



TRANSPARENTEM

# ANNUAL REPORT 2022

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The photos included in this report are solely to illustrate the locations and situations in which Transparentem may operate. The people who appear in the photos do not represent any specific person or group of people discussed in this report.

Transparentem is a 501(c)(3) nonprofit organization that is philanthropically funded by foundations and individuals.



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# MESSAGE FROM THE PRESIDENT



For many of us, 2022 was a year of transition and opportunity, as the world continued to recover from the coronavirus pandemic. At Transparentem, we focused on innovation, adaptation, and driving impact for workers' rights and environmental justice in global supply

chains, laying the groundwork for the next chapter of our organizational journey.

After an extensive search, Dr. Lalanath de Silva joined Transparentem as our first Chief Program Officer in November. With his strong background as a lawyer fighting for human rights and environmental justice, Lalanath will use his expertise and vision to deepen Transparentem's impact.

This past year, we began pushing for remediation and systemwide improvements connected to our first project in East Africa, where we uncovered evidence of unethical recruitment, indicators of forced labor, and other exploitative conditions at factories linked to consumer-facing brands. We also began our first investigation in East Asia, as we continue to adapt our model to new geographies.

We expanded our engagement with peer organizations, journalists, investors, and governments to catalyze impact beyond our investigations. We continued to push for reform of social audits, which are plagued by widespread deception and often fail to find human rights abuses, a problem captured in our report, [Hidden Harm](#).

At a side session of the OECD Forum on Due Diligence in the Garment and Footwear Sector, we worked with NGOs and multilateral partners to urge companies to protect human rights beyond the first tier of their supply chains. And at the Clinton Global Initiative, I joined a panel on Environmental, Social, and Governance (ESG) standards to discuss how companies can protect human rights and dignity in supply chains, calling on the audience of influential business leaders to step up and drive real change.

Critically, we successfully dealt with authoritarian pressure on human rights donors, reorganized our US-based staff to become leaner and more efficient, and sharpened our focus on accountability through regulatory engagement and pressure.

Moving into 2023 and beyond, we are building a portfolio of projects at the nexus of environmental justice and labor rights, and expanding our engagement with civil society to amplify worker and community voices. Lalanath's experience and vision will help us expand our model to achieve more for vulnerable workers and communities, and catalyze systemic change.

Our generous supporters—both foundations and individuals—are critical to our work combating forced labor, child labor, and environmental abuse. This support ensures that we remain independent and effective as we continue to fight for a just, equitable, and sustainable world. Thank you.

E. Benjamin Skinner

Dr. Lalanath de Silva joined Transparentem in November 2022 as our first Chief Program Officer. He is responsible for developing and implementing Transparentem's strategy on human rights and environmental justice, building organizational capacity, and ensuring programmatic success.

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# BRINGING ON AN ENVIRONMENTAL CHAMPION

Before joining Transparentem, Lalanath was the first head of the Green Climate Fund's (GCF) Independent Redress Mechanism, which enables individuals and communities adversely affected by GCF's programs to file complaints, and works collaboratively to find solutions. He established and staffed the mechanism, developed its infrastructure, and built its complaint handling procedures. He also launched the Grievance Redress and Accountability Mechanism partnership.

Lalanath has devoted his 40-year legal career to expanding access to justice. In Sri Lanka, he supported the Ministry of Environment as a legal consultant and was a member of the country's Law Commission. Lalanath previously worked at the Environmental Claims Unit of the UN Compensation Commission in Geneva and served as Director of the Environmental Democracy Practice at the World Resources Institute in Washington, DC. As a member of the Compliance Review Panel of the Asian Development Bank, he led the review of multiple compliance cases, which led to, among other successes, additional compensation and improved resettlement facilities for hundreds of involuntarily displaced persons.

Lalanath holds a PhD from the University of Sydney and a Master of Laws from the University of Washington, and graduated with honors from the Sri Lanka Law College as an Attorney-at-Law. He has also been trained as a mediator.

