards -Applies to entire supply chain -"Each of the Company's suppliers agrees that, by accepting orders from the Company or any of its subsidiaries, it will abide by and implement the terms of these Global Sourcing Guidelines" http://northernreflections.com/vr4-web-site/aboutGlobalSourcing.jsp.vr	100	20
Section total score / section weighting	40	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -No reported evidence	0	30
3.3 Worker and third party complaints - No reported evidence	0	40
Section total score / section weighting	0	X 20%

4. Management

4.1 Resource Commitment -No reported evidence	0	25
4.2 Training for Buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -No reported evidence	0	25
4.4 Rewards and Incentives -No reported evidence	0	25
Section total score / section weighting		0 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -No reported evidence	0	15
5.2 Status of the audit schedule -No reported evidence	0	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -No reported evidence	0	15
5.5 External verification of labour standard audits -No reported evidence	0	20
5.6 Reporting the results of audits of labour standards in the supply chain -No reported evidence	0	20
5.7 Dealing with non-compliance -No reported evidence	0	15
Section total score / section weighting		0 X 35%

Total Score 6 /100



Polo Ralph Lauren Corporation

Banners: Club Monaco, Caban, Polo, Polo by Ralph Lauren, Polo Sport, Ralph Lauren, Blue Label, Ralph Lauren's Purple Label, Lauren, Polo Jeans Co., RL, Chaps, RALPH, Black Label
Type of company: Public, NYSE:RL

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -There is evidence of a systematic analysis of labour standards as a risk factor	100	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30
Section total score / section weighting	30	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is no reported evidence of a Code of Vendor Conduct	0	60
2.2 Publication and availability of the code for labour standards in the supply chain -Nothing publicly available related to a Code of Conduct	0	20
2.3 Application of the code for supply chain labour standards -No reported evidence of a code	0	20
Section total score / section weighting	0	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -Participated in joint open letters regarding labour and human rights issues in Mexico and Philippines http://www.maquilasolidarity.org/alerts/Letter%20to%20Governor%20Marin%20Torres%20Mar%202020%2006.pdf	25	30
3.3 Worker and third party complaints - No reported evidence	0	40
Section total score / section weighting	7.5	X 20%

4. Management

4.1 Resource Commitment -No reported evidence	0	25
4.2 Training for Buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -No reported evidence	0	25
4.4 Rewards and Incentives -No reported evidence	0	25
Section total score / section weighting		0 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -No reported evidence	0	15
5.2 Status of the audit schedule -No reported evidence	0	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -No reported evidence	0	15
5.5 External verification of labour standard audits -No reported evidence	0	20
5.6 Reporting the results of audits of labour standards in the supply chain -No reported evidence	0	20
5.7 Dealing with non-compliance -No reported evidence	0	15
Section total score / section weighting		0 X 35%

Total Score **5** /100



Reebok

Type of company: Reebok is now part of the adidas Group of companies. The information in this report card relates to its 2005 reporting.

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -A risk analysis of labour issues in the supply chain is conducted. <i>p. 19, 2005 Reebok Human Rights Report</i> http://www.reebok.com/Static/global/initiatives/rights/pdf/Reebok_HRReport2005.pdf	100	30
Section total score / section weighting		30 X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There are "Human Rights Production Standards" which cover the core ILO conventions. - does not meet the hours of work standard (specifies 60 hours per week rather than 48 regular hours plus 12 hours overtime) - does not have a living wage standard	50	60
2.2 Publication and availability of the code for labour standards in the supply chain -Available on company website http://www.reebok.com/Static/global/initiatives/rights/business/standards.html	100	20
2.3 Application of the code for supply chain labour standards -Standards apply to entire breadth of production http://www.reebok.com/Static/global/initiatives/rights/business/standards.html	100	20
Section total score / section weighting		70 X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -Member of FLA	100	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -There is evidence of engagement over time including in the country of supply <i>p. 22, 46-28, 53, 2005 Reebok Human Rights Report</i>	75	30
3.3 Worker and third party complaints - Workers and third parties have access to FLA complaints process. Local Reebok staff contact information is posted on factory walls. http://www.reebok.com/Static/global/initiatives/rights/business/standards.html - Reebok also reports that it refers complaints to local worker representatives to deal with management directly. (http://www.reebok.com/Static/global/initiatives/rights/business/worker_empower.html)	66.7	40
Section total score / section weighting		79.2 X 20%

