



**Fair Wear
Foundation's
Theory of Change**

2019

Fair Wear Foundation's Theory of Change

2019

In 2019, Fair Wear Foundation developed an organisational Theory of Change (ToC), consisting of a diagram which visually represents the ToC and this accompanying narrative. In this narrative, Fair Wear's vision of success, pathways of change and the different actors of change are discussed.

Vision of success

Fair Wear's overall vision of success is a world where workers in the garment industry see their rights to safe, dignified, properly paid employment realised. In working towards this vision, we recognise the need to address the interests of all actors involved, but we place particular emphasis on workers' rights to decent working conditions. Standards for these decent working conditions are captured in the Fair Wear Code of Labour Practices (CoLP). A gender lens should be applied to each of the standards in the CoLP so as to ensure that any worker can realise their labour rights, regardless of their gender.

To reach the overall vision, it is necessary that:

- *Brands continuously improve their internal mechanisms, including purchasing practices to facilitate working conditions according to the CoLP;*
- *Brands in cooperation with their suppliers and worker representatives systematically and effectively prevent, mitigate and remediate risks and violations related to the CoLP throughout their supply chains;*
- *Relevant stakeholders, including policy makers and regulatory oversight organisations, enable the effective enforcement of the CoLP in the garment sector;*
- *Relevant stakeholders engage in meaningful and effective social dialogue.*

We strongly believe in our multi-stakeholder approach for influencing these necessary sector-wide changes in the garment industry and the enabling environment. It is also very clear that a multitude of actors and interests shape the future of the sector. Our Theory of Change (ToC) therefore indicates how we believe we can contribute to this vision and it clarifies where we see overlap and complementarity with other initiatives. As we strive to maximise our collective impact, we collaborate with and support likeminded initiatives to realise our vision of success, and we invest in our position as an industry influencer.

Pathways of change

In our view, the sector-wide changes we envisage are the result of several changes taking place across five different actor-groups: Fair Wear member brands; other brands, and particularly member brands of 'responsible business conduct platforms'^[1]; suppliers; workers and their representatives (unions); and policy makers and regulatory oversight organisations^[2]. The change pathways are elaborated in the text below. First, a description will follow of Fair Wear's interventions that are intended to bring about changes with these five actor-groups.

Fair Wear's interventions

We facilitate change as outlined in our ToC through several interventions and strategies, which can be described as follows:

- 1** *Practical guidance to member brands (collective & individual)*
- 2** *Verification of member brands*
- 3** *Knowledge sharing (directly and through joint communication with member brands)*
- 4** *Practical guidance to factories of member brands (collective & individual)*
- 5** *Verification of suppliers*
- 6** *Dialogue facilitation by convening different parties*
- 7** *Tools and information sharing with other stakeholders (other brands; industry)*
- 8** *Lobby and advocacy^[3]*

Fair Wear promotes a supply chain approach of 'shared responsibility' to social compliance in the global garment sector as traditional efforts to improve conditions focus primarily on the factory. We believe the management decisions of clothing brands have an enormous influence on factory conditions. A key tool of this approach is Fair Wear's unique member verification methodology, the brand performance check. During a performance check, Fair Wear investigates the level of integration of social compliance into the core business practices of each member company and assesses how the management and purchasing practices of member companies support the Fair Wear Code of Labour Practices (CoLP).

We believe that in order for all parties to take up their role it is key to create a common understanding of the issue and each other's roles in the process.

We consider Social Dialogue to be key towards creating sustainable changes in the supply chain. In such a dialogue, the most important stakeholders are at the table to negotiate improved working conditions. For a dialogue to be meaningful and effective, all stakeholders should have sufficient capacities and mechanisms to engage in the process. Workers should be sufficiently organised, and suppliers should have functioning grievance and dialogue mechanisms in place. Social Dialogue is successful if workers of member brands' suppliers are making use of (internal) grievance mechanisms and if trade unions systematically negotiate working conditions and monitor remediation.

