



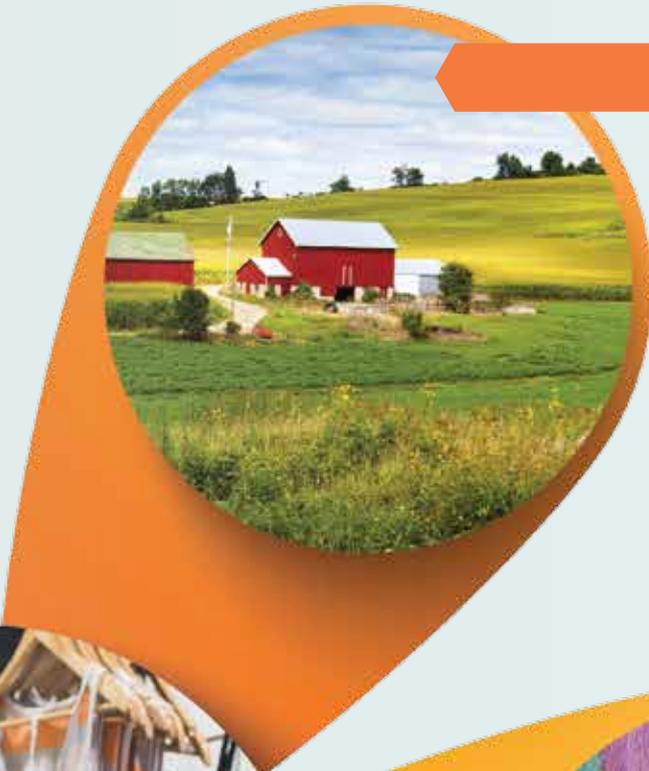
# Transparency is the New Green

By Amanda Cattermole

**T***ransparency* is defined as the ability to have free and easy access to critical information. *Traceability*, which goes hand in hand with transparency, is the ability to track something as it moves along the supply chain. Brands need more transparent supply chains for several reasons. Transparency is not only necessary to substantiate environmental claims; it is also essential to protect companies' reputations and, in many cases, comply with the law.

Many factors are driving the trend towards transparency in products and supply chains. Consumers want to know more about the products they buy. They want to know where products are manufactured, the working conditions in which those products are made, and if their products are safe.

Labor, including the use of child, forced, and slave labor, environmental disasters, and the safety of products has driven consumers to ask probing questions and demand answers. Brands and companies are implementing policies, processes, and procedures to understand and improve the transparency of their supply chains. But what has changed?





## Eroding Profit Margins and Competition

Many of the health, safety, and environmental violations occur in part, due to the continuing collapse of wholesale and retail prices. This is particularly true in the apparel and footwear industry. Fast, cheap fashion has changed the way apparel is manufactured. Eroding profit margins and steep competition, coupled with a consumer hungry for more “stuff” has resulted in a fragmented supply chain that is constantly moving to developing countries where labor is cheap, environmental regulations are scarce, and factories and working conditions are far from safe and acceptable.

In China alone, an estimated 70% of rivers and lakes are polluted. A leading source of this pollution is from riverside chemical and power plants, along with paper, textile, and food production facilities. A recent study by the US State Environmental Protection Agency (SEPA) showed that more than half of

the country’s 21,000-plus chemical plants are located along the Yangtze and Yellow Rivers.<sup>1</sup> Many have not conducted environmental impact assessments and were built in locations that threaten drinking water supplies, groundwater, and coastal waters.

Devastating sewing factory disasters such as the collapse of Rana Plaza in Bangladesh killed over 1,100 people. The owners have been charged with murder and face the death penalty if convicted.<sup>2</sup> The fire at the Tazreen Fashions Factory that killed 112 has also raised awareness of some of the appalling conditions in the industry. Both these facilities had a host of safety violations. Since these two terrible disasters, the Bangladesh Accord has been established to address much needed change and implement health and safety policies that protect garment workers.<sup>3</sup>

Consumers are concerned about the safety of the products they buy, but it is not only manufacturing that consumers are concerned about. They are also worried about products that contain hazardous chemicals that can cause harm to workers and consumers.



## What Caused Increased Transparency?

Today transparency is being integrated into product quality because consumers equate it with a full roster of social, environmental, and labor standards. And they expect this information to be completely available to them.

But this still begs the question. Why is there an increase in the demand for greater transparency now? There are several drivers responsible for educating consumers, who ultimately hold the power because they purchase the products. Consumers are fickle and it doesn't take much for them to skip to a different store, brand, or product if they don't like what they see or hear.

### NGO's and Campaigns

Non-governmental organizations (NGOs) raise consumer awareness by launching specific campaigns that target companies or industries. Some of these

campaigns implement shaming strategies. Companies are fearful of the negative publicity that may be caused by a campaign and act quickly to reduce the risk and protect brand reputation.

You don't have to look far to see the success of the Greenpeace Detox campaign, aimed at reducing hazardous chemicals in the apparel and footwear industry.<sup>4</sup> The campaign is targeted towards well-known fashion and active-wear brands such as Inditex (Zara), Uniqlo, H&M, Nike, and Adidas. Greenpeace has successfully picketed flagship stores and made companies publicly commit to zero discharge of hazardous chemicals by 2020. Part of the detox commitment focuses on transparency and requires brands to list the names and addresses of their manufacturing suppliers and to publish discharge data on websites.

### Social Media

Social media is an incredibly valuable tool for both brands and consumers. It has completely changed the way we communicate. Digital information is created

# MMT<sup>®</sup>

## MOISTURE MANAGEMENT TESTER

### SDL Atlas introduces the 2nd generation of the MMT<sup>®</sup>

Fabrics that are required to perform as hard as the athletes that wear them require specialized testing.

