

The First Stitch

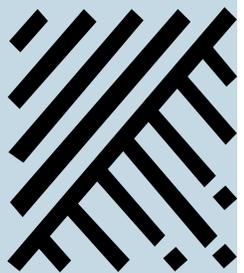
PROMOTING WOMEN'S RIGHTS IN MEXICO'S APPAREL INDUSTRY

#MaquilandoElCambio



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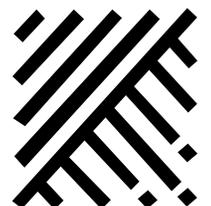
“We’re often working standing up for twelve hours straight, and this greatly affects women’s health and lives. If you want to use the bathroom, you have to sign up on a list. Half an hour later, they give you permission to go. Men have the best operational positions and are better paid.”

These statements made by a female worker in Mexico attest to just some of the many hardships faced by women struggling to make a living and survive in the country’s apparel industry. The industry is a significant sector of the Mexican economy and one of the most important manufacturing industries in the world, ranking fifth in global exports. Women represent more than 60% of its workforce, and, simply because they are women, they contend with countless human rights abuses.

In 2018, Hispanics in Philanthropy (HIP) partnered with B Lab to cultivate relationships with apparel companies throughout Mexico and to engage them in a self-evaluation process aimed at bringing to light working conditions for Mexico’s women and the factors that contribute to their overall work and living situations. This was part of a years-long effort by HIP to bring attention to, and subsequently improve, the lives of women in Mexico.

This report is a product of that effort. It highlights both the circumstances that women face in the apparel industry and the broader economic environment in which apparel companies operate, which significantly affects how these companies treat their employees. It aims to provide philanthropies that focus on women’s wellbeing – especially those interested in guaranteeing equitable access to safe and fair work for women – with an innovative example of how they can direct their efforts: supporting projects that directly engage the private sector in examining the causes of injustice and human rights abuses and ultimately ameliorating them. This report bridges the gap between human rights discourse, often championed by nonprofits, and ideas around Corporate Social Responsibility, the purview of the for-profit sector—two paradigms that rarely complement one another.

◆ ◆ ◆ **READ ON TO LEARN ABOUT
THE REPORT’S FINDINGS.**



About This Report



This document is an executive summary of HIP's December 2018 report *Primer Puntada: Avanzando el Bienestar de Trabajadoras en el Sector Moda en México* (The First Stitch: Advancing Women's Wellbeing in Mexico's Apparel Industry). It was born out of **#MaquilandoElCambio**, a movement that seeks to improve the wellbeing of women workers in Mexico's apparel industry and that is itself part of broader gender equity efforts in Mexico.

With support from the C&A Foundation in Mexico, three organizations launched **#MaquilandoElCambio**: Fondo Semillas, Proyecto de Derechos Económicos, Sociales y Culturales (ProDESC), and Hispanics in Philanthropy (HIP). Beginning in 2015, **#MaquilandoElCambio** engaged leaders in the national apparel industry by sharing information about global trends and promising practices, as well as by producing original research that showed how Mexico's industry lagged behind international apparel brands in terms of gender equity and labor rights. Ultimately, these leaders in Mexico's apparel industry became committed to a more responsible, ethical, and competitive industry and joined the **#MaquilandoElCambio** movement.

Three previous studies conducted by HIP led to this report. Those studies sought to define "good labor practices" and took a close look at specific apparel companies and their commitment to human and labor rights. Those studies, in turn, made evident the need to scale these efforts in order to provide a national baseline of labor rights within the industry. As a result, HIP engaged B Lab to deploy its self-evaluation tool, B Impact Assessment (BIA), to the network of apparel companies in the **#MaquilandoElCambio** movement. The BIA allowed participating companies to measure, compare, and find ways to improve their social and labor practices and environmental impact.

This report is based on the BIA results. It is one of the first national, sector-wide social and environmental impact assessments conducted in Mexico. It has helped not only to raise awareness about women's struggles; it has also served as a data-driven advocacy tool with which to engage key stakeholders, including philanthropies, in order to build investment in the movement.



