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# COMING OUT OF THE CLOSET

SWEDISH GARMENT BRANDS ON THE  
MOVE TOWARDS TRANSPARENCY



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**Fair Action** is a non-profit organization pushing Swedish companies to take responsibility for their impact on people and the environment. We examine how consumer goods and services are produced and pressure companies to improve working conditions and pay living wages. Fair Action is a member of the Clean Clothes Campaign.

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# Table of Contents

|   |    |
|---|----|
| Sharing is caring – why transparency matters                              | 4  |
| The benefits for workers  | 4  |
| The business case for transparency  | 7  |
| International standards on supply chain transparency                      | 7  |
| Who made my clothes? Consumers want to know                               | 8  |
| Bring out the facts from the closet - recommendations to the brands       | 10 |
| How we did the research   | 12 |
| What information have the brands made public?                             | 13 |
| Information about suppliers   | 14 |
| Information about wages and<br>freedom of association in the supply chain | 16 |
| Acknowledgements  | 17 |

# Sharing is caring - why transparency matters

When fashion brands open up about where their clothes are made, it is a "win-win-win" situation, with upsides for garment workers, the fashion companies and the consumers.

## *The benefits for workers*

For garment workers and trade union representatives, information that link factories to international brands is crucial. For example: if a trade union leader is dismissed from a factory because of his or her trade union engagement, if garment workers do not get wage paid in time, or if a work-related accident occurs, they can raise the issue with the retailers buying from the factory only if they know their names. After the Rana Plaza building collapse in Bangladesh in 2013, that killed over 1,100 workers and injured more than 2,000, the only way to hold brands accountable was to interview workers and to search in the rubble to find brand labels and logos.<sup>1</sup>

When local labour law implementation is not working well enough and/or international law does not hold companies accountable for human rights violation within their supply chain, transparency is an important tool for workers and trade union representatives to get remedy and economical compensation.

*- In the mind of the workers they do not know who their primary employers are, the brands are their real employers,* says Parvathi Madappa, program officer garment sector, at the Indian non-governmental organization Cividep.<sup>2</sup> Without the brands, no work, Parvathi continues.

Babul Akhter, secretary general of Bangladesh Garment and Industrial Workers Federation, shares the view that buyers have significant influence:

*- Factory owners only listen to brands. If we file a complaint to the labour court, it could take three to four years to get a decision. If we go through a brand it can be solved within a week.*<sup>3</sup>

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1 Clean Clothes Campaign, Human Rights Watch, IndustriALL et al. 2017: Follow the thread: <https://clean-clothes.org/resources/publications/follow-the-thread-the-need-for-supply-chain-transparency-in-the-garment-and-footwear-industry/view>

2 Interview with Parvathi Madappa, the 23rd of September, 2019

3 Interview with Babul Akhter the 11th of June, 2019

*“If Swedish fashion brands publish their suppliers, we can share information with the brand about problems in the supplier factories so that they can follow up. In our experience, the factories and the government don’t listen to our complaints, but if we talk to the brand directly, they can intervene.”*

*Babul Akhter, Bangladesh Garment and Industrial Workers Federation*



## The Transparency Pledge

A global coalition of nine trade union federations and human rights organisations have developed the Transparency Pledge and are campaigning for all apparel and footwear companies to adopt this. The objective of the Transparency Pledge is to help the garment industry reach a common minimum standard for supply chain disclosures by getting companies to publish standardized, meaningful information on all factories in the manufacturing phase of their supply chains.

The Transparency Pledge requires companies to publish the company's manufacturing sites. The list should be published on the company's website, be updated on a regular basis and include:

- **The full name of all authorized production units and processing facilities. (Processing factories include printing, embroidery, laundry, and so on.)**
- **The site addresses.**
- **The parent company of the business at the site.**
- **Type of products made. (Apparel, footwear, home textile, accessories.)**
- **Worker numbers at each site. (By category: less than 1000, 1001 to 5000, 5001 to 10000, more than 10000).**

The information should be published in a downloadable, machine-readable file at a regular common frequency in one or more of the following formats: csv, json, or xlsx.<sup>1</sup>

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1 The Apparel and Footwear Supply Chain Transparency Pledge, <https://transparencypledge.org/what-is-the-transparency-pledge/>

Disclosure of suppliers can also be useful for trade unions when they plan where to organize. They can then prioritise to organise workers at workplaces where they know that one or more of the buying companies are committed to promoting freedom of association in the supply chain. If they face threats or dismissals from the employer, they can raise the problems with the buyer.<sup>4</sup>

A report on worker-led strategies for corporate accountability in the garment industry shows that public reporting and disclosure of factories and working conditions are central for ensuring that workers' rights are respected.<sup>5</sup> The study also shows that transparency is fundamental for initiatives that have achieved improvements of working conditions such as the Bangladesh Accord on Fire and Building Safety and the Indonesia Protocol on Freedom of Association.