*I am excited to join Transparentem as its Chief Program Officer because it is an action-oriented organization with a proven strategy that gets results.*



*Transparentem is well placed to pursue environmental and climate justice together with affected communities, and to strategically engage brands in addressing the most egregious abuses in their supply chains. Transparentem's track record of success in catalyzing the remediation of labor rights abuses in the apparel and footwear sectors provides a starting point for systemic change.*

*My task is to help Transparentem develop projects that spark lasting change in the way global companies do business. Our model has the potential to set precedents, bring environmental and climate justice to communities, and spur better policies and laws that will prevent future injustices.*

*I've spent my entire career ensuring the public's participation in decision-making and access to environmental information and justice, assessing environmental damage from international conflict, and litigating environmental and human rights issues on behalf of marginalized communities. I see my work at Transparentem as the culmination of these efforts, and I look forward to making the organization an even greater force for change. Our work is needed now more than ever.*

*Dr. Lalanath de Silva*



TRANSPARENTEM

# ABOUT US

Transparentem combats human rights violations and environmental abuses in global supply chains by exposing hard truths to compel those with power to transform industries. We push for immediate and long-term remediation of abuses and advocate for industrywide improvements to social and environmental policy and practice.



INVESTIGATE

Field investigators interview workers and gather other evidence at worksites.



TRACE

The US-based team conducts background research and analyzes supply chains to identify companies that currently or recently sourced from the investigated worksites.



ENGAGE

We deliver our findings and detailed recommendations to the identified companies and provide them with a period of time to commit to and carry out remediation.



DRIVE CHANGE

We encourage companies to work on direct remediation and broader systemic improvements with each other and their suppliers, as well as social assessors and other relevant actors.



HOLD ACCOUNTABLE

We give a consolidated report of our findings and company responses (or lack thereof) to influential actors for their awareness and action. We keep monitoring conditions at investigated worksites.

Human rights abuses and severe environmental degradation affect nearly every global supply chain. **An estimated 160 million children worldwide are engaged in child labor and over 27 million people are victims of forced labor.** Forced labor generates more than \$150 billion in annual profits. Since the 1990s, water pollution has worsened in nearly every river in Africa, Asia, and Latin America, and the earth has lost an estimated 420 million hectares of forest. Atmospheric carbon dioxide levels are higher than ever and continue to rise quickly, threatening devastating climate impacts on vulnerable communities.

Although brands and retailers should know how their products are made, they may not be aware of the extent of exploitation and pollution in their supply chains. External efforts to foster transparency are often lacking, can leave companies in defensive crouches, or can put human rights and environmental defenders at risk. **The status quo is harming vulnerable people, communities, and the planet.**

Transparentem uses well-honed methods of ethical investigation to uncover abuses at all levels of global supply chains. Our strategic engagement team, with deep expertise across industries, then engages with companies to drive remediation, prevent abuses across supply chains, and spark wider systems change.

Our unique methodology has improved the lives of vulnerable people and communities around the world.

We choose our areas of focus for the greatest impact, investigating endemic abuses in supply chains, including child and forced labor, pollution and environmental degradation, gender-based violence, and unethical recruitment.

By engaging implicated companies and encouraging them to act collectively, we drive systemic improvements to industry practices and help bring justice to some of the world's most marginalized populations.



# WORKER STORIES

Since Transparentem's founding, investigators have interviewed hundreds of vulnerable workers, believing that their stories could spur change in global supply chains. Below, we highlight the stories of "Fatima" (a pseudonym), a 13-year-old worker on cotton farms, and "Ahmed" (also a pseudonym), a migrant worker from South Asia employed at a garment factory in East Africa.

These accounts present the experiences of real workers. Other workers may have had different experiences.



Joerg Boethling / Alamy Stock Photo

## Fatima's Story

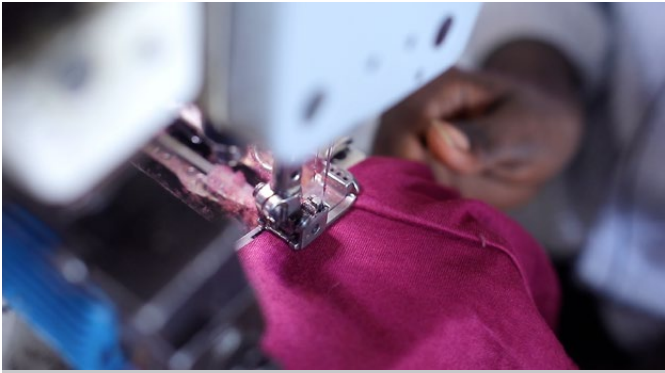
As part of Transparentem's ongoing investigation into forced and child labor in the cotton industry, investigators spoke with 13-year-old Fatima (a pseudonym). At the time of her interview, she had been working in the cotton fields for two years, and had never been in school. Poverty is widespread in Fatima's region, where the yearly per capita income was just \$1,500 in 2022.