4. Management

4.1 Resource commitment -VP of Human Rights Program reports to the CEO and Chairman of the Board <i>p. 85, 2006 FLA Annual Report</i>	100	25
4.2 Training for buying agents -"provide[s] human rights training for our sourcing and production teams, as well as external partners including agents and factory managers." <i>(http://www.reebok.com/Static/global/initiatives/rights/business/bcfret.html)</i>	100	25
4.3 Training for factory management personnel and workers -Requires factories to institute worker training programs on Reebok's standards and audits results. Various worker and management training programs reported consistently over a number of years, and factory management training stated as a key requirement of the Reebok labour standards compliance program. <i>FLA 2004 Report (http://www.fairlabor.org/2004report/companies/participating/complianceProgram_reeb.html)</i> <i>p. 86, 2006 FLA Annual Report; p.33 2005 Reebok Human Rights Report;</i> <i>http://www.reebok.com/Static/global/initiatives/rights/business/essay_fa.html</i>	100	25
4.4 Rewards and incentives -labour standards compliance is an explicit positive factor in decisions about where to place orders. <i>p. 10-14, 2005 Reebok Human Rights Report</i>	50	25

Section total score / section weighting **87.5** X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -commitment to auditing across the entire breadth of the supply chain. <i>p. 11,21, 2005 Reebok Human Rights Report</i>	100	15
5.2 Status of the audit schedule -an auditing work plan has been scheduled and is currently being implemented <i>p.32, 2005 Reebok Human Rights Report</i>	100	5
5.3 Public disclosure of manufacturing sites -Has disclosed the names and addresses of all manufacturing sites <i>www.reebok.com/static/global/initiatives/rights/pdf/reebok_hr_factorylists.pdf</i>	100	10
5.4 Transparency of the labour standards auditing methodology -The auditing methodology is publicly available and follows generally accepted practices <i>http://www.reebok.com/Static/global/initiatives/rights/business/factory_am.html</i>	100	15
5.5 External verification of labour standard audits -FLA external verification includes input from NGOs and unions onsite but it is unclear how systematic this third party involvement is <i>www.fairlabor.org</i>	66.7	5
5.6 Reporting the results of audits of labour standards in the supply chain -There is some disclosure and analysis of audit findings at the factory or supplier level. <i>http://www.fairlabor.org/all/transparency/reports.html</i> There is some reporting to workers but not audit results: "In 2003, we began to refer issues reported by workers to appointed workers' representatives and encouraged them to resolve issues directly with factory management. In these factories, management agreed to post the reported concerns and actions taken to address them on a notice board." <i>http://www.reebok.com/Static/global/initiatives/rights/business/worker_empower.html</i>	60	20
5.7 Dealing with non-compliance -There is a publicly available policy for handling instances of non-compliance and it includes a staged approach to dealing with violations. <i>p.23, 2005 Reebok Human Rights Report</i>	100	15

Section total score / section weighting **85.3** X 35%

Total Score **77** /100



Reitmans Canada Ltd.