Newly redesigned with features designed to make the instrument more efficient and durable, the MMT measures, evaluates and classifies dynamic liquid transfer properties of a fabric, providing a complete performance profile.

For more information contact an SDL Atlas solutions expert today.

(US) +1 803 329 2110

(Hong Kong) +852 3443 4888

(China) +86 755 2671 1168

info@sdlatlas.com

info@sdlatlas.com.cn

info@sdlatlas.com.cn

[www.sdlatlas.com](http://www.sdlatlas.com)





in real time and can go viral almost instantaneously. Every day, over 500 million tweets are generated. It only takes a few people to spread information very quickly, and consumers are not afraid to share their point of view, whether good or bad.

### The Sustainable Mainstream Consumer

The sustainable mainstream consumer is no longer a niche segment. A recent Nielson study shows that 55% of global online consumers across 60 countries say they are willing to pay more for products and services provided by companies that are committed to positive social and environmental impact.<sup>5</sup> It wasn't long ago when there was nothing "mainstream" about sustainability, and consumers certainly were not willing to pay more for a product with so-called sustainable attributes. There is an uptick in the number of companies that publish corporate sustainability reports and transparency is a big part of the content.

### Emerging Science

Emerging science should not be overlooked. Scientists continue to provide data regarding the safety of consumer products. There is growing evidence linking our health to chemicals in the environment. Common childhood diseases, such as rubella, chickenpox, and mumps have been replaced by allergies, asthma, ADHD, and even childhood obesity, and much of the evidence points to environmental factors.

### New Regulations

The chemical regulatory landscape is complex. There are no global requirements and US states are not aligned on a common set of regulations. Some, such as California, have implemented a set of Safer Consumer Products Regulations.<sup>6</sup> A list of candidate chemicals has been established and products that contain any candidate chemical may be at risk. Once a product is identified by California, it is up to the manufacturer or brand to comply with the law by confirming if the product contains or does not contain the hazardous chemical in question. If so, it must implement an Alternatives Assessment that demonstrates the hazardous chemical has been eliminated and replaced with a safer alternative. This can only be achieved if companies have information about the chemicals present in their products. Not an easy task in the apparel industry. The California Department of Toxic Substances Control, responsible for the new regulations, is in the process of developing a work plan that shows the next list of products. Apparel items that may contain formaldehyde, triclosan, and long chain perfluorinated chemicals are on that list.

### What are Companies doing?

The apparel industry is not immune to these trends. Many brands and organizations are actively creating strategies that increase their commitment to trans-



parency as well as reducing hazardous chemicals in their products.

There are many examples of strategies that aim to increase the level of transparency in supply chains. For example, The Textile Exchange has developed, in collaboration with The North Face and Control Union, a Responsible Down Standard that ensures the waterfowl in the down supply chain are treated humanely.<sup>7</sup> This involves complete knowledge of the supply chain from the farm to the final product. It must be traceable and verified to meet the standard.

Everlane practices radical transparency by sharing its factories, wholesale costs, and markup to its consumers on its website.<sup>8</sup>

Zero Discharge of Hazardous Chemicals (ZDHC), a group of brands committed to reducing hazardous chemicals in the apparel and footwear industry, has recently published a Manufacturing Restricted Substance List.<sup>9</sup> Chemical companies that meet the requirements of the MRSL are now marketing their formulations as ZDHC MRSL compliant, providing a sense of relief to the brands they indirectly sell to.

Patagonia publishes its Footprint Chronicles which showcases its factories and supply chain.<sup>10</sup>

It is interesting how quickly the industry is changing. Clearly, there is a power shift towards the consumer, and companies are reacting

by implementing strategies that demonstrate greater transparency.

#### References

1. <http://news.bbc.co.uk/2/hi/asia-pacific/4642090.stm>
2. [www.theguardian.com/world/2015/jun/01/rana-plaza-collapse-dozens-charged-with-murder-bangladesh](http://www.theguardian.com/world/2015/jun/01/rana-plaza-collapse-dozens-charged-with-murder-bangladesh)
3. <http://bangladeshaccord.org>
4. [www.greenpeace.org/international/en/campaigns/detox/fashion](http://www.greenpeace.org/international/en/campaigns/detox/fashion)
5. [www.nielsen.com/us/en/press-room/2014/global-consumers-are-willing-to-put-their-money-where-their-heart-is.html](http://www.nielsen.com/us/en/press-room/2014/global-consumers-are-willing-to-put-their-money-where-their-heart-is.html)
6. [www.dtsc.ca.gov/SCP/index.cfm](http://www.dtsc.ca.gov/SCP/index.cfm)
7. [www.textileexchange.org/upload/Integrity/Standards/RDS/TE%20Responsible%20Down%20Standard%202.0.pdf](http://www.textileexchange.org/upload/Integrity/Standards/RDS/TE%20Responsible%20Down%20Standard%202.0.pdf)
8. [www.everlane.com/factories](http://www.everlane.com/factories)
9. [www.roadmaptozero.com/programme-documents](http://www.roadmaptozero.com/programme-documents)
10. [www.patagonia.com/us/footprint](http://www.patagonia.com/us/footprint)

#### Author

Amanda Cattermole is the CEO of Cattermole Consulting Inc. Her company helps organizations minimize company risk and protect brand reputation by developing a proactive chemical management program. [www.cattermoleconsulting.com](http://www.cattermoleconsulting.com)