Every day, Fatima and her sister walk an hour from their village to work at the cotton farm. Her employer pays her the equivalent of \$2.40 for a day's work harvesting cotton—less than the legal minimum wage. Fatima picks the sticky, dirty cotton by hand, which is grueling work, particularly in the heat and humidity.

The fumes from the chemical pesticides make Fatima sick, and have even caused her to vomit. "The smell is very bad," she said.

Fatima has no access to a toilet. "We will go out to some place away from the field," she said. Asked where she goes if she needs a break, she replied, "We will sit in the field itself."

By sharing their stories directly with companies—and holding these companies to account—we are catalyzing efforts to improve the lives of workers like Fatima and other children forced to work in exploitative conditions around the world. Transparentem sparks the direct remediation of the most egregious abuses, and pushes systemwide improvements to corporate policies and practices, to protect children from harm in global supply chains.



## Ahmed's Story

Ahmed, a struggling South Asian garment worker, thought he had found a way to provide for his family and pay for his young son's education. A high-paying job awaited him in East Africa, a recruitment agent told him, for a \$2,100 fee. But when he arrived, Ahmed learned that wages at his factory were not what the agent had promised. And with the fees he accrued to get there, he could not even afford to quit. How would he repay his recruitment-related debts? How would he buy a ticket home?

All he had wanted was a better life for his family. In his home country, Ahmed said, "I had the burden of my family on my shoulders. It was very difficult for me to bear that. Considering that, I thought that if I go abroad and earn some money, then I can get ahead."

Instead, he fell behind. With his family unable to help pay the recruitment fee, Ahmed was forced to take loans. To cover the fee, plus expenses, Ahmed borrowed \$2,300 at high interest rates. But since he earned substantially less than what his agent had promised he would receive after six months or a year, he was unable to support himself and his family and also pay his debts.

It took Ahmed several years to finally pay off his loan of \$2,300. "My salary was low during that time so after paying for my food, I could only pay back the interest, I could not repay the principal amount," he said. In the end, due to high interest rates and low wages, he gave his lenders five times the amount he had borrowed—more than \$11,500.

Unable to leave, he had to endure difficult working and living conditions at his factory. "The factory has always been hot," Ahmed said. He worked shirtless at night, but that was impossible during the day, when the boss was there. "After we stopped working and asked them for it, they installed some fans. But it is still hot."

So Ahmed suffered. "My mental state was severely bad," he said. "I just had the tension about when am I going to be free of this debt and go back to my family." Ahmed said he now regrets his decision to leave his home country.

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***"If I had any idea or any understanding of any of this," he said, "I would never work at this company."***

Transparentem has worked tirelessly to bring relief to marginalized migrant workers like Ahmed, who are particularly vulnerable to exploitation. Across Transparentem's three investigations in Malaysia, suppliers have repaid (or committed to reimburse) around **\$3.5 million in recruitment-related fees** to workers. With our first investigation in East Africa, we are pressing brands to reimburse recruitment fees paid by Ahmed and many others, and to improve conditions at investigated factories and throughout their supply chains.

# OUR WORK IN 2022

In 2022, Transparentem expanded our efforts to stop environmental and human rights abuses in global supply chains. We extended our geographic reach, completing our first investigation in East Africa and initiating our first project in East Asia (Transparentem will disclose these investigations in 2023 and 2024, respectively). To drive action when brands failed to meaningfully improve conditions for vulnerable workers, we conducted follow-up investigations and engaged with regulatory agencies. We also increased our influence as a civil society leader in the fight for worker rights, environmental justice, and corporate accountability. Our key findings on audit deception reached a broader audience in 2022, thanks to Transparentem's engagements at influential global fora and industry association events, the publication of op-eds, and the inclusion of our insights on the issue in publications by media outlets and peer organizations.

## New Investigations

Environmental and human rights abuses in supply chains are problems on a global scale, and in 2022, we extended our work to new geographies where our model can spark change.