Banners: Reitmans, Smart-Set/Dalys, RW&Co, Pennington Superstores, Thyme Maternity, Addition-Elle
Type of company: Public, TSX: RET-T

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30
Section total score / section weighting	0	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a Code of Conduct but it qualifies commitments to more than one ILO convention (p. 9-10, http://www.sedar.com/DisplayCompanyDocuments.do?lang=EN&issuerNo=00002316)	0	60
2.2 Publication and availability of the code for labour standards in the supply chain - Code of Conduct is available on SEDAR website but not company websites.	100	20
2.3 Application of the code for supply chain labour standards -Code applies to entire supply chain	100	20
Section total score / section weighting	40	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -No reported evidence	0	30
3.3 Worker and third party complaints - No reported evidence	0	40
Section total score / section weighting	0	X 20%

4. Management

4.1 Resource Commitment -No reported evidence	0	25
4.2 Training for Buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -No reported evidence	0	25
4.4 Rewards and Incentives -No reported evidence	0	25

Section total score / section weighting 0 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -No reported evidence	0	15
5.2 Status of the audit schedule -No reported evidence	0	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -No reported evidence	0	15
5.5 External verification of labour standard audits -No reported evidence	0	20
5.6 Reporting the results of audits of labour standards in the supply chain -No reported evidence	0	20
5.7 Dealing with non-compliance -No reported evidence	0	15

Section total score / section weighting 0 X 35%

Total Score 6 /100



Roots Canada Ltd.

Type of company: Private

Notes: Private companies have different internal organization from public companies. They are also not required to publish annual reports.

Notes on Findings	Company Score	Question weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30
Section total score / section weighting	0	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a "Workplace Code of Conduct" -It covers the core ILO conventions -It does not include a living wage requirement -It does not meet the hours of work standards (allows exceptions for "extraordinary circumstances" without defining them.	50	60
2.2 Publication and availability of the code for labour standards in the supply chain -Workplace Code of Conduct is available on their website: <i>Workplace Code of Conduct (http://www.roots.com/new_canada/html/about_us/RootsCodeofConduct.pdf)</i>	100	20
2.3 Application of the code for supply chain labour standards -Applies to entire supply chain -"Roots has developed this Workplace Code of Conduct ("Code"), which sets forth the basic minimum requirements that all suppliers must meet in order to do business with Roots." <i>Workplace Code of Conduct</i>	100	20
Section total score / section weighting	70	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -Mention of engagement with MSN and OXFAM but it is not clear if engagement is over time. -No mention of engagement with NGOs onsite. <i>http://www.roots.com/new_canada/html/pr_open_letter.shtml</i>	25	30
3.3 Worker and third party complaints - No reported evidence	0	40
Section total score / section weighting	7.5	X 20%

4. Management

4.1 Resource Commitment -No reported evidence	0	25
4.2 Training for Buying agents -There is mention of training for production and sourcing staff "to ensure that our own employees understand and comply with Roots standards and guidelines" -There is no indication, however, of whether this is ongoing and scheduled or carried out on an ad-hoc basis http://www.roots.com/new_canada/html/pr_open_letter.shtml	50	25
4.3 Training for factory management personnel and workers -No reported evidence	0	25
4.4 Rewards and Incentives -No reported evidence	0	25
Section total score / section weighting		12.5 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -Mention of conducting audits of supply chain through third party http://www.roots.com/new_canada/html/pr_open_letter.shtml	100	15
5.2 Status of the audit schedule -No reported evidence	0	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -The auditing methodology is not publicly available	0	15
5.5 External verification of labour standard audits -CSCC conducts third party audits -There is no reported evidence of input from NGOs or labour in the country of supply http://www.roots.com/new_canada/html/about_us_social_resp.shtml	33.3	20
5.6 Reporting the results of audits of labour standards in the supply chain -No reported evidence	0	20
5.7 Dealing with non-compliance -There is a publicly available policy for handling instances of non-compliance and it includes a staged approach to dealing with violations <i>An Open letter About Roots 2005</i>	100	15
Section total score / section weighting		36.7 X 35%

Total Score **27** /100



Sears Canada Inc.

Type of company: Public, TSX: SCC

Notes: The majority shareholder of Sears Canada is Sears Roebuck & Co., its U.S. counterpart.

