



Data for Due Diligence: the data's already out there - it is just not well managed

This note has been prepared by the Open Apparel Registry and does not necessarily reflect the views of the OECD.

Objectives of the session

- Discuss data formats and what formats are the best to use in sharing data for the purpose of meaningful transparency, risk identification and mitigation as part of a company's due diligence.
- Share case studies on how data is being used for due diligence, drawing links from data format to improved RBC outcomes in the global supply chain.
- Highlight practical steps that companies can take to improve both their data sharing, and their data use, for due diligence.

Background

What is the context?

As greater volumes of supply chain data have been shared in the apparel sector in recent years, increasing focus has been placed on the *quality* of this data and whether or not it is fit for purpose.

Data in the garment and footwear sector is muddled: in the rush to share data and respond to calls for greater openness, less attention was given to how the data would subsequently be used for analysis, compliance and reporting. This results in disclosure being delivered as a tick-box exercise which has not necessarily led to higher quality, ease of access to information being shared or actually used for collaboration. Scattered and inconsistent data also make it more difficult for workers to use the data to access remedy mechanisms.

By standardising data disclosure, organisations can save huge amounts of time and money,

interoperability is enabled (i.e. systems can “talk” to one another) and practical use can be made of the information that is being shared. This enables far broader access to the data, for instance by mobile apps and other innovative ways that target workers and affected communities. To reach these audiences, language and (access to) technology barriers exist, and standardised data is vital to help overcome them. In turn, this will contribute to social and environmental improvements in global supply chains. Whilst the session will focus on the garment and footwear sector, the principles apply to multiple sectors.

What are the various perspectives?

There is consensus across the sector that data is important and brings value - both financial and operational. However, there is not one shared vision on *what* data should be shared and *how* it should be shared.

There is mixed uptake of data sharing within the sector, with some organisations comfortably and confidently sharing data in practical, machine-readable formats and actively encouraging industry peers to do the same, whilst other organisations remain hesitant.

Industry benchmarks requiring voluntary disclosure have led the way in setting indicators on what companies should disclose. In recent years, a small but growing number of governments, predominantly in consuming markets, have introduced legislation on supply chain disclosure. This has been backed by growing calls from civil society organisations and leading companies eager to operate on a level playing field.

What progress has been made?

Steady progress continues to be made in raising awareness on the issues surrounding data disclosure, with a growing number of organisations understanding the nuances of data format, the value of open data and how to make use of better quality data in their operations. The Open Data Standard for the Apparel Sector ([ODSAS](#)) is a set of simple guidelines for organisations to follow in disclosing supply chain data, including the importance of data licensing for re-use, in order to drive more consistent, practical data disclosure in the apparel (garment and footwear) sector.

In addition to this, momentum is growing around the need for data disclosure beyond tier 1 of the supply chain, where significant environmental and social impacts occur. Progressive organisations are already sharing data beyond tier 1 of their supply chains and legislative discussions have evolved to include consideration of this.

Finally, beyond simply disclosing the location of supply chain facilities, demands are increasing - and, in some cases, being met - for additional data points on supply chains to be shared, such as number of workers, gender disaggregation and payment of living wages. Environmental indicators are also being considered, including water use / withdrawal, release of pollutants into waterways, carbon emissions and energy procurement.

Establishing common expectations on types and frequency of data that companies should disclose has been driven by campaigns such as the Transparency Pledge that defined a set of minimum

steps for company disclosure and is driving uptake via brand commitments. In the 2020 Fashion Transparency Index report¹, Fashion Revolution records an increase in the percentage of brands publishing supplier lists (from an expanded list of companies - 250 global brands up from 200 in 2019), across 3 tiers, with brands disclosing first-tier manufacturers at 40% (up from 37% the previous year) diminishing through processing facilities (24%, up from 19%), to suppliers of raw materials (7% up from 5%).

Government backed progress has also reflected the need for standardization of disclosure. In the UK, the review of mandatory due diligence disclosure (UK Modern Slavery Act) raised the lack of harmonisation of disclosure as one of its key concerns. The Government is moving towards centralisation of reporting to improve not just quality but also accessibility. This will facilitate monitoring and tracking of compliance by civil society, in turn increasing accountability.

Another example reflecting movement towards standardizing the content of statements is the development of a mutual recognition scheme by Australia and the UK to ensure businesses can submit one statement that meets the requirements in both countries.