Actors in Fair Wear's vision of success

Fair Wear's interventions described above lead to changes in the following five groups of actors in the garment industry:

- 1 Fair Wear Member Brands** continuously improve their internal mechanisms and share their best practices

Fair Wear Member Brands – labelled green on the diagram.

The first stage for Fair Wear to influence the necessary changes in the internal mechanisms of our member brands is to maintain the CoLP in sync with relevant international standards. Fair Wear believes that factory conditions cannot be separated from the purchasing practices of brands. So the next steps are related to internal processes within our member brands: our member brands endorse

the CoLP and acknowledge their role in implementing the code. We work with our members to realise three interrelated changes at the level of these member brands. Firstly, our Member Brands have an effective risk management and monitoring system in place. Secondly, they have a sourcing and pricing strategy that facilitates good working conditions. And lastly, the member brands are internally aligned on the relevance and viability of sustainable purchasing practices. These changes contribute to our member brands' internal mechanisms to be in place to facilitate remediation.

Our main intervention strategy to contribute to this set of changes among our member brands is through practical guidance and the verification process through the brand performance check. In addition to the changes through our practical guidance and verification process, brands need additional incentives to work on the internal mechanisms that facilitate good working conditions and remediation. These additional incentives are for instance feedback from suppliers and other, external incentives. These external incentives lie outside our scope of influence, but we assume that consumers, private investors, public institutions and retailers will play a role as they seek sustainable practices around consumption, investment, and procurement. When acting on feedback from suppliers and on external incentives, Fair Wear member brands make necessary changes in their purchasing practices. Fair Wear member brands that are front runners and are demonstrating scalability of the Fair Wear approach will be asked to join and share their knowledge as Fair Wear ambassadors.

2 Other, non-Fair Wear member brands, particularly member brands of 'responsible business conduct platforms', together with industry stakeholders, cooperate towards systematic and effective prevention, mitigation and remediation of risks and violations

Other, non-Fair Wear member brands, particularly member brands of RBCPs – labelled pink on the diagram

Fair Wear influences non-Fair Wear brands and members of 'responsible business conduct platforms' (RBCPs) – platforms in which garment brands collaborate to achieve a fairer industry – to instigate change in the wider sector, by being a convener and by sharing evidence. This evidence is rooted in practice and has a focus on 'what works'. The information may be obtained from our own experiences (for example as documented in our country reports) or from third parties. Fair Wear does this *directly* through bringing stakeholders together, by convening and by engaging with RBCPs like the Dutch Agreement for Sustainable Garments and Textile, the Partnership for Sustainable Textiles, the Ethical

Trading Initiatives and the Fair Labor Association. In this context, we also target in our communications those industry stakeholders that are likely to influence the brands, such as investors, labour rights NGOs, or consumers. Since Fair Wear's ultimate goal is to improve labour conditions of workers in the brands' supply chain (our vision of success), our communication efforts with industry stakeholders are focused on reaching the brands. Our direct work with the brands and the communication with industry stakeholders leads to a greater awareness of the brands of their role in the supply chain. We also influence other stakeholders *indirectly* through our member brands leading by example: transparency and active communication about their supply chain, and active influencing of members of RBPCs and industry associations, as well as other industry stakeholders and influencers.

We expect these engagements will lead to additional changes among non-Fair Wear member brands and members of RBPCs, such as increased understanding about the impact of brands' business models, sourcing strategies and purchasing practices on working conditions of workers. And it will lead to non-Fair Wear members and members of RBPCs increasingly conducting due diligence (risk assessment, monitoring, remediation) in line with OECD guidelines.

Because of these efforts, non-Fair Wear member brands and members of RBPCs will take desired sustainability measures in their supply chains, that reflect Fair Wear's supply chain approach and relevant good practices of Fair Wear member brands and others. These measures will also influence the suppliers of these brands to implement sustainability measures like the CoLP and may directly contribute to the improvement of working conditions. Responsible business conduct platforms aligning their values and approaches will further reinforce these changes across the sector.

