

APPAREL AND ACCESSORIES

Fashion labels failing to adequately combat forced labor: report

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Prada is among the brands that scored below 15 on the KnowTheChain benchmark. Image credit: Prada

By SARAH JONES

While fashion companies are making moves to support the vulnerable workers in their supply chains, a new report argues that there is still significant room for improvement.

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In KnowTheChain's 2018 Apparel and Footwear Benchmark Findings Report, luxury companies LVMH, Salvatore Ferragamo and Prada were among the firms that scored the lowest for fighting forced labor. Fashion companies are operating increasingly widespread and complex supply chains, which has made overseeing the rights of the labor force more complicated, opening the door for more risk of exploitation.

"Many luxury good companies have taken meaningful action on environmental issues and animal rights," said Kilian Moote, project director for [KnowTheChain](#), San Francisco, CA. "However, currently there is a lack of acknowledgement and acceptance that forced labor, and labor conditions more broadly, are something that impact the luxury industry."

"It is encouraging that some companies, such as Kering and Hugo Boss, have increased their efforts to address forced labor," he said. "Others, such as Prada, LVMH and Hermès, need to understand that workers in their supply chain are at risk of exploitation."

"We hope our report can increase that understanding and spark meaningful action."

Risk assessment

Out of a possible score of 100, the 43 brands benchmarked by KnowTheChain received a 56. This was up from the previous report from 2016, in which the average was 49.

A number of brands made leaps, including Ralph Lauren, Hugo Boss and Kering, which all improved their scores by more than 10 points. Hugo Boss, Ralph Lauren and Burberry all scored above 50 points.

Per the U.S. Department of Labor, labor exploitation has occurred in everything from raw material harvesting for cotton and rubber to production of apparel and footwear.

About two-thirds of the international fashion workforce is female, and much of the industry is also made of migrant workers. This adds to the risks surrounding labor violations, as workers face gender or socioeconomic discrimination, making them more vulnerable to mistreatment and less apt to know about their rights or take action.



The report looks at efforts aimed at both first-tier production and suppliers. Image credit: Hugo Boss

Recruitment is often conducted by outside agents, who may charge prospective workers up to thousands of dollars for a job, essentially forcing them to pay to work. Other tactics include taking workers' passports or establishing contracts that bind workers to a job.

Some brands, including Ralph Lauren, have reimbursed workers these fees. Others are focusing on training their suppliers about the risks of working with recruitment agencies.

Companies in the benchmark scored the strongest in commitment and governance. Most have supply chain codes of conduct in place, and the majority train their employees about forced labor.

Another area where companies are investing is monitoring, including audits of production facilities. Seven in 10 of Ralph Lauren's audits are unannounced, and the company interviews at least 5 percent of workers while on-site.

While corporate-level initiatives are more common, companies are less likely to have traceability within their supply chains. Kering is among the 11 studied firms that discuss which countries their raw materials such as cotton and leather come from.



Kering discloses where its cotton comes from. Image credit: Kering

The score for engaging with workers within the supply chains is also lower, at an average of 26. This includes educating laborers, allowing them to organize and unionize and providing outlets for those working in the supply chain to communicate grievances.

For instance, in China Burberry works with an NGO to provide a confidential hotline for workers.

"The mistreatment of workers is obviously a brand business risk, but it's also a moral imperative," Mr. Moote said. "Luxury brands are falling short in some of the areas that most of the other companies we evaluated are, which unfortunately impact workers' lives the most. Most notably, on ethical recruitment practices."

"No one should have to pay for a job, yet we know workers are often deceived by predatory recruiters, who charge them for their employment and put workers at risk of forced labor," he said. "All companies, including luxury brands, need to do more to ensure ethical recruitment practices are in place across their entire supply chain."

"Two-thirds of the luxury companies are taking barely any action on recruitment issues, scoring below 7/100 on recruitment."

Transparency trend

Another recent report found that a number of luxury fashion labels disclose little to no details about their supply chain, environmental and social policies, leaving room for more transparency in the industry.

Dior, Max Mara and Longchamp are among the brands that received low scores on Fashion Revolution's Fashion Transparency Index, which analyzes publicly accessible information. As consumers desire more details about the origins of the products they buy, transparency is a key component to winning and keeping their business ([see story](#)).

Country of origin is a key positioning tactic for luxury products, but growing globalization in the fashion industry is making it more difficult to differentiate the geographic source of goods.

Fashionbi's "[Mystery of 'Made-in' in Fashion](#)" report notes that rather than accepting what is told to them by brands, consumers today conduct their own research into brands' production processes. Consumers are also becoming more aware of the social and environmental impact of their clothing ([see story](#)).

"Companies must engage at every level of their supply chain," Mr. Moote said. "Worker exploitation continues to occur because of the lack of transparency and accountability for sub-suppliers, input suppliers and raw material producers.

"For luxury good companies, it is particularly important to know where leather products and cotton is coming from," he said.

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