Finally, there has also been a shift from civil societies being the lone voice leading calls for greater public sharing of data, to increasing numbers of global brands and retailers looking for opportunities to share more data points from their supply chains in the public domain. Platforms such as Zalando and ASOS are taking further steps to introduce mandatory transparency requirements on third-party brands wishing to sell on their platforms.

What are the remaining challenges/gaps?

1. Whilst progress has undoubtedly been made and momentum around data sharing continues to be built, certain segments of the sector remain behind. Whilst mapping supply chains is a complex task, internal bureaucracies remain a barrier to uptake, with many companies remaining cautious about openly sharing even the most basic data points about their supply chains.
2. Both the conversation and action around data sharing continue to be dominated from the vantage point of consumer markets and brands. This means that the perspectives of other organisations in the supply chain, such as suppliers and workers in producing countries, are not represented in the discussions.
3. There is still work to be done to educate the apparel sector on the need for open data, shared in consistent, machine readable formats - something that the ODSAS guidelines and others seek to address. There also remains a significant number of organisations who need to progress beyond *talking* about disclosure to actually sharing data.

¹ This index ranks companies according to their level of transparency based on a questionnaire and publicly available information about supply chain issues.

Discussion questions

- What types of data for due diligence already exists?
 - Where are the data gaps?
 - How is the data being shared?
 - How frequently is this data being updated?
- How is data currently being shared?
 - To what extent is the shared data accessible to those who need it?
 - In what ways should data for Due Diligence be shared?
 - What role can data sharing initiatives play in increasing the accessibility / availability of data?
 - What are some of the regulatory frameworks on the horizon that could help address these issues?
 - EU Non-Financial Reporting directive overhaul: work being done by the [Alliance for Corporate Transparency](#) to include transparency standardization
 - EU textile strategy: shadow strategy
 - EU HRDD law
 - UNECE's "transparency & traceability" project
- What difference does data format and licensing make for analysis, as well as due diligence compliance and reporting?
- Worker access to data:
 - How can data be made more accessible and helpful to workers and other stakeholders?
 - How can workers' access to data be helpful to manufacturers and buyers?
 - What has prevented wider access to data for these stakeholder groups?
- How has improved accessibility of data / data sharing led to concrete improvements in the supply chain?

For more information

- Fashioning Justice - A call for mandatory and comprehensive human rights due diligence in the garment industry: https://cleanclothes.org/file-repository/fashioning_justice.pdf/view
- Fashion's Next Trend - Accelerating Supply Chain Transparency in the Apparel and Footwear Sector: https://cleanclothes.org/file-repository/garment_industry_brochure_dec_2019-1.pdf/view
- Open Data Standard for the Apparel Sector: <https://odsas.org/>
- Fashion Transparency Index 2020: <https://www.fashionrevolution.org/about/transparency/>
- UK Modern Slavery Act: <https://www.legislation.gov.uk/ukpga/2015/30/contents/enacted>
- The Civil Society Shadow European Strategy for Sustainable Textile, Garments, Leather and Footwear: <https://fairtrade-advocacy.org/our-work/eu-policies/textile/>

About the partners

About the Open Apparel Registry

The Open Apparel Registry (OAR) is a neutral, open source tool mapping garment facilities worldwide and allocating a unique ID to each. An industry-standard method of identification, the OAR ID eases the management of facility data, creating efficiency for users across the entire apparel sector. At its heart, the OAR exists to drive improvements in data quality for the benefit of all stakeholders in the apparel sector. As well as many other efficiency and process benefits, the way the OAR organizes and presents data ultimately improves the lives of some of the most vulnerable workers in global supply chains.

The database has grown to include over 52,000 facilities (up from approximately 23,000 facilities at the time of the 2020 OECD conference), uploaded by over 250 contributors across the apparel sector, including major global brands, multi-stakeholder initiatives such as the Dutch Agreement on Sustainable Garment and Textiles, the German Partnership for Sustainable Textiles and Zero Discharge for Hazardous Chemicals (ZDHC), service providers, including Higg Co, and civil society organisations such as Worker Rights Consortium, the Bangladesh Accord on Fire and Building Safety and WageIndicator.

About Clean Clothes Campaign

Clean Clothes Campaign (CCC) is a global alliance dedicated to improving working conditions and empowering workers in the global garment and sportswear industries. Since 1989, CCC has worked to ensure that the fundamental rights of workers are respected. It educates and mobilises consumers, lobbyist companies and governments, and offers direct solidarity support to workers as they fight for their rights and demand better working conditions.