

patagonia



How a Deeper Dive into Our Supply Chain Led to a New Migrant Worker Standard

Patagonia / 9 Min Read / Our Footprint



Above: Rita Tseng is a social and environmental responsibility (SER) field manager for Patagonia based in Taiwan. Here she meets with migrant workers during a factory audit. She is accompanied by our partners at Verité and their team of expert field staff and interpreters who speak the native languages of the workers. Photo: Jeannie Chen



Imagine paying \$7,000 to get a job. That's what some labor brokers charge migrant workers in Asian countries to place them in factory work in Taiwan, where many factory jobs go wanting these days. The practice is considered an acceptable part of doing business, though brokers regularly charge above legal limits. Transportation, work visas and other essentials are included. But paying that kind of money for a factory job is an almost impossible burden for workers already struggling to make a living.

It creates a form of indentured servitude that could also qualify, less politely, as modern-day slavery. And it's been happening in our own supply chain.

Patagonia buys fabrics and other materials from factories in Taiwan that rely on labor brokers. We're proud of the high standards to which we hold our factories, but we just didn't know these issues existed until our social responsibility audits in 2011 revealed some red flags. Partnering with Verité—an NGO dedicated to ensuring people around the world work under safe, fair and legal conditions—we conducted in-depth migrant worker assessments with four of our suppliers in Taiwan.

The results startled us. We learned that it can take a worker as many as two years to repay a labor broker, and that most labor contracts last only three years before the worker has to return home and the process (and fees) begin again. It became clear to us that we needed to make significant changes—and to help alert others to both the problem and the need for change.

We set out to develop a new standard, institute changes in our supply chain, repay current workers, and share our recommended standards with other companies that want to eradicate similar practices by their suppliers.

Working with Verité, we first developed a comprehensive migrant worker standard for our factories that covered every aspect of employment, including pre-hiring interactions, labor contracts, wages and fees, retention of passports, living and working conditions, grievance procedures and repatriation.

Then, in December 2014, we hosted a forum for our Taiwanese suppliers to explain the new standard that, among many things, requires them to stop charging fees to foreign workers hired on or after June 1, 2015. They can either pay the fees themselves or hire workers directly without the use of labor brokers.

We also mandated that they repay currently employed workers, who were hired before June 1, all fees that exceeded the legal amount.

Our factory partners listened with interest and asked many questions. They understand our values and our belief in the cost of doing business responsibly. We are committed to partnering with them to eliminate human rights issues in our supply chain and we were very pleased to see their strong overall commitment to doing right by their workers.

Hoping to inspire further-reaching change (and continue to educate ourselves), staff from Patagonia's social and environmental responsibility department also met with Taiwan's Ministry of Labor Workforce Development Agency. We had a productive dialogue about ways to improve the system for all companies in Taiwan. As a result, representatives from the agency provided training to our suppliers on the practice of direct hiring.

And, because this form of human trafficking is not confined to the island of Taiwan, we have applied our migrant worker standard to our entire supply chain. We've also made the standard publicly available to any company that would like to adopt it.



In January, we received a call from the White House, inviting Patagonia’s Chief Operating Officer [Doug Freeman](#) and Director of Social and Environmental Responsibility [Cara Chacon](#) (pictured above) to present our work at the [White House Forum on Combatting Human Trafficking in Supply Chains](#) led by Secretary of State John Kerry. We, along with leaders from Walmart, HP and SAP Cloud, were asked to discuss our work and best practices on the issue.

“We were honored to have the opportunity to share our plan and progress,” Cara said. “Though the work is challenging, it’s not impossible. For the sake of workers, we hope other companies will recognize that and move ahead with their own efforts.”

[Download “Patagonia Migrant Worker Employment Standards & Implementation Guidance” \(PDF\)](#)

[A Timeline of Our Efforts to Prevent the Exploitation of Migrant Workers in Our Supply Chain](#)



Jan. 2011: We begin preparations to launch our Raw Material Supplier Social Responsibility program. This includes mapping our Tier 2 supply chain of material suppliers (fabric mills, snap and zipper manufacturers, etc.) and their sub-suppliers, developing a communication plan to announce the program, and providing internal training to our material development and design teams.