Brands that signed the Bangladesh Accord committed to submit a list of their suppliers in the country to the initiative. The steering committee of the Accord then made an aggregated list of all suppliers used by signatory companies publicly available. Factory inspection reports and plans for correcting any identified safety hazards are also disclosed to the public. Under the Indonesia Protocol on Freedom of Association, signatory brands share their list of suppliers with a committee that monitors the implementation of the protocol. The committee consists of trade unions, manufacturers and brands.

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4 Fashion Revolution Index 2018, [https://issuu.com/fashionrevolution/docs/fr\\_fashiontransparencyindex-2018?e=25766662/60458846](https://issuu.com/fashionrevolution/docs/fr_fashiontransparencyindex-2018?e=25766662/60458846), p. 10

5 International Labor Rights Forum, 2019, Future of Fashion, [https://laborrights.org/sites/default/files/publications/ILRF\\_Future%20of%20Fashion%20v5\\_compressed.pdf](https://laborrights.org/sites/default/files/publications/ILRF_Future%20of%20Fashion%20v5_compressed.pdf)

## *The business case for transparency*

However, greater and better transparency is not only in the interest of the garment workers. Fashion companies also have a lot to gain from revealing more information about their supply chain. Recent research finds that “businesses enjoy better reputation, greater operational efficiency, improved legal compliance and increased access to capital when they adopt greater supply chain transparency measures”.<sup>6</sup> Sharing information with stakeholders opens up opportunities for joint solutions that can increase the impact of brands’ efforts to improve working conditions in the supply chain. If trade unions and non-governmental organizations can alert brands to problems at their suppliers, the issues can be solved quickly before it leads to negative publicity or production stoppage.

In addition, investors often urge companies to reveal more information about their supply chain: The Corporate Human Rights Benchmark (CHRB) has gained support from many investors. Among other things, the CHRB scorecard assesses whether companies map their suppliers and disclose the mapping publicly.<sup>7</sup> Internationally, Adidas, Levi Strauss, Nike, Patagonia and Puma have been front-runners regarding disclosing information on their supplier factories during the last decade.<sup>8</sup>

# International standards on supply chain transparency

The United Nations, and national laws in some countries<sup>1</sup>, urge companies to perform better on supply chain transparency. According to The UN Guiding Principles on Business and Human Rights, companies should “account for how they address their human rights impacts, business enterprises should be prepared to communicate this externally” and their communications should “be of a form and frequency that reflect an enterprise’s human rights impacts and that are accessible to its intended audiences”.<sup>2</sup> The OECD Due Diligence guidelines for Garment and Footwear Supply Chain also emphasise the importance of communication and disclosure of information by garment brands.<sup>3</sup>

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1 For example the California Transparency in Supply Chains Act of 2010; “sweat-free” procurement laws adopted in dozens of US cities and a few states; the UK Modern Slavery Act 2015; and the French law on the corporate duty of vigilance.

2 UNGP, [https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf) , principle 21, p. 23

3 The OECD Due Diligence guidelines for Garment and Footwear Supply Chain, <https://www.oecd-ilibrary.org/docserver/9789264290587-en.pdf?expires=1562318547&id=id&accname=guest&checksum=36A0AE611A219E61A229D642DEF8BEAA>

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6 International Corporate Accountability Roundtable (ICAR) 2019, The Benefits of Transparency: <https://static1.squarespace.com/static/583f3fca725e25fcd45aa446/t/5cdc79bcbb30c30001e27f04/1557952957348/ICAR++Business+Case+for+Transparency-single-pages.pdf>

7 See the CHRB Methodology 2019, Indicator D.2.3, Mapping and disclosing the supply chain. <https://www.corporatebenchmark.org/sites/default/files/CHRB%202019%20Methodology%20AGAPEX%2016Jan19.pdf>

