

SUPPLY CHAIN MAPPING

STEPS AND RECOMMENDATIONS FOR GARMENT PRODUCTION UNITS

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.

For whom: for AGT signatories, FLA affiliates, brands and companies; to share with their suppliers/ CMT units/production locations.

Objective: This document provides recommendations to suppliers (CMT units) to improve understanding of what supply chain mapping is and how to work together with customers (brands and retailers) to conduct supply chain mapping and get more in-depth insight into challenges beyond direct suppliers. In addition, some recommendations for improving supply chain management are provided.

Background: Companies that signed the Dutch Agreement on Sustainable Garments and Textile (AGT) commit to improving social, environmental and animal welfare risks in their supply chains in collaboration with suppliers.

Supply chain insight, including beyond direct suppliers, is essential in order to identify and address such risks in the value chain. AGT companies are therefore expected to gradually create insight into their supply chains beyond production locations (the stage where CMT takes place). This information is included in a publicly available production location list, which can be found [here](#).



Figure 1: Annual AGT due diligence management system cycle

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1. Introduction

As part of the project “Remedies Towards a Better Workplace”, AGT signatories took a collaborative approach to supply chain mapping. The Fair Labor Association (FLA) provided expert support in this process. Visits were made to suppliers (ready-made garment factories) and subcontractors/suppliers (dyeing, knitting and embroidery units) in Tamil Nadu, India and by CCR CSR in Bangladesh.

The FLA has developed a guidance document with 12 steps for supply chain mapping which were used in the AGT project.¹ The current document provides more information on these key steps, with supplying companies as the main target group. The document provides explanation about the 12 steps as they are relevant for supplying companies, including recommendations and learnings from the project.

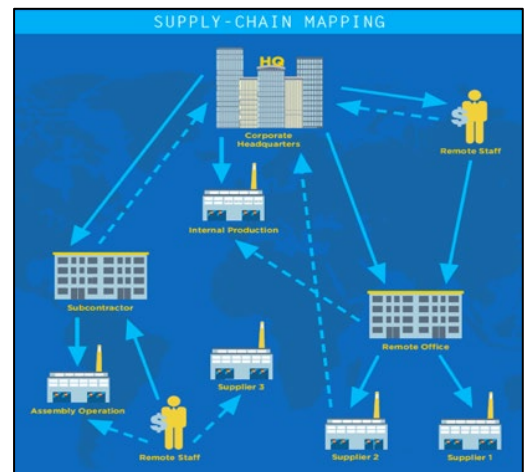
2. What is supply chain mapping?

Supply chain mapping is an exercise in which a company collects information on suppliers and sub-suppliers. This process aims to increase traceability and transparency of the entire supply chain.

A supply chain can be considered a network of people interacting through the movement of a product or specific services from supplier to customer.

Supply chain mapping is a continuous process which is never finished as supply chains and business relations change all the time. It is therefore important to take a step-by-step approach whereby there is continuous improvement and ever-increasing insight into supply chains.

Transparency of supply chains and supply chain actors is expected more and more in global markets, including in Europe. Several countries have enacted specific national legislation on supply chain disclosure. An increasing number of brands and retailers list their suppliers and production locations online and are expected to include information about their suppliers.² Increased transparency of your supply chain is likely to have business benefits, both for you and your suppliers.



Supply chain mapping as a means towards improvement

Supply chain mapping is not only about collecting the names and addresses of all units and locations involved in the production of a certain product, or of the provided components, and raw materials. This information is a first step for having a better understanding of the units involved and will help to define next steps.