Aug. 2011: We hold a raw material supplier seminar at the Outdoor Retailer Show in Salt Lake City to announce our material supplier social & environmental responsibility (SER) program. Prior to this we focused most of our monitoring efforts on our finished-goods (assembly) factories and their subcontractors (Tier 1).

Sept. 2011: We re-evaluate our social audit template and decide to update the migrant worker section to be better able to detect the possibility of human trafficking. A third-party corporate social responsibility (CSR) expert develops the new migrant worker section for us, and several NGOs that focus on human trafficking vet it. All social audits from this point on use the revised audit tool with the revised migrant worker section.

Oct. 2011: We prepare our suppliers for their upcoming social responsibility audit. These audits are new to most of our Tier 2 suppliers as brands rarely audit at this level of the supply chain. We select an experienced third-party auditing firm and they begin to make audit arrangements with our suppliers.

Nov. 2011: In accordance with a new state law (California SB 657 Disclosure), we post our [California Transparency and Supply Chains Act](#) disclosure on our website. This outlines in detail the steps we take to prevent human trafficking and child labor in our supply chain.

Dec. 2011: We hold a human trafficking awareness training for all Patagonia staff involved in our supply chain.

Dec. 2011-Sept. 2012: During this period, audits are done of our raw-material suppliers worldwide. Audits in Taiwan reveal seven of our suppliers employ migrant workers and have some egregious employment practices. Immediately, we ask each of these suppliers to begin working on a corrective action plan to remediate migrant worker issues. Our SER staff follows up with the suppliers, but they quickly realize migrant worker issues are systemic in Taiwan, and that eliminating them will require a focused, holistic approach.

Our SER team formulates a short-, medium- and long-term human trafficking remediation strategy for the issues found in Taiwan, which we present to our executives. The phases of our strategy are: Research & Launch Program, Remediation and System-wide Scaling as described below. Our vision is not only to help workers in our supply chain, but to help all workers in Taiwan who face the same situation and to influence other brands to join us.

Phase 1 - Research & Launch

Convene brands working on same issue
Collect data
Develop migrant worker standards
Educate suppliers
Launch program to our Taiwan suppliers via an in-person seminar in Taiwan with top Patagonia executives
Finish in-depth focused migrant worker audits

Phase 2 - Remediation

Provide support to suppliers via training and consulting
Check and adjust program to maximize and accelerate sustainable remediation
Monitor and report progress

Meet with Taiwanese government to leverage their knowledge and training and support services.

Phase 3 - System-wide Scaling

Launch standard to entire supply chain
Share standards and our journey publicly
Reconvene interested brands
Continue to form industry partnerships to scale program to all migrant workers in Taiwan

Oct. 2012-Feb. 2013: We present to our CEO, COO and VPs, the forced labor/human trafficking trends among our raw material suppliers in Taiwan. They acknowledge we need more staff and outside consulting to resolve the issues. We identify the need for two experts -one to work from our headquarters in Ventura and the second in Taiwan-to develop our migrant worker program. We begin searching for a Ventura-based CSR expert.

Jan. 2013: We launch a revised Supplier Code of Conduct that includes language on human trafficking and slavery. Our earlier version already included a prohibition against forced labor, but the new code clarified this includes human trafficking and slavery.

March-May 2013: We hire and relocate to Ventura a CSR expert to spearhead the migrant worker program. She begins work in late May 2013.

May 2013: OurSER team provides a training to Patagonia designers and merchandisers on human trafficking in the supply chain and our "4-fold approach" to supplier management, which gives the SER team veto power over non-compliant suppliers.

June-Oct. 2013: Our recently hiredSER manager starts to execute our short-, medium- and long-term strategy. She begins the search to hire a field manager to be based in Taiwan and begins plans to convene brands across different business sectors to discuss forced labor/human trafficking issues in the supply chain. We continue to perform social audits of our key material suppliers worldwide, including those in Taiwan.

