

SLAVERY NO MORE 2012 GLOBAL HUMAN TRAFFICKING CONFERENCE

August 10-11 ~ LOS ANGELES, CA

The California Transparency Supply Chain Act (SB 657) – Corporations Taking the Lead

Jocelyn White: Our next speaker has over nine years of experience as a multi-faceted corporate social responsibility professional. She's traveled to over 30 countries, and her expertise ranges from field auditing to program development and implementation, training and education, and capacity building. In her current role as a social and environmental responsibility manager at Patagonia she is responsible for company supply chain, compliance, and commitment to upholding Patagonia's workplace code of conduct and Fair Labor Association obligations. Please join me in welcoming Wendy Savage.

Wendy Savage: Thanks everyone. I work for Patagonia. We are an outdoor brand, and what I'll share with you today is a little bit of what we've done to comply and implement the SB 657 at Patagonia. Just to give you a little bit of an overview of this law, because there's another panelist who's going to talk on that this law came into effect in January 2012. It applies to all companies doing business in California that are grossing over \$100 million. It basically asks companies to disclose the efforts; to what extent do they do anything to eradicate slavery and human trafficking within their supply chains. To us this was an opportunity to look at our current program. Patagonia has had a social and environmental responsibility program for decades now. It was really an opportunity to look at our program and do sort of gap analysis and see where we can make an improvement. How can we do better?

Let's just go over some of the pillars of this law. The first pillar asks for verification. Do you know as a brand where your products come from? Do you know where your risk for human trafficking and slave labor come from and are you evaluating your suppliers, so that's the first thing that the law asks. After that the second one is are you auditing your suppliers? Are you making sure that they're complying with your code of conduct and with the law. Third is certification. Are your suppliers certifying that not only their products are free from slave labor and human trafficking but anything contained within that product. The fourth one is internal accountability. If you are to find anything within your supply chain, your suppliers are not complying, what do you do? Do you have processes? Do you have management systems in place? The last one is training which is very, very important. It asks have you trained or what type of training have you given to everyone dealing with your suppliers.

We had to do a disclosure answering each of these points. To any extent what are we doing? If we're not doing anything why are we not doing it? My department and our Director of Social and Environmental Responsibility worked very hard for a year and a half to implement all the little changes that we needed to fine tune our program. I'm going to share with you some of the things that we've done for each of these pillars.

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The first step which we've actually been doing for a lot of years is the supply chain mapping. I can't emphasize how important it is to know where your product comes from and who your partners are as far as suppliers. Supply chain mapping is key. We had questionnaires we sent to our suppliers. With this law, we found we needed to tailor them a little bit more to find more information about labor brokers. We were finding information about migrant laborers and imported workers. We needed to ask more specific questions. Do you use labor brokers? Where are they? What are their names? Where are they located? If they were using those, we want to know, and we want to be able to audit them.

The other thing that we have been doing already for our program is a fourfold approach. By that we mean that we select the suppliers, the work with us. They have to pass very rigorous criteria where we look at quality. We look at business. We look at social and environmental responsibility. There are four departments that deal with all these points, and we all have equal veto power. If there's a supplier that has perfect pricing and perfect quality, but there are issues in social compliance or environmental responsibility, we can say no we cannot work with the supplier. Or we will be able to work with the supplier, let's help them get up to where they need to be for our criteria. That has helped us to work with really wonderful partners within our supply chain. Suppliers who want to work with us to improve and take that journey to a better social, environmental quality and law requirements.

The second pillar we are a member of the Fair Labor Organization. This is an organization that's focused on improving worker's rights all over the world. We have a code of conduct that is based on the *Fair Labor Organization Code of Conduct*. We are currently updating Patagonia's Code of Conduct to include more specific things regarding slave labor and slavery and human trafficking. Before we had things that dealt with migrant workers and imported workers, but we wanted to specify slavery and human trafficking in our code of conduct. That's coming up before the end of this year.

We audit our supply chain based on this code of conduct. We have third party monitors that do our audits. This is how we ensure that they're in compliance with our requirements and the new things that we've implemented. We also found that we needed to tailor our reports, our audit reports to capture more of that information of the labor brokers. Whatever information we capture in the questionnaires we wanted to match with what the auditor found during the factory audit.

The third pillar is certification. We have a special SB 657 certificate where our suppliers attest that their suppliers further down the supply chain are also complying with our requirements, including the human trafficking and slavery clause. The fourth pillar, internal accountability, we created or fine-tuned the management systems processes that we had for dealing with issues regarding slave labor and human trafficking. We had all of the procedures for child labor, any of the zero tolerance that we many find during our assessments. The last one, training, we implemented training for all our sourcing managers,

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designers, for everybody who has to deal with the suppliers, so they know the issues that we need to look at before approving them.

If they are sourcing, they need to ask those sorts of questions. Not only that, but we also find that it's very important to educate the suppliers, because the issues with slavery can have different meanings, depending on where they are. Some cultures may find it acceptable. They don't understand it. We have to do a lot of education within our supply chain, and that's one of the next things that we're implementing, educating our suppliers as to the risk in all these issues.

I think that's it. Thank you.

A large, stylized graphic of the word "NO" in red. The letters are formed by multiple overlapping, slightly offset outlines, creating a sense of depth and movement. The "N" is on the left and the "O" is on the right, both rendered in a consistent red color.

A large, bold, grey block-letter graphic of the word "MORE". The letters are solid and have a slightly textured, pixelated appearance. The "M" is on the left, followed by "O", "R", and "E" on the right.