Notes on Findings	Company Score	Question weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for labour standards issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for labour standards issues in supply chain 2004	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30

Section total score / section weighting **0** X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a buying policy -It covers the core ILO conventions but limits the company's commitment to freedom of association: "Vendors are required to respect the rights of workers to establish and join a <i>legal</i> organization of their own choosing" -It does not meet the hours of work standards -It does not include a living wage requirement	25	60
2.2 Publication and availability of the code for labour standards in the supply chain -It is published on their website https://images-na.ssl-images-amazon.com/images/G/01/00/10/00/18/83/53/100018835349.pdf?searsBrand=core	100	20
2.3 Application of the code for supply chain labour standards -Code applies to entire breadth of production. <i>See above link</i>	100	20

Section total score / section weighting **55** X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence	0	50
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -No reported evidence	0	50

Section total score / section weighting **0** X 20%

4. Management

4.1 Resource Commitment -No reported evidence	0	30
4.2 Training for Buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -No reported evidence	0	25
4.4 Rewards and Incentives -No reported evidence	0	20

Section total score / section weighting 0 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -No reported evidence	0	15
5.2 Status of the audit schedule -No reported evidence	0	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -No reported evidence	0	15
5.5 External verification of labour standard audits -No reported evidence	0	20
5.6 Reporting the results of audits of labour standards in the supply chain -No reported evidence	0	20
5.7 Dealing with non-compliance -No reported evidence	0	15

Section total score / section weighting 0 X 35%

Total Score 8 /100



Tristan and America

Banners: America, L'Officiel, Tristan & America, Tristan & America Outlets, Tristan & Iseut, West Coast

Type of company: Private

Notes: Private companies have different internal organization from public companies. They are also not required to publish annual reports.

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30
Section total score / section weighting	0	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is no reported evidence of a Code of Vendor Conduct	0	60
2.2 Publication and availability of the code for labour standards in the supply chain -Nothing publicly available related to a Code of Conduct	0	20
2.3 Application of the code for supply chain labour standards -No reported evidence of a code	0	20
Section total score / section weighting	0	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -No reported evidence	0	30
3.3 Worker and third party complaints - No reported evidence	0	40
Section total score / section weighting	0	X 20%

4. Management

4.1 Resource Commitment -No reported evidence	0	25
4.2 Training for Buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -No reported evidence	0	25
4.4 Rewards and Incentives -No reported evidence	0	25

Section total score / section weighting **0** X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -No reported evidence	0	15
5.2 Status of the audit schedule -No reported evidence	0	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -No reported evidence	0	15
5.5 External verification of labour standard audits -No reported evidence	0	20
5.6 Reporting the results of audits of labour standards in the supply chain -No reported evidence	0	20
5.7 Dealing with non-compliance -No reported evidence	0	15

Section total score / section weighting **0** X 35%

Total Score **0** /100



Wal-Mart Stores Inc.

Type of company: Public, NYSE: WMT

Notes on Findings	Company Score	Question weighting (%)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -There is mention of labour standards issues as a risk factor in the annual report -"Risks associated with the vendors from whom our products are sourced could adversely affect our financial performance" <i>p. 15, March 2006 10-K report</i>	66.7	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30
Section total score / section weighting		20 X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a list of "Supplier Standards" -It does not meet the core ILO conventions with respect to child labour, - Minimum age set at 14. -It also limits the company's commitment to: -Freedom of association: "...so long as such groups are legal in their own country." -Discrimination: Favours suppliers "who do not discriminate..." -It does not meet the hours of work standards -It does not include a living wage requirement	0	60
2.2 Publication and availability of the code for labour standards in the supply chain -It is publicly available and included in their Report on Standards for Suppliers <i>p.28-29, 2005 Report on Ethical Sourcing (http://walmartstores.com/Files/05_ethical_source.pdf)</i>	100	20
2.3 Application of the code for supply chain labour standards -Supplier Standards apply to entire supply chain <i>p.28, 2005 Report on Ethical Sourcing (http://walmartstores.com/Files/05_ethical_source.pdf)</i>	100	20
Section total score / section weighting		40 X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence of membership in a multi-stakeholder initiative that includes representation from both NGOs and labour.	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -Mention of engagement with NGOs but it is unclear from public reporting whether this is ongoing or ad-hoc. No mention of in-country engagement with NGOs or trade unions. <i>p.20, 2005 Report on Ethical Sourcing</i>	25	30
3.3 Worker and third party complaints - has a Global Ethics Helpline with 38 local numbers worldwide with local language support. <i>p. 22, 2005 Report on Ethical Sourcing</i>	33.3	40
Section total score / section weighting		20.8 X 20%