Nov. 2013: After an extensive search, we hire an expert CSR field manager based in Taiwan.

We also host a one-day brand forum in San Francisco to which we invite some 40 brands to talk about human trafficking in the supply chain. Seven show up. Many of the others say they're

interested but not ready to tackle this issue.

Jan. 2014: As part of our strategy, we begin a deeper dive into the treatment of migrant workers in our Taiwanese mills. We commission four focused migrant worker assessments at each supplier location that look at all aspects of a migrant worker lifecycle from recruitment to repatriation. These include recruitment fees, discrimination, housing, wages, contracts and more. We put together a request for proposal and, after researching expert third-parties, we begin working with two organizations that specialize in helping companies address human trafficking in the supply chain. We invite each of them to conduct two migrant worker assessments in Taiwan that include interviewing migrant workers and labor brokers.

Feb.-April 2014: Four migrant worker assessments are piloted and the results are received. (Chinese New Year slows down scheduling.) We use this opportunity to test different protocols and methods of collecting data to inform our eventual assessment process. Our audit findings reinforce the depth and severity of migrant worker non-compliances at our Taiwanese material suppliers and strengthen our commitment to tackle these issues.

June-July 2014: We choose to partner with the fair labor nonprofit Verité, and begin discussing with them the best way to develop a detailed strategy. We map out our key activities and milestones, and plan out our first steps.

Aug.-Nov. 2014: Working with Verité, we develop our comprehensive Migrant Worker Employment Standards and Implementation Guidance document. We also prepare a supplier summit in Taiwan to announce our new standards and ask our suppliers to remediate all human trafficking non-compliances.

Dec. 2014: We finalize our Migrant Worker Employment Standards, translate the 40+ page document into Chinese, and release it to our Taiwanese suppliers by email and in-person in Taiwan. We announce two deadlines: (1) From June 1, 2015 onward, no worker will be made to pay recruitment fees. (The materials supplier must either hire directly from the government or pay the labor broker fees themselves.); (2) All workers hired prior to June 1, 2015 are to be reimbursed by December 31, 2015 any recruitment fees that exceeded legal limits.

All of the material suppliers we invite to the meeting in Taiwan attend, as do our COO, VP of supply chain, and directors of materials and social & environmental responsibility.

During this same trip, our SER team meets with a government official from Taiwan's Ministry of Labor Workforce Development Agency. They discuss the challenges faced by migrant workers, share best practices and seek to identify areas of collaboration. The official agrees to provide our suppliers with a training on direct hiring of migrant workers, which is one way to eliminate

recruitment fees paid by workers.

Jan. 2015-ongoing: Our SER manager and field manager continue to work closely with our Taiwanese material suppliers to help them implement our new standards and meet our deadlines.

At the invitation of the White House, our COO and director of SER travel to Washington, DC, to participate in the [White House Summit on Human Trafficking](#). Our director of SER also sits on a panel to share our work.

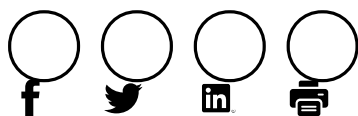
Feb. 2015: Taiwan's Workforce Development Agency trains our material suppliers on direct hiring of migrant workers.

Mar. 2015-ongoing: We announce the Migrant Worker Employment Standards to the rest of our supply chain, including our cut-and-sew factories and material suppliers outside of Taiwan.

We continue to commission Verité to conduct focused migrant worker audits of our Taiwanese suppliers, at our expense.

April 2015: Our director of SER is invited by the International Labour Organization to speak on a panel at the "[Out of the Shadows](#)" symposium on modern-day slavery.

June 2015: We post our [Migrant Worker Employment Standards](#) on our website for all to see and use.