About Hispanics in Philanthropy (HIP)



HIP is a transnational network of funders that makes impactful investments in the Latino community in the U.S. and across Latin America. HIP's mission is to strengthen Latino leadership, equity, and voice.

www.hiponline.org

@behipgive

About B Lab



B Lab is a nonprofit that was born in the U.S. and Canada in 2006 with the goal of redefining the meaning of success in business: to solve social and environmental problems through products and services, thus using business as a force for good.

B Lab promotes an economy where success is measured by the well-being of people, societies, and the environment.

www.bcorporation.net



Setting the Context



Women who work in Mexico often encounter unsafe, unhealthy, and unjust work conditions, which, in turn, impacts many other facets of their lives.

Mexico's National Survey of Occupation and Employment shows that just over **43%** of working-age women are active participants in the economy, and fewer than **25%** have health care benefits as part of their employment.

Strikingly, almost 34% of female workers have no employee benefits whatsoever, and almost 8% do not even receive remuneration for their work.

Nearly **20%** work more than 48 hours per week. According to the National Council to Prevent Discrimination, men earn salaries that are **34%** higher than women for the same jobs. All of these factors have a direct impact on women's lives.

The apparel industry in Mexico represents an important opportunity for women to access work. In fact, **60%** of the sector's labor force is female. However, the industry provides precarious working conditions at best, violating women's human and labor rights and ultimately affecting their wellbeing. Women workers face sexual harassment, violence, discrimination, and unsafe working conditions, especially if they are pregnant.

Women seeking employment are routinely required to sign certifications affirming they are not pregnant, and many are fired or forced to resign when they become pregnant. They also have disproportionately limited opportunities for promotion or salary increases.