4. Management

4.1 Resource Commitment -There is a President of Global Procurement who is responsible for Wal-Mart's Ethical Standards Program and reports to the CEO <i>p. 1 and 6, 2005 Report on Ethical Sourcing</i>	100	25
4.2 Training for Buying agents -There is no mention of training for buyers in 2005.	0	25
4.3 Training for factory management personnel and workers -In 2005, Wal-Mart associates trained 11,000 suppliers and factory managers. There is mention of regular training sessions for both suppliers and factory management to increase their familiarity with the requirements... -There is no evidence of training for factory workers <i>p. 8, 2005 Report on Ethical Sourcing</i>	33.3	25
4.4 Rewards and Incentives - decreases auditing for factories that achieve higher ratings in earlier assessments, but no reports of positive incentives or incorporation of labour rights performance as an explicit positive factor in sourcing decisions.	0	25
Section total score / section weighting		33.3 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -There is a commitment to conduct audits across the entire breadth of the supply chain <i>p.4, 2005 Report on Ethical Sourcing</i>	100	15
5.2 Status of the audit schedule -An auditing work plan has been scheduled and is currently being implemented <i>p.10, 2005 Report on Ethical Sourcing</i>	100	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -The auditing methodology is publicly available and follows generally accepted practices <i>p.17, 2005 Report on Ethical Sourcing</i>	100	15
5.5 External verification of labour standard audits - Third party audits carried out by: Accordia, Bureau Veritas, Cal Safety Compliance Corporation, Global Social Compliance, Intertek Testing Services and Société Générale de Surveillance. - No evidence of input by NGO's or trade unions in county of supply <i>p.11, 2005 Report on Ethical Sourcing</i>	33.3	20
5.6 Reporting the results of audits of labour standards in the supply chain -There disclosure and analysis of aggregate audit findings -There is no reported disclosure or analysis of audit findings at the factory level <i>p. 12-16, 2005 Report on Ethical Sourcing</i>	40	20
5.7 Dealing with non-compliance -There is reference to handling non-compliance with the code. -However, there is a zero tolerance policy on "serious violations related to child labour, forced and prison labour, ... discrimination, human rights abuses..." Since the above list includes 3 core labour rights, we concluded that Wal-Mart does not have a staged approach to dealing with non-compliance. <i>p. 10-11, 2005 Report on Ethical Sourcing</i>	66.7	15
Section total score / section weighting		59.7 X 35%

Total Score **40** /100



Winners (TJX)

Banners: Winners, Homesense, TJ Maxx, Marshalls, Home Goods, AJ Wright, Bob's Stores, TK Maxx

Type of company: Public, NYSE: TJX

Notes: Winners is a subsidiary of TJX companies.

Notes on Findings	Company Score	Question weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for labour standards issues in the supply chain <i>-No reported evidence of formal board sub-committee or board member with explicit responsibility for labour standards issues in supply chain</i>	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor <i>-No mention of labour standards issues as a risk factor</i>	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain <i>-there is reported evidence of ongoing risk analysis of labour standards issues in the company's supply chain</i> http://www.tjx.com/corprespons/vendorcomp.html	100	30
Section total score / section weighting		30 X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain <i>-There is a Vendor Code of Conduct</i> <i>-It does not meet the core ILO conventions with respect to child labour:</i> <i>-Defines child as "anyone below 14 years of age"</i> <i>-It limits the company's commitment to:</i> <i>-Freedom of association: "Our vendors must respect the rights of their workers to choose (or choose not) to freely associate and to bargain collectively where such rights are recognized by law."</i> <i>-It does not include a living wage requirement</i> <i>-It does not meet the hours of work standards</i>	0	60
2.2 Publication and availability of the code for labour standards in the supply chain <i>-It is published on their website</i> http://www.tjx.com/corprespons/vendorcomp_code.html	100	20
2.3 Application of the code for supply chain labour standards <i>-Code applies to entire breadth of production</i> <i>see above link</i>	100	20
Section total score / section weighting		40 X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes <i>-No reported evidence</i>	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain <i>-No reported evidence</i>	0	30
3.3 Worker and third party complaints <i>- no reported evidence</i>	0	40
Section total score / section weighting		0 X 20%

