

Tool 1

Recommendations for dialogue with factory management about supply chain mapping

Content developed by the Fair Labor Association (FLA) as part of the project “Remedies Towards a Better Workplace” with input from project partners: Hivos, Arisa, Unicef, AGT/SER, SAVE, READ, CCR CSR, WE Fashion, O’Neill, Prénatal, Hunkemöller, FNG, Cool Investments.

Introduction

For whom: For brands and companies (AGT signatories).

Objective: The AGT expects signatories to increase insight into supply chains beyond direct production locations and subcontractors. To do this, companies that buy ready-made garments need to collaborate with their suppliers. While it is possible that some information about steps deeper down the chain can be collected by sending forms to suppliers, this may not always be effective. It may be required to have face-to-face meetings and follow-up conversations. The objective of this document is to provide guidance for conversations with suppliers, to engage them in supply chain mapping, get insight into challenges and agree on next steps.

Background: This tool is part of the information package on supply chain mapping. It is important to first read the guidance document “How companies can support their suppliers with supply chain mapping and transparency”.

Recommendations for face-to-face meetings

1. Be prepared

- a. Before you have a conversation with a supplier about any sustainability request, ensure that you are up-to-date about your company’s relationship with the supplier/production location. Talk with buyers, merchandisers or quality teams and check audit reports. Know what they produce, and if there are challenges from their side or yours. Find out who you need to speak with to address supply chain mapping.
- b. Check your company’s policies about suppliers deeper down the supply chain. Does this supplier produce goods for which certain certifications apply, e.g. chain of custody certification? Are you a member of a social compliance or monitoring initiative that sets ‘cascading’ requirements for suppliers and subcontracting of your suppliers?

2. Get acquainted with the people in the meeting and their roles and responsibilities

3. Explain the purpose of the meeting/visit

- a. Give some background about your commitment to due diligence and continuous sustainability improvements in collaboration with your supplier. Explain about the expectations of companies to have deep insight into their supply chain, and to take responsibility, together with suppliers, to improve the way in which products are made. Explain why supply chain mapping is key to this.
- b. Explain that collaboration with the supplier, as a key business partner, is essential and is why you would like to do this together.

4. Have a conversation about supply chain mapping

- a. Ask everyone to share thoughts about what they think supply chain mapping is.
- b. Explain the importance for the company. It is recommended that you prepare a pitch on why it is important for your suppliers to know about tier 2 and beyond. Example of arguments to use:
 - Companies are under increased pressure by government and investors to map and disclose their supply chain¹
 - It contributes to supply chain security (better production planning, quality reasons, exploring feasibility of innovations)
 - There is a need to facilitate and support better working conditions and practices beyond production locations (CMT/garment manufacturers)
- c. Be clear about the request (Tool 2. Sample Policy for SCM and Disclosure) and the support the company is able to provide to the supplier.
- d. Ask about experiences, and systems already in place for collecting information of suppliers and any challenges the supplier may see.

5. Have a dialogue about production processes, procurement and outsourcing (with management)

- a. The purpose is to increase understanding, not to check for non-compliance.
- b. Prepare questions (be open-minded and curious to know more). Some example questions:
 - How is your production process organized? What processes do you have in-house? What do you buy and which processes do you outsource?
 - Can you explain how you arrange processes that you outsource?
 - In case of peak seasons or in case of many orders, how do you deal with capacity challenges?
 - How many subcontractors/outsourcers do you work with?
 - How many suppliers do you work with?
 - Are these facilities/subcontractors visited by your company? By whom? How often?
 - Can you describe the facilities in general? What is their infrastructure? Can you explain how they look? Are they in industrial areas? Mostly mechanized? How many workers?
 - Do you have designated suppliers (nominated) by some of your customers? For what materials, accessories or processes?
 - If not nominated, how do you decide/select whom to outsource to or buy from?
 - How do you organize and manage the information about your subcontractors?
 - Do you have any procedures or requirements for your subcontractors?
 - How do you monitor the implementation of these requirements?
 - How does the product physically get transferred from your factory to the subcontractor and vice versa?
 - How do you manage on-time delivery?
 - Do you experience any challenges in working with subcontractors (e.g. quality, delivery, payment, grievances from workers)?
 - Do you know if your suppliers are audited? Do you yourself set requirements to your suppliers?
 - What kind of contracts/agreements do you have with your subcontractors? (verbal/written)
 - Do you extend any credit/pay upfront? How is the payment done/organized?
 - Do you have any insight into the profile of workers at these facilities?
 - Do you have ideas about what kind of support your suppliers could use to make improvements?

¹ For information on shifting norms and regulations, see:

http://www.fairlabor.org/sites/default/files/images/supply_chain_traceability_and_transparency_june_2017.pdf

For information on responsible investment, see: <https://www.unpri.org/pri/what-is-responsible-investment>

6. Explain tools for getting started with the mapping exercise

- Introduce the tool for collecting data about the suppliers, including names and locations (Tool 3 for Supplier Data Collection or similar tool from the brand)
- Introduce the guidance document “Supply Chain Mapping – Steps and Recommendations for Garment Production Units”
- Explain the tools and let them review
- Ask about their opinion, current experiences, other tools they use, ask about challenges they foresee in using the tool for Supplier Data Collection
- Gather their recommendations on how to use the tools and what support is needed. Can they start with providing the main suppliers in two weeks? With all other suppliers in two months? If not, what support is needed? Can you agree on a certain focus?
- As a next step or in case an overview of the suppliers is already available, start collecting information about the workers at subcontractors (Tool 4 for collecting info suppliers and sub-suppliers)

7. Agree on time-line and next steps

- Be clear that supply chain mapping is a joint exercise, both to learn and improve.
- Be clear about requests and on what you will do with the information.
- Try to agree on when they will share the information. Consider starting with the main suppliers, or only the suppliers used for a specific product.
- Schedule a call in a few weeks to discuss experiences and challenges.
- Work towards making agreements on how to integrate mapping in normal business agreements (for example, to be shared before finalizing an order).

Please remember: Key Principles for Supply Chain Mapping Beyond Compliance:



More explanation provided in: “A collaborative approach to Supply Chain Mapping – Lessons learned and recommendations”