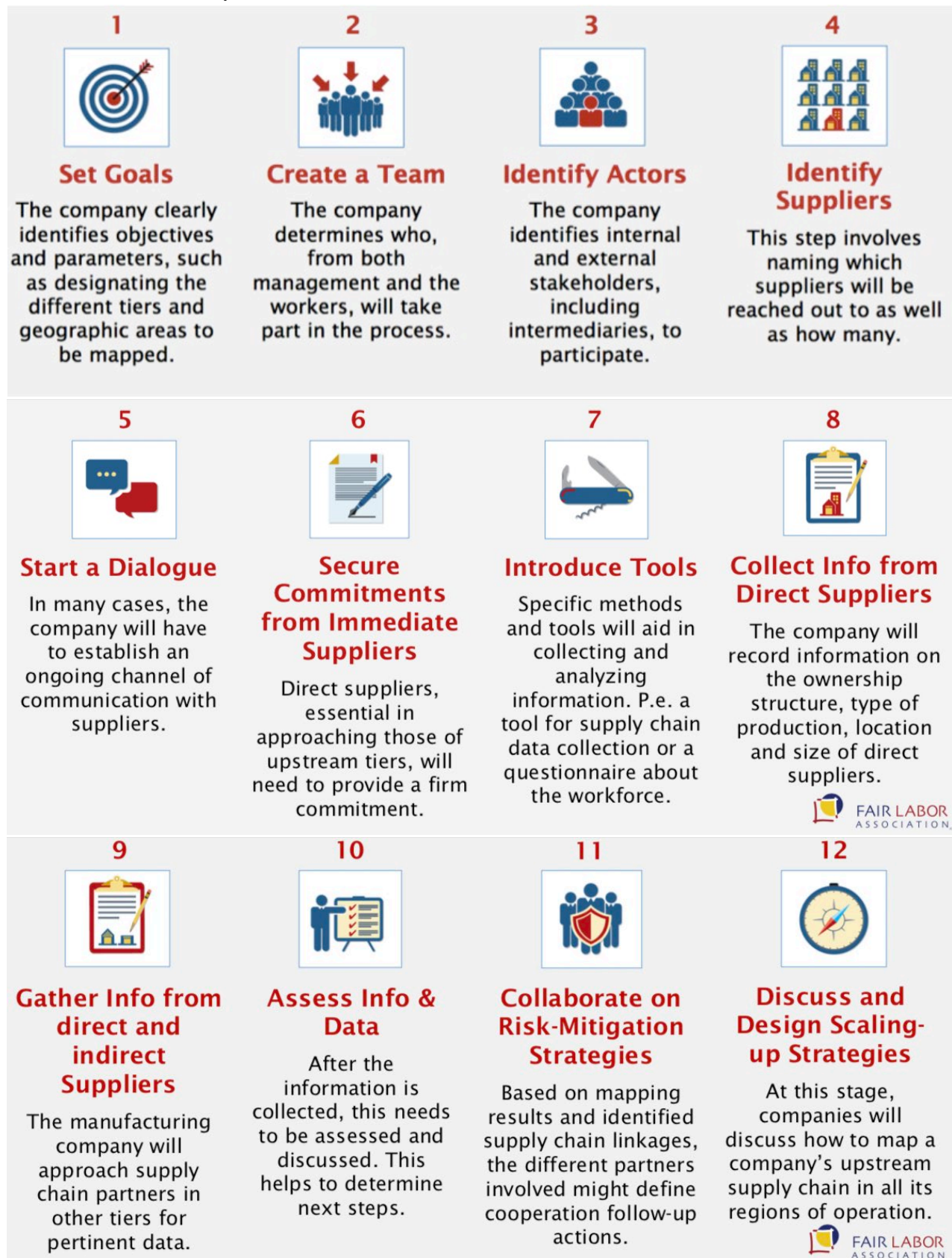
The mapping can and should be used for supplier profiling and collecting information on a wide range of issues, including quality, sustainability and compliance issues. This information is key for meeting sustainability standards and for improving working conditions for all workers involved in the supply chain. More information and recommendations for improving supply chain management are included in chapter 4.

¹ Explained in the FLA Guidance paper for Supply Chain Mapping, Transparency and Traceability 1.0.

² Example of expectations for brands and retailers: <https://transparencypledge.org/tag/the-pledge/>

3. Collaborative Supply Chain Mapping: a 12-step process

From FLA's Traceability Guidance Document



4. Supply chain mapping (SCM) – How to get started as a supplying company?



STEP 1: SET GOALS

Get clarity about what is expected and define your goals

- Define what you aim for by means of supply chain mapping
 - Are your customers requesting information?
 - Are you looking to gain more insight into your supply chain to tackle quality, sustainability/compliance or delivery issues?

Is your customer asking for supply chain information? Get insight into what is expected!

You can think and ask about the following:

- What does your customer want to achieve with supply chain mapping? What is their purpose?
- How will your customer use the information you supply? If you have concerns, discuss these with your customer at an early stage.
- Are you expected to provide data about all suppliers/units involved for the production of one specific product or process? Or does your customer request information for all products they ordered or will be ordering?
- Is the request for the past order or the full year? Or for upcoming orders?
- Do you need to get information about your main materials and component suppliers and production subcontractors only?
- Do you need to provide the name and address of the location, or do you need to provide more information? If so, what kind of information?
- Would your customer like to get insight in all stages of production up to the raw materials stage? Openly discuss feasibility and potential challenges in order to manage their expectations.