4. Management

4.1 Resource Commitment -There is mention of a Global Social Compliance manager who is responsible for overseeing ethical sourcing program -This person is more than two reporting levels from the board (reports to VP, who is 2 levels from the board) http://www.tjx.com/corprespons/vendorcomp.html	50	25
4.2 Training for Buying agents -There is mention of buying agent training and a commitment to ongoing training. <i>see above link</i>	100	25
4.3 Training for factory management personnel and workers -There is evidence of training for factory management personnel on an ongoing basis, but no mention of training of factory workers. <i>see above link</i>	33.3	25
4.4 Rewards and Incentives -No reported evidence	0	25
Section total score / section weighting		45.8 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -There is an internal auditing program that applies to all factories in supply chain http://www.tjx.com/corprespons/vendorcomp.html ,	100	15
5.2 Status of the audit schedule -No reported evidence	0	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -The auditing methodology is publicly available and follows generally accepted practices http://www.tjx.com/corprespons/vendorcomp.html	100	15
5.5 External verification of labour standard audits -CSCC and Intertek conduct third party audits -There is no reported evidence of input from NGOs or labour in country of supply http://www.tjx.com/corprespons/vendorcomp.html ,	33.3	20
5.6 Reporting the results of audits of labour standards in the supply chain -No reported evidence	0	20
5.7 Dealing with non-compliance -There is a publicly available policy for handling instances of non-compliance and it includes a staged approach to dealing with violations <i>See above link</i>	100	15
Section total score / section weighting		51.7 X 35%

Total Score **36** /100



YM Inc.

Banners: Suzy Shier, Stitches, Urban Planet, Siblings, Raw Edge, Stitches Wearhouse outlet.

Type of company: Private

Notes: Private companies have different internal organization from public companies. They are also not required to publish annual reports.

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -No mention of labour standards issues as a risk factor	0	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30
Section total score / section weighting	0	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is no reported evidence of a Code of Vendor Conduct	0	60
2.2 Publication and availability of the code for labour standards in the supply chain -Nothing publicly available related to a Code of Conduct	0	20
2.3 Application of the code for supply chain labour standards -No reported evidence of a code	0	20
Section total score / section weighting	0	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -No reported evidence	0	30
3.3 Worker and third party complaints - No reported evidence	0	40
Section total score / section weighting	0	X 20%

4. Management

4.1 Resource Commitment -No reported evidence	0	25
4.2 Training for Buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -No reported evidence	0	25
4.4 Rewards and Incentives -No reported evidence	0	25
Section total score / section weighting		0 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -No reported evidence	0	15
5.2 Status of the audit schedule -No reported evidence	0	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -No reported evidence	0	15
5.5 External verification of labour standard audits -No reported evidence	0	20
5.6 Reporting the results of audits of labour standards in the supply chain -No reported evidence	0	20
5.7 Dealing with non-compliance -No reported evidence	0	15
Section total score / section weighting		0 X 35%

Total Score 0 /100



Zara (Inditex)

Corporate banners: Zara, Pull and Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home, Kiddy's Class
Type of company: Public, ITX: IBEX

Notes on Findings	Company Score	Question Weighting (% of section)
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1. Governance and Risk Management