Author Profile



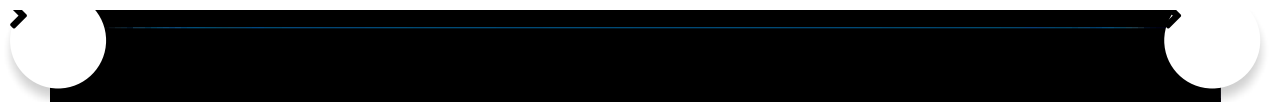
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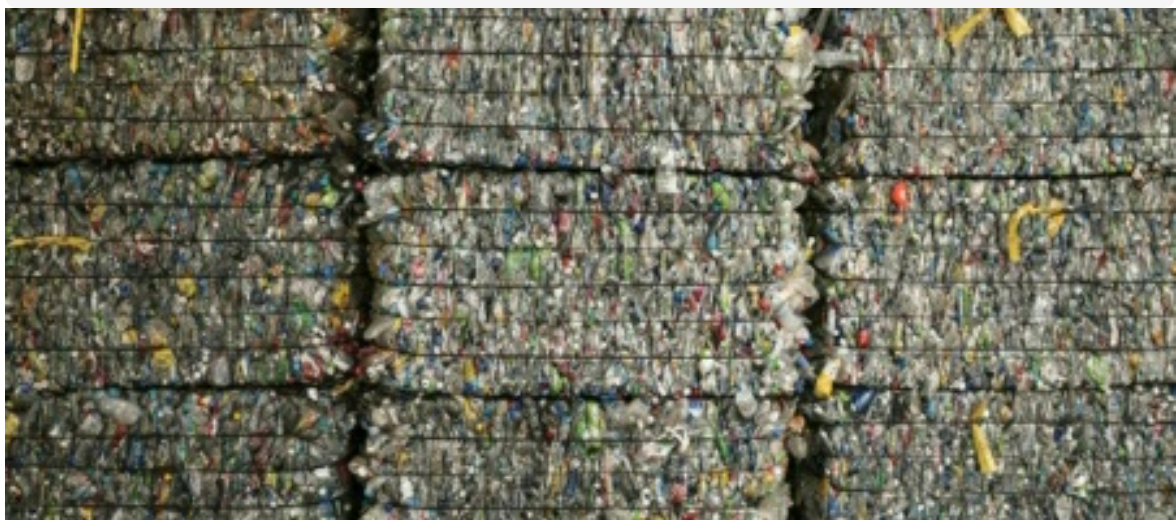