8 Clean Clothes Campaign, Human Rights Watch, IndustriALL et al. 2017, Follow the thread: <https://cleanclothes.org/resources/publications/follow-the-thread-the-need-for-supply-chain-transparency-in-the-garmentand-footwear-industry/view>



## Who made my clothes? Consumers want to know

There is also a strong demand from consumers for more information about where and how clothes are made: 80% of consumers within the EU think fashion brands should disclose their manufacturers and almost as many (77%) think that fashion brands should publish which suppliers they use to source the materials used in their clothing. Two out of three consumers say it is very or somewhat important for fashion brands to share detailed information about wages and working conditions in the supply chain.<sup>9</sup>



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FOR FASHION BRANDS TO SHARE  
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IN THE SUPPLY CHAIN

<sup>9</sup> Fashion Revolution Consumer Survey 2018: [https://www.fashionrevolution.org/wp-content/uploads/2018/11/201118\\_FashRev\\_ConsumerSurvey\\_2018.pdf](https://www.fashionrevolution.org/wp-content/uploads/2018/11/201118_FashRev_ConsumerSurvey_2018.pdf)





***“The workers need to know for whom they are producing to be able to rectify problems like impossible production targets, low wages and sexual harassment. The suppliers just don’t listen.”***

**Parvathi Madappa, Cividep**



# Bring out the facts from the closet - recommendations to the brands

Fair Action's recommendations to the brands are in line with United Nations Guiding Principles on Business and Human Rights, the Sustainable Development Goals<sup>10</sup> and the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector:

## ***As a minimum: Commit to the Transparency Pledge***

Publish the company's manufacturing sites. The list should be published on the company's website, be updated on a regular basis and include:

- The full name of all authorized production units and processing facilities. (Processing factories include printing, embroidery, laundry, and so on.)
- The site addresses.
- The parent company of the business at the site.
- Type of products made. (Apparel, footwear, home textile, accessories.)
- Worker numbers at each site. (By category: less than 1000, 1001 to 5000, 5001 to 10000, more than 10000).
- The information should be published in a downloadable, machine-readable file at a regular common frequency in one or more of the following formats: csv, json, or xlsx.

## ***Disclose information about suppliers beyond the first tier***

When in line with The Pledge, expand transparency beyond the cut-make-trim manufacturing phase to other aspects of the supply chain, including manufacture of yarn, fabric, and other inputs, and the production of raw materials like cotton.

## ***Provide data in formats that can be used in a searchable database***

Use new technologies including the tools from the Open Data Standard for the Apparel Sector (ODSAS), to improve data formats and do updates more frequently as supply chain tracking technology evolves. ODSAS has developed an Open Apparel Registry; a tool for brands to upload supplier lists to assign each factory a standard factory identification number.<sup>11</sup>

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<sup>10</sup> See for example Goal 8 on Decent work and economic growth or Goal 12 on Responsible consumption and production. Goal 12 includes the following target: "By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature".

<sup>11</sup> Open Data Standard for the Apparel Sector, <https://odsas.org/>

### ***Communicate regarding freedom of association***

Report publicly how many and which of the company's suppliers that have a collective bargaining agreement in place, per production country. If the company is part of a joint initiative<sup>12</sup> to promote freedom of association in the supply chain, communicate concrete results from these projects publicly on a yearly basis, as a minimum.

### ***Communicate regarding wages in the supply-chain***

Develop and publish a living wage strategy with time-bound goals.<sup>13</sup> Communicate regarding living wage including strategies, goals, wage benchmarks, wage mappings and outcomes publicly. The mappings should include the average monthly wage and the lowest wage (excluding overtime) currently paid to workers in the company's supply chain, per production country.

### ***Answer questions from stakeholders***

Whether inquiries come from trade unions, journalists, NGOs or other relevant stakeholders, give an accurate and clear response. Audit and investigations reports, corrective action plans of their suppliers and the grievances raised against them and how those grievances were addressed should be available to workers and to the public.

### ***Provide more social and environmental information to consumers***

Surveys show a strong demand of greater transparency from European consumers. To be able to make more sustainable choices, consumers need more information from companies. According to the OECD guidelines, information should be relevant, current, accessible and user-friendly.<sup>14</sup>

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12 Such as ACT or a Global Framework Agreement between a brand and a global trade union.