STEP 2: CREATE A TEAM

Set up an internal team to take the lead in supply chain mapping

- Define who in your company needs to be involved. Think about colleagues responsible for ordering yarn or fabric, or organising subcontracted processes (sewing, dyeing, knitting, printing, washing, embroidery, etc.). It is also important to involve people responsible for merchandising, compliance and sustainability.
- Define what information you need or what needs to be discussed with your suppliers and who is best placed to take this up.
- Assign specific responsibilities for the team members.
- Make sure that the team members understand the definitions, approach and challenges of supply chain mapping.

Have a meeting or workshop with your team to talk about supply chain mapping

Consider the following topics to discuss:

- SCM in general. Useful information can be found in this document, which explains the 12 steps of Supply Chain Mapping, and the FLA Glossary on Supply Chain mapping.
- Reasons why SCM is or can be important for you as a company. How can collecting information about your suppliers and subcontractors be of use and added value to your business?
- The request from the customer(s), what they want and need.
- Possible challenges/difficulties in collecting the requested information and how to overcome these.
- *Tip: To support the conversation and understanding try the following exercise: split into groups of 2-3 persons and draw a map of one of your supply chains. What are the differences? What can you learn from the different drawings?*



STEP 3: IDENTIFY ACTORS

Establish external support to garner information on supply chain mapping

Discuss with the team if you need support in mapping your supply chain or setting up (documentation) systems that ensure you have continuous supply chain insight.

- Think about what type of support you need and who would be best suited to support you, for example your customer, a civil society organisation or an external expert/consultant.
- In case one or more of your customers are expecting you to do supply chain mapping, ask for their support. Your customer should be able to provide you with useful tools and guidance.
- Make a list of other actors who are active in the sector or supply chains, since they may be of help as well. Don't forget about intermediaries like agents and traders, or associations like fabric manufacturers associations or spinning mills associations.



STEP 4: IDENTIFY SUPPLIERS

Agree on which suppliers or part of the supply chain to focus on

- Based on the requirements and needs of the customers and the goals set, decide on what is realistic to achieve.
- Mapping individual direct suppliers requires comparatively fewer resources than mapping those further in the supply chain, like spinning mills and material suppliers. Companies with longstanding partnerships and some visibility along their upstream supply chains are expected to take steps to go beyond manufacturing units.
- Define what information you need or what needs to be discussed with your suppliers.
- Determine what information you already have available. How do you collect and manage this information? Can this be improved? What is needed to meet the requirements?



STEP 5: START A DIALOGUE

Visit the selected suppliers and explain well why supply chain mapping is important

Initial communication, a good explanation, trust and regular engagement are very important foundations of ensuring successful supply chain mapping. This can be established by taking into account the following:

- Organize a face-to-face meeting and have regular interactions for follow-up.
- Be prepared to explain to your suppliers why supply chain mapping is important to your company and your customers. Explain how you and your customer will use the provided information, and discuss how mapping will provide them a competitive advantage.
- Provide assurance to your supplier, whether verbal or written or both, about maintaining business ethics, confidentiality of the information gathered and respect for the business relationship between suppliers.
- Make sure that your suppliers are aware and understand your expectations.
- Sometimes subcontractors or suppliers are unwilling or reluctant to share information because of business interests, for example because of the fear that the customer will enter into a direct relationship with their suppliers. To overcome this, it is important to engage in regular communication, via phone or email, but preferably face-to-face. Be prepared to explain why the information is needed and why it is important to your business.



STEP 6: SECURE COMMITMENTS FROM IMMEDIATE SUPPLIERS

Provide reassurance and emphasize non-retaliation

- Provide support where needed and make sure that your suppliers understand the importance and benefits of collaborating in the mapping exercise.
- In case there is information missing or if information is incorrect, provide support, ask for an explanation and work towards improvement. Do not consider the missing information as a sign of non-compliance or lack of trust, but as a learning point for both parties.
- Make clear that this is not purely about compliance, but about achieving continuous improvements.
- Have regular contact to secure commitment.
- In case you or your customer are planning to publish a supplier list, it is important to get permission from your suppliers and to notify them in advance.
- It can be helpful to develop and sign a Memorandum of Understanding (MoU) or contract with your customer or supplier in which you agree that the information shared shall not negatively impact the business relationship.



STEP 7: INTRODUCE TOOLS

Develop and share tools that help to provide the requested information

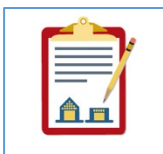
- It is likely that your customer will provide you with tools like excel documents or a questionnaire for the collection of the requested data. It will always be important to adjust the tools to fit your own business characteristics and needs.
- Ensure that tools are simple and easy to use and updated at regular intervals. Ideally, the tools have an added value for your company as well, for example to keep an overview of suppliers used, track status of certain certifications and expiration dates, etc.
- Share the tools with your suppliers and make sure they have the opportunity to ask questions and get a good understanding of how to use them. Be clear that the mapping process is not an audit.
- In contracts with new suppliers, it can be helpful to include conditions about providing information about the supply chain.