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -There is mention of labour standards issues as a risk factor in the annual reports.	66.7	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -There is evidence of a risk analysis of labour standards issues in the company's supply chain <i>p. 52-53, Social and Environmental Performance Report 2005.</i> http://www.inditex.com/en/downloads/Annual%20Report%20INDITEX%2005_Book%203.pdf	100	30
Section total score / section weighting		50 X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -There is a "Code of Conduct for External Manufacturers and Workshops" - The code is consistent with core ILO conventions - There is no living wage provision - There is no hours of work provision.	50	60
2.2 Publication and availability of the code for labour standards in the supply chain -Code is publicly available on the company website http://www.inditex.com/en/corporate_responsibility/social_dimension/code_conduct	100	20
2.3 Application of the code for supply chain labour standards -The standards apply to entire breadth of production. <i>p. 46, Social and Environmental Performance Report 2005</i>	100	20
Section total score / section weighting		70 X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -Members of ETI <i>p. 54, Social and Environmental Performance Report 2005</i>	100	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -company reports involvement with MFA Forum and is involved in in-country engagement in Bangladesh, Lesotho and Morocco. <i>p. 46, Social and Environmental Performance Report 2005; http://www.mfa-forum.net/</i>	75	30
3.3 Worker and third party complaints - workers and third parties have access to Ethical Trading Initiative third party complaints process.	66.7	40
Section total score / section weighting		79.2 X 20%

4. Management

4.1 Resource commitment -No reported evidence	0	25
4.2 Training for buying agents -No reported evidence	0	25
4.3 Training for factory management personnel and workers -Some training for factory management. <i>p. 49, Social and Environmental Performance Report 2005</i>	33.3	25
4.4 Rewards and incentives -No reported evidence	0	25
Section total score / section weighting		8.3 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -There is a commitment to auditing across the entire supply chain <i>p. 46, Social and Environmental Performance Report 2005</i>	100	15
5.2 Status of the audit schedule -An auditing work plan has been scheduled and is currently being implemented <i>p. 48, Social and Environmental Performance Report 2005</i>	100	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -No reported evidence	0	15
5.5 External verification of labour standard audits -There is third party involvement but no reported evidence of input from local NGOs. <i>p. 46, Social and Environmental Performance Report 2005</i>	33.3	5
5.6 Reporting the results of audits of labour standards in the supply chain -There is broad commentary on aggregate audit findings. <i>p. 50-51, Social and Environmental Performance Report 2005</i>	40	20
5.7 Dealing with non-compliance -There is a publicly available policy for handling instances of non-compliance but it does not include a staged approach to dealing with violations. <i>p. 47,49, Social and Environmental Performance Report 2005</i>	66.7	15
Section total score / section weighting		44.7 X 35%

Total Score **49** /100

APPENDIX A

Methodology

Thirty major apparel retailers and brand merchandisers were selected for inclusion in this year's Report Card, based on their relative market share by annual sales of apparel, and on their prominence in the Canadian market. We decided to include both retailers and brand merchandisers in our study because they face very similar labour rights issues in their supply chains where their private label and branded apparel products are made.²²

Our researchers gathered all available public documents for each company, including annual reports, SEDAR²³ filings, US Securities and Exchange Commission (SEC)²⁴ filings, corporate social responsibility reports, news releases, and web pages.

We then sifted through the data for each company looking for reporting in a set of 20 different categories. Once we had established a score for each company in each category, we sent each company an individual Report Card identifying the categories and indicators upon which companies were being evaluated, the weighting for each, the individual scores for the company in each category, and the company's overall

score. We also clearly identified the source material we used to arrive at each score and the elements that made it impossible to increase the score based on the available materials.

In October 2006, we invited each company to respond to our initial findings by supplying us with any additional public material which addressed the indicators being assessed, and to identify any other points we may have missed or misinterpreted. Eighteen companies responded by either publishing new materials or drawing our attention to other existing publications. We subsequently altered the final ratings in 22 instances.²⁵ One company, La Senza, was taken over by the US-based The Limited Brands shortly after we completed the ratings; therefore these ratings apply only to La Senza's prior public reporting and not to The Limited Brands.

Twenty categories were used in this year's research. Below, we discuss the changes in categories from last year.