In the fall of 2022, we reached out to international brands identified as customers of apparel factories we investigated in East Africa, where we found evidence of several International Labour Organization (ILO) indicators of forced labor, including deception, abusive living and working conditions, intimidation and threats, and abuse of vulnerability. Transparentem found evidence that migrant workers from South Asia paid excessive recruitment fees to secure their employment at the factories. Some workers said recruitment agents made false promises about their wages, the nature of their job, and their accommodations, among other deceptions. Lured by these false promises, workers said they took out substantial loans to pay their recruitment fees, which left some feeling trapped when they found themselves far from home, enduring abusive conditions.

In our engagement with brands, we provided concrete recommendations to address our findings. We urged brands to verify our findings and develop and implement corrective action plans that include:

- the repayment of workers' recruitment fees and related costs in line with industry best practices;
- the development of proactive policies to ensure ethical recruitment among suppliers; and
- requiring suppliers to uphold the highest ethical labor standards.

Implicated companies are currently reviewing the evidence and assessing conditions at the investigated factories.

In 2023, we will continue to work with brands to address our findings and improve corporate policy and practice, including through collective action, and will assess whether they implement our recommendations and address any other issues they find in their independent assessments. We will publicly disclose the investigation's findings and our analysis of brand responses to a broader audience of journalists, investors, peer organizations, advocacy groups, and government agencies, among others.

This past year, we also began our first investigation into labor abuses faced by migrant workers in East Asia. Our investigators looked into reports of excessive recruitment fees paid by Southeast Asian migrant workers, as well as forced labor indicators such as deception, abusive working and living conditions, intimidation and threats, withheld passports, restriction of movement, excessive overtime, and abuse of vulnerability. Transparentem plans to complete the investigation in 2023 and then share the findings with brands connected to the investigated factories.

## Engagement with Regulatory Agencies

Our investigations have improved the lives of many vulnerable workers, but not all implicated companies have acted in response to evidence of exploitation and abuse. To address this gap and better hold companies accountable, we conducted follow-up investigations and engaged with regulatory agencies, seeking to leverage government pressure to spur action among

companies that have inadequately addressed the abuses identified in our investigations in South and Southeast Asia. During our follow-up investigations, we found a number of the same abuses that we initially identified at manufacturers. Our work with regulatory agencies can help drive overdue improvements for workers, providing another tool in the fight for human rights in supply chains.

## Expanding Our Influence

In 2022, we shared our innovative ideas and insights with a broader audience, magnifying our impact and increasing our influence.

Our 2021 report, [\*Hidden Harm: Audit Deception in Apparel Supply Chains and the Urgent Case for Reform\*](#), was widely disseminated and discussed among industry associations, NGOs, and media outlets in 2022. The report documents evidence of efforts to deceive social auditors about labor abuses at garment factories that we investigated in Malaysia, Myanmar, and India. It provided recommendations for social auditors to detect and avoid deception, and to increase the role of workers in uncovering, understanding, and improving workplace conditions. For many years, companies have relied on social audits to identify and manage human rights risks. But audit deception (attempts to conceal labor rights violations from social auditors) is widespread and undermines efforts to identify and remedy human rights abuses in global supply chains.

This past year, we shared our insights on audit deception with two influential industry associations, the Institute for Human Rights and Business (IHRB) and the Fair Labor Association. IHRB also featured our audit deception work in a [podcast](#). To reach a wider audience, we published an [op-ed on audit deception](#) in Asia Global. In addition, Human Rights Watch included Transparentem’s findings in its report, [“Obsessed With Audit Tools, Missing the Goal.”](#)

We further established our thought leadership by delivering two presentations as part of the Organisation for Economic Cooperation and Development Forum on Due Diligence in the Garment and Footwear Sectors. We hosted one session on audit deception, and partnered with the allied NGO SOMO for a second session on company due diligence beyond the first tier of supply chains.

Additionally, we provided recommendations for a revamped [countertrafficking monitoring and evaluation](#) toolkit for CSOs, which Winrock International Asia and Nottingham University Rights Lab developed. Transparentem contributed recommendations on the toolkit’s outcome indicators, particularly around private sector engagement on behalf of exploited migrant workers.



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# LOOKING FORWARD



As we emerge from a challenging yet transformative year, we are excited to further refine our model, scale our efforts, and increase impact. In 2023, this will involve:

**Enhancing our focus on accountability for systems change:** To apply additional pressure on manufacturers that fail to address labor and environmental abuses, we will broaden our engagement with regulators, campaigning organizations, and investors. We will also use our unparalleled investigative capacity to support the financial sector and peer organizations as they seek legal remedies for change.