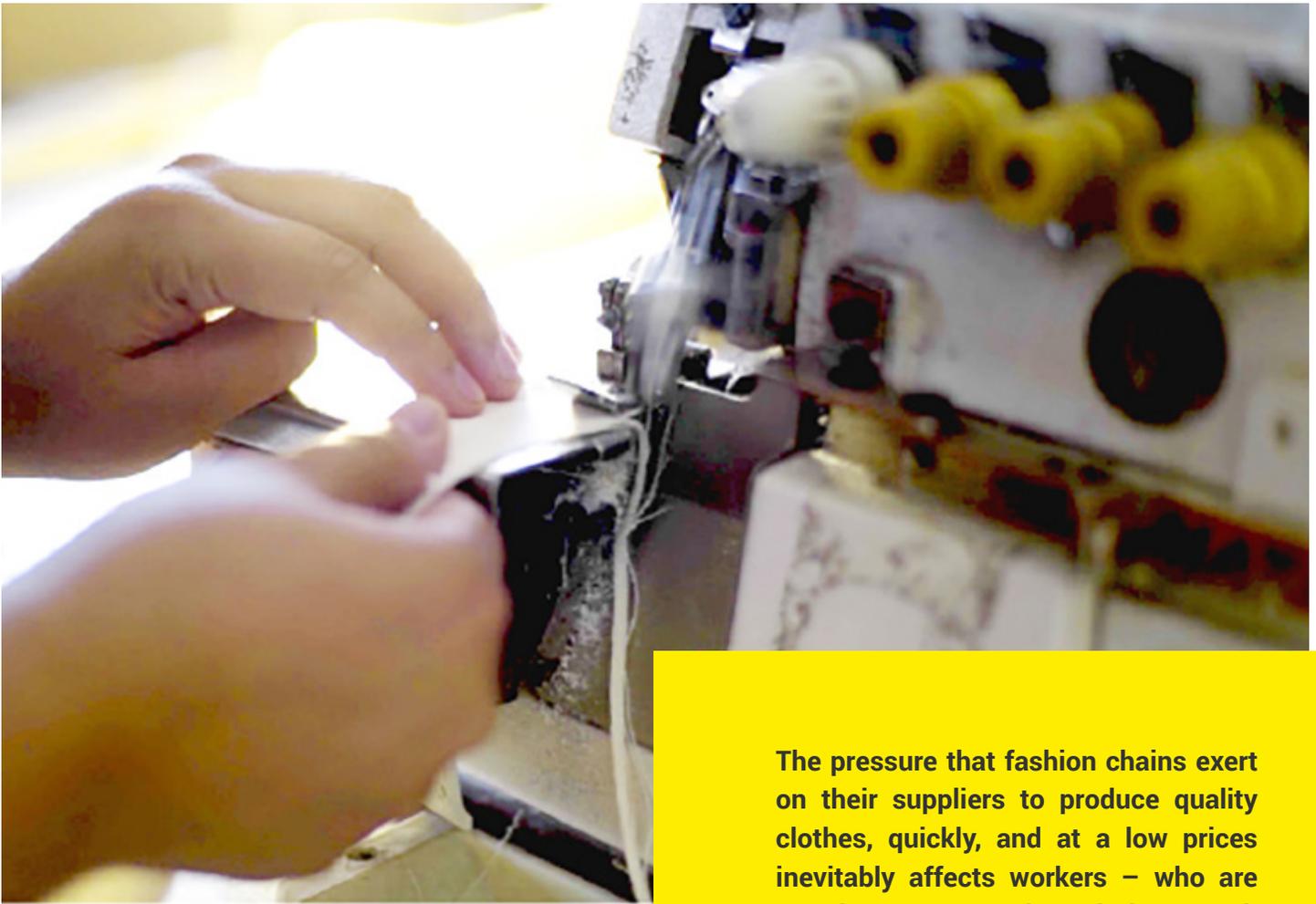


FOTO :Fondo Semillas

The pressure that fashion chains exert on their suppliers to produce quality clothes, quickly, and at a low prices inevitably affects workers – who are mostly women – through long work hours, poor pay, and rights violations. Women bear the brunt of these industry pressures.

These issues have focused scrutiny on Mexico's apparel industry. They have set into motion new studies, new assessment mechanisms, and new labor and management approaches aimed at mitigating the industry's impact and bringing to light new solutions where social and environmental responsibility, ethics, collaboration, and resilience play a fundamental role in creating a sustainable industry – economically, socially, and environmentally.

Human rights efforts have been focused on improving workers' basic living conditions and guaranteeing worker freedom and equality. **This means not only the freedom of association and compliance with Mexican labor laws and regulations, but also guarantees for fundamental necessities for well-being in both work and living.** This report is one contribution to these efforts.



FOTO :Fondo Semillas

Implementing the Self-Assessment



The BIA self-assessment tool used in this study measures company performance in several categories:



Within each of these categories are several sub-categories. For example, the governance area examines company mission, ethics, social entrepreneurship, and management practices, among other sub-categories. HIP also augmented the BIA to include an additional component on gender and labor rights.

Between July and October 2018, 40 companies of various sizes registered to participate in this study. Of these, 21 completed the BIA sections on governance, workers, community, and environment, and an additional 5 also completed the section on gender and labor rights. The majority of these companies each employ between 50 and 249 workers, over 79,000 total workers, of which 49%, or nearly 39,000, are women.



A Synthesis of the Self-Evaluation Results



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FOTO :Fondo Semillas

When looking at the overarching results of the **BIA self-evaluations**, all of the participating companies demonstrated similarly high scores. **Out of 200 total possible points on the BIA, the participating companies scored an average of 62.6.** While this average falls below that of other companies that already have attained B Corps certification (which requires a score of 80 points), the network scored higher, on average, than traditional companies. (In this report, traditional companies refers to companies that have completed the BIA, but are not B Corps certified.)

It is important to note that these relatively high scores were driven mainly by strong internal policies and operational practices, not necessarily due to demonstrated strength in protecting workers or the environment.

Looking at the results in aggregate, **the network's strongest performance was in the category of community, where they scored an average of 24.3 points out of a possible 51.** This average was the result of strong relationships with suppliers (primarily based on suppliers' ability to fulfill orders on time and at low cost) and because the companies sponsored charitable activities in their communities and made financial donations.