3 Suppliers facilitate systematic and effective prevention, mitigation and remediation of risks and violations

Suppliers – labelled blue in the diagram

Fair Wear influences suppliers by applying Fair Wear's supply chain approach. The supply chain approach starts with member brands seeking sustainable relations with suppliers and treating them as partners. As member brands engage with suppliers, the suppliers become (more) aware of the CoLP and on how brand purchasing practices, including pricing strategies, impact working conditions. This way, member brands and suppliers are able to engage in regular dialogue about sourcing and pricing practices to facilitate good working conditions, and an environment in which the suppliers can

ensure workers' fundamental rights. An important assumption here is that suppliers acknowledge the role of brands and that suppliers are able and willing to provide feedback to brands. Also, the assumption that brand's internal practices influence the working conditions at the level of the suppliers in a way that is related to the leverage that the brand has with the supplier, is a key pillar of Fair Wear's philosophy of change.

At the level of suppliers, we expect a number of changes to take place as a result of this increased awareness of the CoLP and labour laws and the increased engagement with Fair Wear Member Brands. Suppliers will engage with and involve worker representatives (preferably trade unions) in decision making; have proper HR, management and production planning policies and systems in place, and will establish functioning internal grievance and dialogue mechanisms. Subsequently, suppliers will remediate violations of working conditions more systematically to implement the CoLP based on outcomes of risk assessment and monitoring conducted by member brands. These changes at supplier level are a result of *direct* influence by Fair Wear through training of suppliers and practical guidance and *indirect* influence through members of RBPCs also taking sustainability measures in their supply chains.

4 Trade unions negotiate labour conditions and monitor remediation of labour rights violations

Workers and trade unions – labelled yellow in the diagram

In Fair Wear's view, systematic negotiation of labour rights for workers is best done by trade unions. In situations where the right to freedom of association and collective bargaining are restricted under law, independent and free association and collective bargaining must also be assured. Dialogue between factory management and workers, for example with appointed worker representatives, should never be a replacement for functioning trade unions, but this interaction can be used to initiate social dialogue in an environment where unionisation is not (yet) possible. The workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions.

Fair Wear considers the role of workers and their representatives (trade unions) as well as NGOs focused on labour rights to be critical for the achievement of our vision: a garment industry fair for all. Workers have to be able to negotiate working conditions and influence decision making through

meaningful and effective social dialogue. The first steps towards the workers having independent and strengthened representation are workers knowing their rights and having the capacity and power to form trade unions. This should lead to trade unions, together with workers, negotiating labour conditions and monitoring remediation of labour rights violations, as well as workers making use of (internal) grievance mechanisms. This then also influences suppliers systematically remediating working conditions to implement the CoLP as mentioned above.

In alignment with trade unions, local labour rights organisations and other relevant civil society organisations, Fair Wear provides training to expand the knowledge of workers and promote more positive attitudes toward worker-management dialogue among both workers and management. An increased understanding of the CoLP and benefits of Fair Wear mechanisms among civil society organisations, trade unions and industry associations will also contribute to this change. That is why Fair Wear directly targets in its communication civil society organisations, trade unions and industry associations in producing countries and internationally. The goal of these communications is to improve the space for trade unions and workers for negotiating labour conditions and for monitoring remediation of labour rights violations.

In addition to our direct efforts to increase workers empowerment, changes in factories take place at the level of suppliers and brands. Suppliers should ensure workers' rights such as freedom of association and the right to collective bargaining. Brands have a crucial role to play in this as well. Of importance are practical changes related to internal policies and systems, which should lead to the establishment of functioning internal grievance and dialogue mechanisms. Fair Wear strives for grievances to be solved internally, with the use of *internal* grievance mechanisms that include worker representation. We promote and operate *external* grievance mechanisms, such as the Fair Waer complaints helplines, so that grievances are also captured in situations where internal grievance mechanisms are absent or not functioning properly. Fair Wear and its member brands contribute to these changes by evidence sharing and direct influencing of suppliers. Fair Wear member brands and non-Fair Wear member brands also contribute to the implementation of measures agreed between workers and suppliers by continuously improving their own internal mechanisms, particularly purchasing practices.