STEP 8: COLLECT INFO FROM DIRECT SUPPLIERS

For the first round of data collection, start with selected suppliers

- Develop concrete action points together and agree on a realistic timeline. Have regular contact to monitor the progress and arrange support when needed.
- Supply chains in the garment and textile sector often change. Most suppliers have relationships with their suppliers ranging between two to 15 years. It is thus important that the information is updated at regular intervals. The regularity of the information may vary from supplier to supplier, and depend on your business needs, but it may be important to have the information checked every six months to one year. Ideally a systematic approach is taken, linking, for example, supplier information in the order system.



STEP 9: GATHER INFO FROM DIRECT AND INDIRECT SUPPLIERS

Collaborate with your direct suppliers to get information about sub-suppliers

- Discuss which requirements are key to cascade in the supply chain. Support your suppliers to develop procedures in line with your expectations.
- Involve several actors in the supply chain and let them know they are all part of this new way of working towards progress. Ideally, the different supply chain actors should feel comfortable to provide support and advice to each other.
- The quantity and quality of information will depend on the willingness of suppliers to be open and transparent about their business practices. Treat suppliers as equals and avoid unannounced visits.



STEP 10: ASSESS INFO AND DATA

If requested, share the collected information with your customer

- Make sure to assess the collected information to check if it is complete and reliable.
- In case you have not been able to collect all the requested information, or if you feel some information is not reliable, be open and transparent about this.
- Share the information in the tools or documents as requested by your customer. Where possible share insights and challenges.

Develop a visual map of the collected information

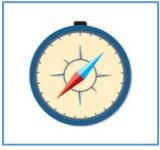
- After gathering all the information, it can be helpful to prepare a supply chain map (visual) providing all the linkages between the production stages, even highlighting the complexity of the supply chain. If there are boxes where you do not have information, leave it blank. You can add the information when it is available.
- Amend your map when new suppliers or subcontractors are selected. Review the map, at least once every six months, to check the supplier names and addresses are unchanged.



STEP 11: COLLABORATE ON RISK MITIGATION STRATEGIES

Discuss follow-up actions based on the mapping results and identified supply chain linkages

- Discuss the information with your team for internal learning and for discussing next steps for further mapping and improvement.
- Schedule a meeting with your customer to discuss and agree on the next steps.
- Mapping is a first step. Data collection on working conditions and improvement of labour and social conditions is the second.
- Define an approach to strengthen the implementation of the Code of Conduct, local laws and social standards.



STEP 12: DISCUSS AND DESIGN SCALING-UP STRATEGIES

Share learnings and plan for upscaling

- Share with your suppliers the insights and learnings from the mapping exercise. Hear from them about their experiences and challenges.
- Have a conversation about cascading further and upscaling your efforts, and about what strategies to use.
- Engage with your customers as well as your suppliers and help build capacity on sustainable labour standards and driving behavioural changes in your supply chains.
- If faced with lack of resources (e.g. trained personnel, lack of adequate staff, budget), seek guidance from external stakeholders like brands, international organisations, civil society organisations or expert consultants.

Work together and stimulate others to take steps

- Encouraging transparency and selecting or awarding more business to suppliers can be very effective in driving improvement.
- Engage support from external organisations and stakeholders (like civil society, government, unions) as this can help you understand international and national trends.
- Engaging with stakeholders can help in all the steps mentioned above.
- More information and guidance on this can be gathered from the document on recommendations for stakeholder engagement.

5. Recommendations for improving supply chain management

The supply chain mapping exercise done during the AGT project brought forward several lessons as to what suppliers can do to improve management of their supply chains. Implementation of these lessons can be combined with supply chain mapping. They will help in the development of strategies for getting better insight into the supply chain, and have a positive impact on business relations and quality control.

5.1 Get insight into how suppliers and subcontractors are selected

- Discuss in your team how suppliers and subcontractors are selected. Is this based on existing relations, on location, recommendations?
- Do you have any written criteria for the selection of new suppliers or subcontractors? Consider quality, (regulatory) compliance, sustainability/certifications, etc.
- Discuss the experiences your team has with suppliers. Do your suppliers provide the quality you need? In a timely manner? Do you have an in-depth understanding of the working conditions at the location? Where do you see situations that can be improved?
- What could you or your team do better to work towards improved conditions at the sites of your suppliers and subcontractors? Do they have the same standards as you do with regard to working conditions, environmental performance, pollution prevention and animal welfare (if applicable)?