This section of the BIA measured each company's relationship with suppliers, their diversity, and their relationship with the local community. Companies assessed their practices and policies regarding community service and donations, as well as whether the company's products or services are designed to address social problems—providing access to basic services, supporting the health and welfare of the community, providing access to education, cultivating economic opportunities, and supporting the arts.

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Environmental impact was the category where participating companies saw the most room for improvement, which is not surprising, given the apparel industry's reputation for environmental degradation. Participating companies only scored 14 points out of a possible 45. This section of the BIA examined each company's environmental performance through its facilities, practices, and operations. Participating companies identified the materials and resources they used in production, the amount of energy they used, and the emissions and waste they generated. This section also took into consideration the transport and distribution chains of each company and the environmental impact of their supply chains.



Gender and Labor Rights

The gender and labor rights section that HIP added to the BIA assessed various related areas: work and family balance, wage discrimination, provider policies and transparency, freedom of association, and salary equity, among others.

This section of the self-evaluation resulted in a more general analysis, because it was a new addition to the BIA and unique to this process. Therefore, a comparison to other B Corps certified and traditional companies was not possible.

Of the 26 companies that completed this section of the BIA:

23 reported having policies in place for “equal pay for equal work or work of equal value” for men and women.

22 claimed to have written policies and manuals that promote equity between men and women.

24 described paying a “fair wage” above the legal minimum wage.

Only **4** reported that their employee handbooks or codes of conduct clearly defend the rights of working women to organize.

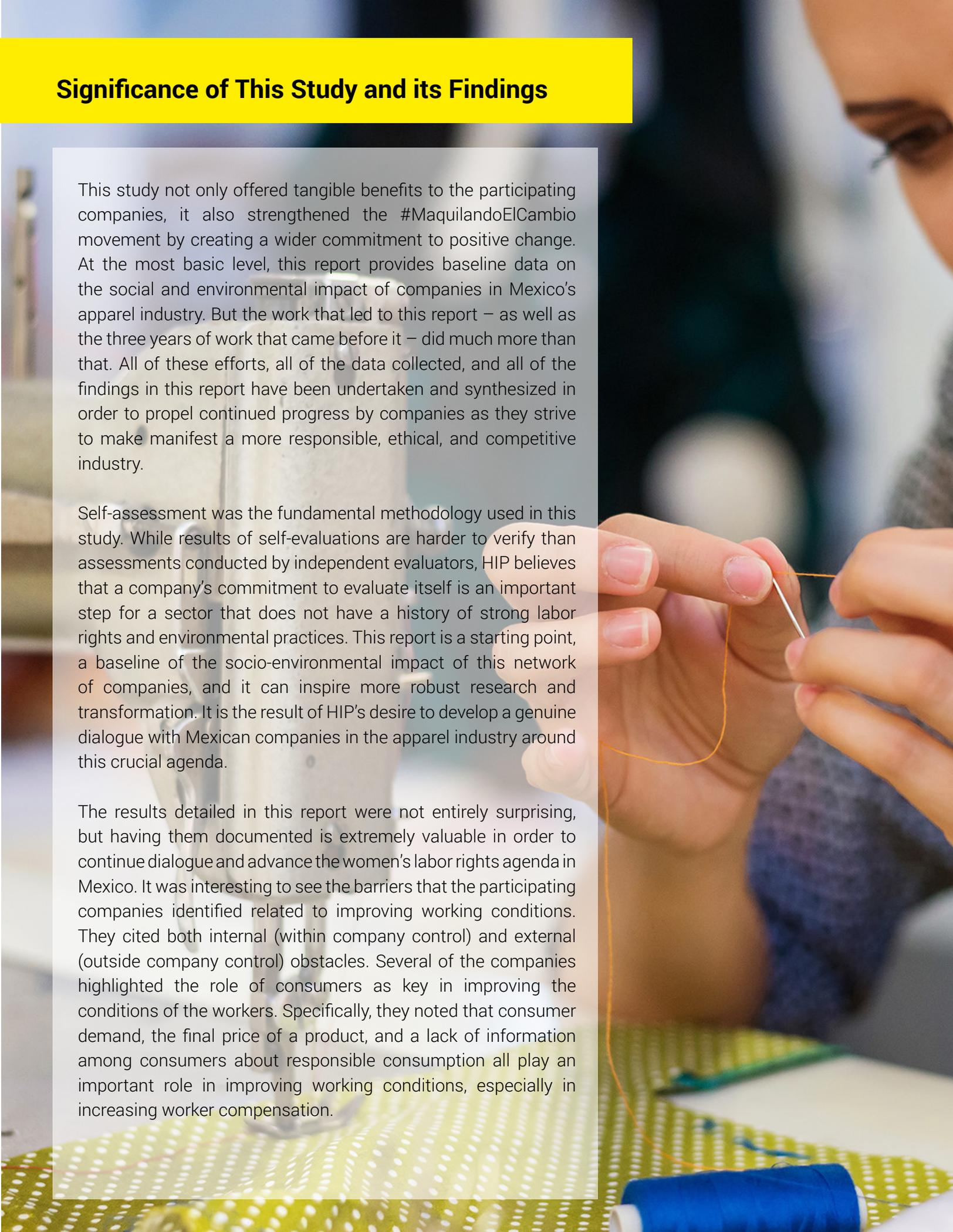
Overall, with regard to gender and labor rights, the self-evaluation identified the need for participating companies to cultivate a greater investment and intentionality in this area. In general, the responses in the section on gender and labor rights lacked specific examples of how companies implement and monitor policies related to the findings above.