**Expanding our work at the nexus of environmental justice and labor rights:** Transparentem will expand our programming into the climate-labor nexus—the intersection of environmental justice and labor rights. We will pursue projects that drive systemic change across heavily polluting industries where human rights abuses are often present, leveraging our unique model to achieve results at scale.

**Building close ties with civil society to ensure sustainable impact:** To support local communities and foster long-term change, we will collaborate with worker-centric organizations and other local CSOs. Additionally, we will deepen our integration with our current international partners, including our close collaboration with organizations such as the Worker Rights Consortium, Human Rights Watch, the Human Trafficking Legal Center, and Solidarity Center.

**Reimagining our approach to external communications:** Since our founding, Transparentem has kept a low profile as part of our strategy. In 2023, we will develop a communications pillar to increase our impact and build support for our mission. This strategy will include greater social media engagement, making our reports publicly available, and increasing the visibility of our work at high-profile events.

Egregious labor and environmental abuses continue to pervade global supply chains. Companies must treat their workers and the planet with respect, yet often fall short. Building upon the lessons of our first nine investigations, we will continue to spark remedy and hold companies accountable. We will do what we do best: investigate hidden abuses and leverage financial, regulatory, and reputational pressure to drive systemic change.





## BOARD MEMBERS

### **Emily Martinez** *Co-Chair*

Emily Martinez is director of global initiatives at Open Society Foundations (OSF). Previously, Emily established and directed the OSF Human Rights Initiative, an OSF program that worked in partnership to support transformation within the human rights movement to meet the challenges confronting rights activists around the world. She also set up OSF efforts on disability rights, LGBTI rights, the rights of criminal defendants, and the right to information. Previously, Emily led the Open Society Human Rights and Governance Grants Program in Budapest, where she helped promote the development of human rights and accountability groups in Eastern and Central Europe and the former Soviet Union. She has developed expertise on a broad range of fundamental human rights issues across different regions, as well as the critical role civil society plays in promoting equality, accountability, and participation. Emily holds an MA in Human Rights from the University of Essex. She also graduated from Georgetown University in Washington, DC, with a BS in International Affairs and Developmental Economics.

### **Dan Viederman** *Co-Chair*

Dan Viederman is a managing director at the Working Capital Fund, focused on efforts to engage and invest in entrepreneurs and tech innovators in pursuit of new tools to scale improvements for vulnerable workers in global supply chains. Previously, Dan was CEO

of Verité, a leading nonprofit organization working against global forced and child labor through in-depth research and corporate engagement. In recognition of Verité's impact, Dan won a 2007 Skoll Foundation Award for Social Entrepreneurship and was named Schwab Foundation Social Entrepreneur of the Year in 2011. He has also managed China offices for World Wildlife Fund and Catholic Relief Services. Dan is a graduate of Yale University, the Columbia University School of International and Public Affairs, and the Chinese language program at Nanjing Teacher's University.

### **Kyle Wright** *Treasurer*

Kyle Wright is CEO of Stardust, a forward-thinking family office in Houston and New York City. For more than a decade, Kyle has supported the multidisciplinary effort at Stardust to integrate and reimagine the use of philanthropy, art, advocacy, and investment capital for a more equitable future. He has worked with dozens of partners to advance change through innovative strategies in impact investing, shareholder engagement, and impact litigation. He is currently a member of the Greater Houston Community Foundation's Philanthropic Impact Committee, the Criterion Institute's Gender Based Violence Advisory Committee, and the Houston Area Council on Human Trafficking. Kyle holds a JD, cum laude, from South Texas College of Law Houston, and a BA in Psychology from the University of Texas at Austin.

## Aruna Kashyap *Director*

Aruna Kashyap is the Associate Director in the Business and Human Rights division of Human Rights Watch. Her work focuses on corporate accountability and human rights in global supply chains. She has conducted research in numerous countries including Afghanistan, Bangladesh, Cambodia, Myanmar, and Nepal, and spearheaded international and regional advocacy for new regulatory standards governing corporations. Her research has spanned different areas including labor rights, social protection, gender, and access to health care. As a lawyer, she has a background in criminal litigation and strategic litigation on economic, social, and cultural rights, commercial contracting, and experience with applying criminal, contractual, and tort law frameworks. Previously, she litigated in India and received her law degree at the National Law School of India University in Bangalore.