5.2 Develop and implement a policy for selection of suppliers and subcontractors

- Develop or revise your criteria for the selection of suppliers and subcontractors. Make use of local legislation as well as international requirements and standards that your customers request you comply with.
- Make sure that your suppliers are aware and understand your expectations.
- Include time to clearly communicate and onboard new and existing suppliers and subcontractors about your code of conduct (or that of your customer), requirements on supplier transparency, responsible sourcing and production practices before placing (new) orders.
- Ensure that commitments that have an impact on your supply chain are shared and explained. Join forces to consider how to cascade further and upscale.

5.3 In-depth monitoring of supply chain beyond your direct supplier

- Develop an action plan and allocate internal resources (such as compliance personnel) for conducting monitoring visits of each supplier site (own units and outsourced units). For sites where monitoring visits are not possible (due to distance, inaccessibility etc.), external support could also be sought.
- A site visit to the facilities of suppliers and subcontractors should include a walk-through of the facilities, some interviews of management and workers and document review. It is important to be aware that these visits are not audits. The purpose is to increase the understanding of the supplier, the processes and the workforce.
- Develop a set of questions and data sheets for these visits. Be sure to collect information about the workers and their demographic profile.
- Collecting information about the capacity available at the tier two supplier sites (production capacity from subcontractors and material supply capacity from material suppliers) is recommended.
- Ensure that resource personnel are well-trained.
- In case there is a need for corrective actions or remediation-related activities, it is important to document these, develop a plan with your supplier/subcontractor and have regular contact for follow-up and evaluation of the measures taken.
- Tip: Use Tool 4. Collecting information from direct and indirect suppliers and their workforce.

5.4 Work towards compliant supply chains

- Gather information and resources on maintaining ethical standards at supplier sites and in the full supply chain.
- Engage with your customers as well as with your suppliers and help build capacity on supply chain mapping, sustainable labour standards and driving behavioural changes in your supply chains.
- Consider best practices and case studies from better performing suppliers. Think about how you can reward suppliers that have good social and environmental practices, such as through higher order volumes or longer-term commitments. Experience shows that assessments and audits, when paired with incentive programs that reward sustainability efforts, are more effective for establishing ethical standards in the supply chain.

Examples of improvements focusing on children's rights and forced labour

Working with your supplier to ensure children's rights are respected

Child labour has largely been eradicated from the exporting garment manufacturers. It is known, however, that the rights of young workers and children may be at risk in the informal sector, which may be used for subcontracting, or in deeper tiers of the supply chain. To ensure respect of children's rights, it is important to engage in a dialogue with your suppliers.

Recommendations for improving approaches to mitigate and eradicate child labour

- Simply telling your suppliers about requirements to respect the rights of young workers and refrain from use of child labour is not sufficient. Regular dialogue and clear explanations are needed.
- Do not terminate a business relationship if a case of child labour is encountered. You will need to work together with your supplier to remediate the issue and find a good solution for the child or young worker(s).
- Develop procedures based on policies on child labour and other labour standards. The procedures must include step-wise detailed processes for the factory to engage in and adhere to in their supply chain assessment. The procedures must be practical. Make use of existing materials and ask your customers for advice and support.
- Procedures with regard to age verification systems, minimum age of employment, display of policies as legally required, spreading awareness amongst stakeholders (workers, family members, external visitors), for example via posters and pamphlets, must be included and encouraged.
- Develop a policy and procedure concerning child labour removal and rehabilitation in your full supply chain. This must include processes and procedures to be undertaken by a supplier in case a child is identified in the supplier sites or subcontracted sites. It must entail detailed step-wise process of the actions to be undertaken by the supplier to remove and rehabilitate the child in a situation better than the current one. Engagement with parents, local bodies like the Child Welfare Committee, and non-government organisations working on child labour or child education issues, must be included as referral points.
- Interact with local stakeholders to get a better understanding of the risks for identification of child labour and for support in remediation.
- For more information and concrete advice, see the guidance document on child labour.

Recommendations for improving approaches to mitigate and eradicate forced labour

- Develop procedures based on policies on forced labour and other labour standards. Recommendations for the mitigation of child labour (either the same or similar) also apply in the context of mitigation forced labour.
- For a forced labour policy, the suppliers must keep in mind the international obligations and due diligence with regard to the Modern Slavery Act.
- It is recommended that a preliminary assessment is conducted of the issues that may lead to risks of forced labour in the supplier database.
- Develop a better understanding of forced labour and the indicators on how to recognise these. Information is provided in the guidance document on forced labour.