5 Relevant stakeholders, including policy makers and regulatory oversight organisations enable the effective enforcement of the CoLP

Stakeholders, including policy makers and regulatory oversight organisations – labelled purple in the diagram

Due diligence is a prominent policy concern at the UN and EU, where stakeholders are increasingly calling for regulations to establish a legal bottom line. At the same time, we observe similar developments advancing on a national level. The common thread across debates and legislative proposals is the need for policymakers to invoke an extra-territorial responsibility on businesses and their operations in the supply chain^[4].

Fair Wear recognises the value of complementary international, regional and national regulatory frameworks (including trade agreements) for establishing an enabling environment for brands - key agents of change in Fair Wear's supply chain approach of shared responsibility. Regulatory frameworks require all brands to improve their performance on due diligence; legislation can guarantee a level-playing field for supply chain due diligence in the garment industry by setting a minimum level of expectations for brands lagging behind industry norms and standards. Moreover, minimum compliance eases the trajectory for ambitious (Fair Wear) brands to set out a higher bar for due diligence without fearing a competitive loss. These legislative developments help advance debates and proposals for international frameworks and national legal frameworks in production countries, illustrating the reciprocal nature of regulation in a globalised world. We foresee that the shifting norm at a European level (towards establishing a legal minimum for supply chain due diligence), will incite brands and stakeholders to ask for a legal level playing field on responsible business conduct in production countries. At the same time, the level of standards that regulatory frameworks demand remains a concern.

To facilitate that development, it is important that policy makers responsible for developing and ensuring (changes in) legislation understand the value and facilitate the implementation of the CoLP in production countries. Part of the work of the Fair Wear production country teams is to advocate for these improved policies and practices. They do this together with unions, NGOs and civil society organisations that are experts on the local contexts. The country teams, together with the partners, will set lobby goals depending on the most pressing needs and opportunities. To enable country teams and partners to do this work as effectively as possible, it is important for them to have a solid

knowledge base of the thematic issues, as well as strengthened capacity on lobby and advocacy. Fair Wear therefore invests in strengthening the lobby and advocacy capacity of civil society in the production countries.

With this context in mind, Fair Wear actively pursues to establish, promote and enhance, jointly with its member brands and other stakeholders a context which is conducive to Fair Wear, its members and stakeholders promoting and implementing the Fair Wear goal of better labour standards in the garment industry, through supporting an enabling environment for healthy industrial relations and meaningful and effective social dialogue. Advancing this enabling environment calls for changes to take place at the level of production countries, member brands' headquarters countries and at the regional or international level. We will prioritise efforts to influence concrete draft laws or regulations already tabled for discussion. Our position and written submissions will be based on Fair Wear evidence and our own experiences regarding 'what works' and where relevant include good practice of third parties. From our evidence-base, Fair Wear knows one size does not fit all. Therefore, we promote a smart mix of policy instruments and initiatives that support the successful implementation of the CoLP across the global garment sector.

^[1] This relates to non-Fair Wear member brands who are member of responsible business conduct platforms such as Ethical Trading Initiative (ETI), Fair Labor Association (FLA), Dutch Agreement on Sustainable Garment and Textile (AGT) and Partnership for Sustainable Textile (PST).

^[2] These actors are for instance UN, EU, governments in production countries, policy makers in production countries.

^[3] In terms of lobby and advocacy, we see our role as promoting a context that is conducive to the work we ourselves, our members, and our stakeholders do to achieve the overall goal of a garment industry that is fair for all, and an enabling environment for workers and their representatives to exercise their rights.

^[4] Examples of existing regulations: California, US Transparency in the Supply Chain Act 2010, UK Modern Slavery Act 2015, All EU Member States 2016 implementation of Directive 2014/95 on non-financial and diversity information, FR Duty of Care Law 2016, AUS Modern Slavery Act 2018; examples of draft regulations: NL Child Labour Due Diligence Law. DE Corporate Responsibility and Human Rights, and CH Responsible Supply Chain Initiative.