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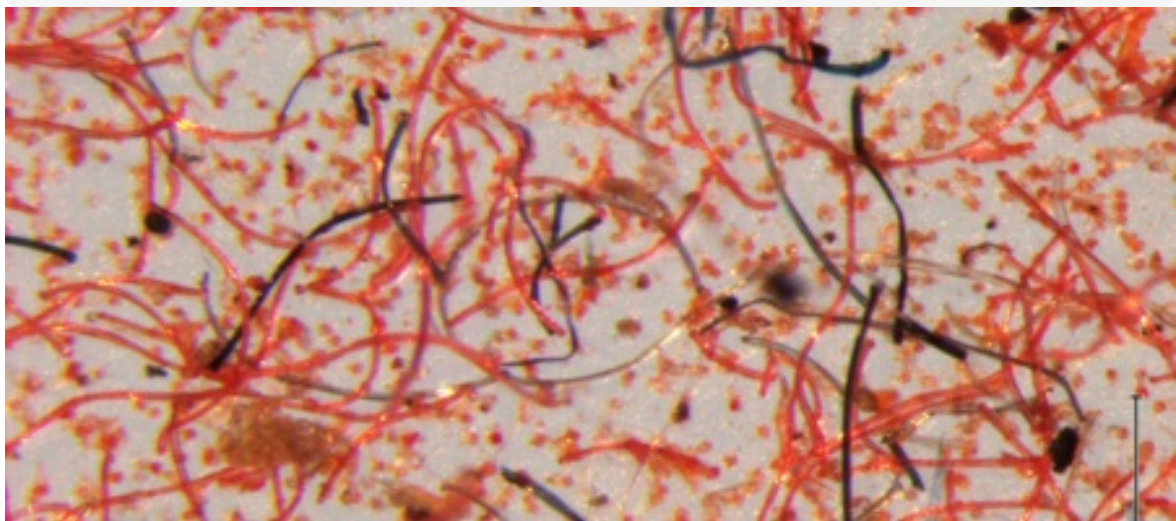
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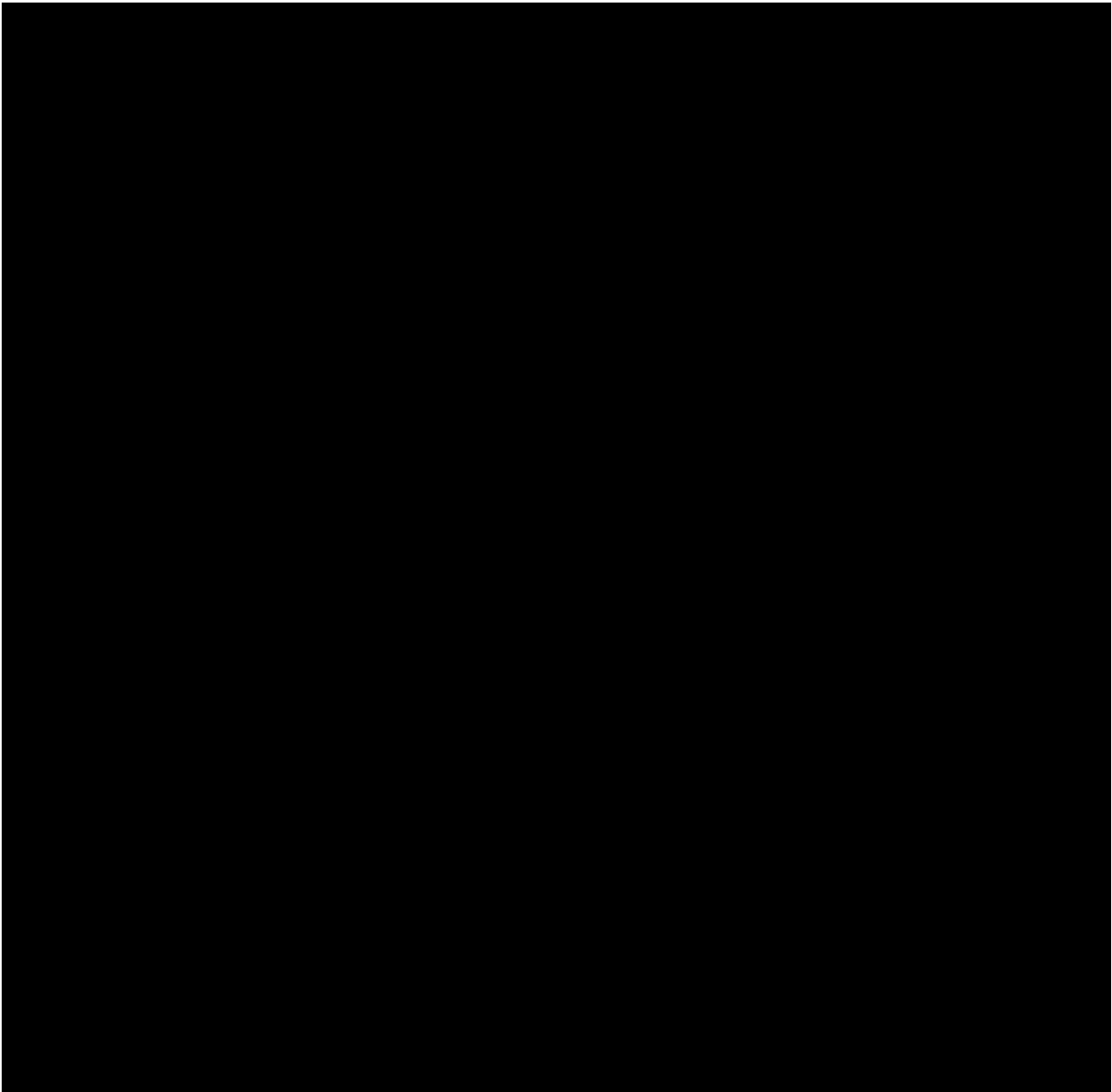
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