## Neha Misra *Director*

Neha Misra is the Global Lead for Migration and Human Trafficking at the Solidarity Center, the largest US-based international worker rights organization. With over 20 years' experience in the labor movement, Neha has managed labor migration, anti-human trafficking, trade union strengthening, and democracy programs around the world. Before joining the Solidarity Center, she worked in Bosnia and Herzegovina on postwar elections and democracy, in the United States as a senior attorney with the US Department of Justice (DOJ), and served as president for an American Federation of Government Employees (AFGE) local union at DOJ. Originally from Pittsburgh, PA, Neha holds a JD, summa cum laude, from the Washington College of Law at American University, and a BS in Business Economics and Public Policy from Indiana University.

WE ARE GRATEFUL FOR THE SUPPORT OF OUR DONORS, WHO MAKE IT POSSIBLE FOR US TO DO OUR WORK. **MAJOR FUNDERS INCLUDE:**



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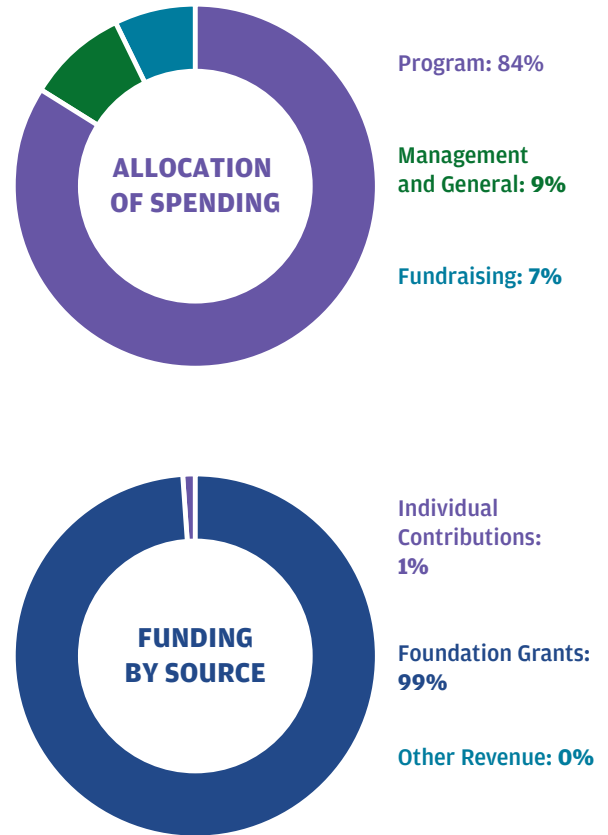
Ben Cushman and George Tuttle Fund  
David and Natasha Dolby Fund

Margaret Graff and Richard Higgins  
The Sahsen Fund

## Statement of Financial Position

YEAR ENDED DECEMBER 31, 2021

<b>Assets</b>	
Cash	923,569
Grants Receivable	1,250,000
Prepaid Expenses	55,690
Fixed Assets (net)	3,727
Other	1,405
<b>Total Assets</b>	<b>2,234,391</b>
<b>Current Liabilities</b>	
	543,220
<b>Net Assets</b>	
Restricted Funds	1,250,000
Unrestricted Funds	1,250,000
Board Designated Fund	385,000
<b>Total Net Asset</b>	<b>1,691,171</b>
<b>Total Liabilities and Net Assets</b>	
	<b>2,234,391</b>



## Statement of Financial Activities

YEAR ENDED DECEMBER 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>Operating Revenue</b>			
Grants & Contributions	1,721,517	2,407,350	4,128,867
Other Revenue	1,936	—	1,936
Net Assets Released from Restrictions	1,219,676	(1,219,676)	—
<b>Total Operating Revenue</b>	<b>2,943,129</b>	<b>1,187,674</b>	<b>4,130,803</b>
<b>Operating Expenses</b>			
Program Services	2,723,701	—	2,723,701
Management and General	296,038	—	296,038
Fundraising	215,670	—	215,670
<b>Total Operating Expenses</b>	<b>3,235,409</b>	<b>—</b>	<b>3,235,409</b>
<b>Change in Net Assets from Operations</b>	<b>(292,280)</b>	<b>1,187,674</b>	<b>895,394</b>



# II TRANSPARENTEM

Transparentem is recognized by the IRS as exempt from income tax under Internal Revenue Code Section 501(c)(3).