See Part II of this report for a full description of each indicator and the weighting used for each category within each section. For further information on the indicators and categories used in last year's report, see www.maquilasolidarity.org/campaigns/reportcard/pdf/Report%20Card%20Methodology.pdf.

²² We also decided to exclude from our study retailer/manufacturers like American Apparel that have all their apparel products manufactured in their wholly owned factory, and therefore have not adopted policies and procedures to address supply chain labour rights issues. Gildan Activewear was also excluded from the study because it is solely a manufacturer.

²³ SEDAR (the System for Electronic Document Analysis and Retrieval) is the system used for electronically filing the disclosure documents of public companies and investment funds across Canada. Filing with SEDAR started January 1, 1997, and is now mandatory for most reporting issuers in Canada. The SEDAR system includes most of the documents which are legally required to be filed with the Canadian Securities Administrators and many documents which may be filed with the Canadian exchanges (market centres).

²⁴ The Securities and Exchange Commission is a US federal agency organized to regulate the securities industry and administrate the various federal securities laws. All companies, including Canadian companies, operating in the United States are required to file registration statements, periodic reports, and other forms electronically through EDGAR, the SEC filing database. Anyone can access and download this information for free.

²⁵ Materials provided by November 6, 2006 are included in our company assessments.

Revealing Clothing

Changes to indicators

This year's report amends three categories and adds one new category.

Category 2.3, which measures the breadth of application of a company's code of conduct, previously assessed whether the code applied to the company's own procurement – for example, for staff uniforms or other work items. We have narrowed this category to assess only whether the code applies to all or only part of a company's supply chain, as our study is focused only on production supply chain issues rather than a company's retail operations.

Category 3.2, which measures a company's engagement with outside stakeholders, now measures whether companies have formalized this relationship by signing a framework agreement with a Global Union.

Category 3.3 is new. It measures whether there are formal means by which workers and third parties can communicate with the retailer on problems in its supply chain. Because ETAG views worker participation in labour standards compliance as the key to sustainable solutions, we believe companies need to provide formal mechanisms for complaints, independent investigations, and corrective action.

The importance of worker involvement is further emphasized by assigning 40% of the score for section 3 to the company's rating in category 3.3. The remaining 60% of the section score is divided between 3.1 and 3.2.

Category 4.4 previously measured whether senior management and/or purchasing staff are rewarded for positive performance on labour standards in the supply chain. The new 4.4 instead measures the use of rewards and incentives for factories that meet or exceed labour standards. Is a factory's labour rights record a factor in sourcing decisions? Are factories which meet or exceed standards rewarded with increased orders, longer-term relationships, and/or higher prices?

All categories in section 4 are weighted equally in this year's report.

Lastly, in category 5.6 we now assess whether audit results are shared with workers at the supply factory in question. The indicators have been reworked to account for this new addition.

The rest of the categories have not been altered. For further discussion of our survey categories and indicators, please refer to the 2005 Transparency Report Card, which is available at: www.maquilasolidarity.org

Transparency Report Card 2006

COMPANY NAME	SCORE	<div> <div></div> Governance <div></div> Code <div></div> Engagement <div></div> Management <div></div> Auditing & Reporting </div>
Levi Strauss	78	
Reebok	77	
Mountain Equipment Co-op	74	
Adidas	73	
Gap	71	
Nike	68	
H&M	64	
Eddie Bauer	63	
Liz Clairborne	62	
Zara (Inditex)	49	
HBC	48	
American Eagle Outfitters	40	
Wal-Mart	40	
Mark's Work Wearhouse	39	
Winners (TJX)	36	
Roots	27	
La Senza	23	
Lululemon	18	
Sears	8	
Northern Group	6	
Reitmans	6	
Polo Ralph Lauren	5	
Boutique Jacob	0	
Forzani	0	
Grafton-Fraser	0	
Harry Rosen	0	
International Clothiers	0	
Le Chateau	0	
Tristan & America	0	
YM Inc.	0	