Significance of This Study and its Findings

This study not only offered tangible benefits to the participating companies, it also strengthened the #MaquilandoElCambio movement by creating a wider commitment to positive change. At the most basic level, this report provides baseline data on the social and environmental impact of companies in Mexico's apparel industry. But the work that led to this report – as well as the three years of work that came before it – did much more than that. All of these efforts, all of the data collected, and all of the findings in this report have been undertaken and synthesized in order to propel continued progress by companies as they strive to make manifest a more responsible, ethical, and competitive industry.

Self-assessment was the fundamental methodology used in this study. While results of self-evaluations are harder to verify than assessments conducted by independent evaluators, HIP believes that a company's commitment to evaluate itself is an important step for a sector that does not have a history of strong labor rights and environmental practices. This report is a starting point, a baseline of the socio-environmental impact of this network of companies, and it can inspire more robust research and transformation. It is the result of HIP's desire to develop a genuine dialogue with Mexican companies in the apparel industry around this crucial agenda.

The results detailed in this report were not entirely surprising, but having them documented is extremely valuable in order to continue dialogue and advance the women's labor rights agenda in Mexico. It was interesting to see the barriers that the participating companies identified related to improving working conditions. They cited both internal (within company control) and external (outside company control) obstacles. Several of the companies highlighted the role of consumers as key in improving the conditions of the workers. Specifically, they noted that consumer demand, the final price of a product, and a lack of information among consumers about responsible consumption all play an important role in improving working conditions, especially in increasing worker compensation.





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Overall, the **#MaquilandoElCambio** initiative and the partnership that HIP established with B Lab has led to new opportunities to continue professionalizing Mexico's apparel industry and promote positive practices that nurture strong human and labor rights, respect for the environment, and gender equity.

The companies that voluntarily took part in this study and joined the network made a significant commitment when they agreed to measure and compare their work in an effort to advance concrete steps for improvement.

Bettering the working and living conditions of women in Mexico's apparel industry is an ambitious goal, requiring input and commitment from many stakeholders, especially the companies that make up the industry. HIP made a concerted effort to engage companies in dialogue, understand their missions, and work in partnership with them to improve their performance and impact – in order to ultimately increase the wellbeing of female workers. But this work also demonstrated the potential in harnessing collective power by creating a network of participating companies in **#MaquilandoElCambio**. This collective power can significantly bolster advocacy and other activities that can drive the critical changes necessary to truly transform Mexico's apparel industry into one that upholds and advances female worker wellbeing.

HIP aspires to continue doing this work with partners that are interested in learning from our experience and building on the trust earned with those leading and working in Mexico's apparel industry.



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