13 For more guidance on how to start improving wages in the supply chain see for example Fair Wear Foundation's resources and tools <https://www.fairwear.org/programmes/living-wage>

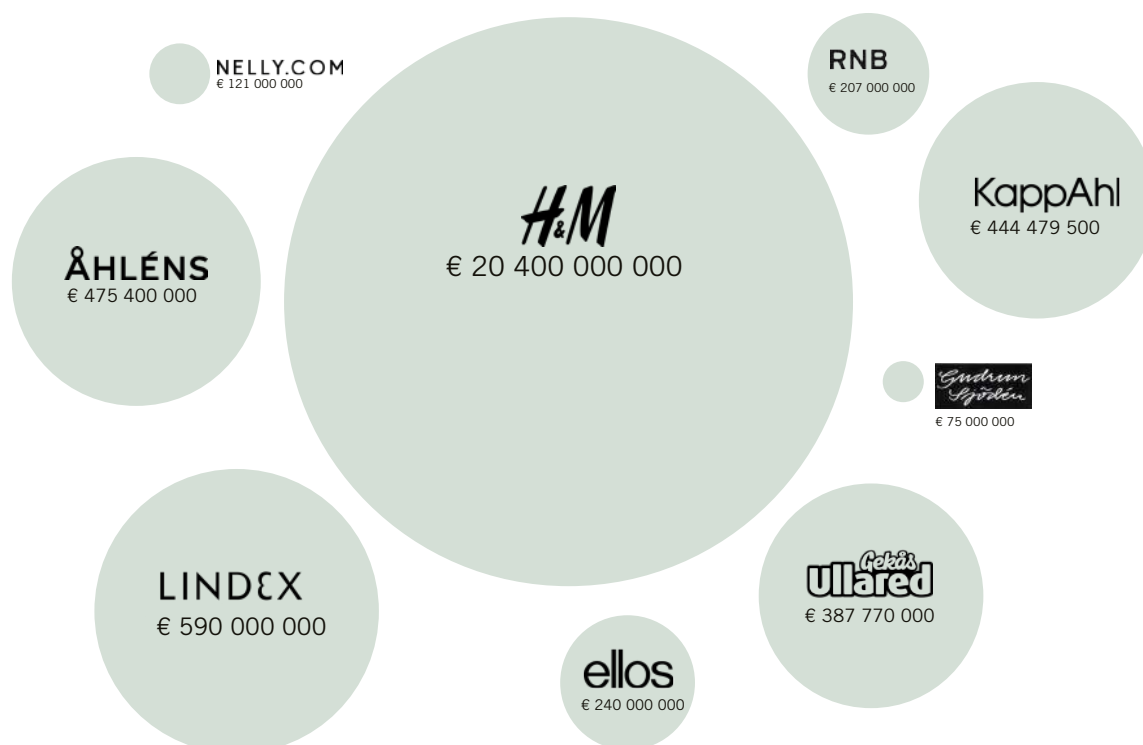
14 The OECD Due Diligence guidelines for Garment and Footwear Supply Chain, <https://www.oecd-ilibrary.org/docserver/9789264290587-en.pdf?expires=1562318547&id=id&accname=guest&checksum=36A0AE-611A219E61A229D642DEF8BEAA>, p. 91

# How we did the research

The companies were asked to answer a questionnaire regarding supply chain transparency in the spring of 2019. All brands responded except RNB Retail and Brands (RNB). The two tables on page 14-16 are based on the answers from the companies. RNB stated that the company was undergoing a separation process of the brands within the group, and therefore could not respond. The information about RNB in the first table is based on publicly available information, including the company's list of suppliers. All brands had the opportunity to fact check the information in the tables prior to publishing.

The interview with Babul Akhter, secretary general of Bangladesh Garment and Industrial Workers Federation, was carried out during a visit to Sweden in June 2019. The interview with Parvathi Madappa from the Indian non-governmental organization Cividep was conducted in Bangalore, India in September the same year.

## Companies covered by this report. Total turnover in 2018



The turnover figures refer to the following companies (own brands in brackets):

**Ellos Group** (Ellos, Jotex, Stayhard, Homeroom),

**Gekås Ullared AB** (Basic U),

**Gudrun Sjödén Design AB**

**H&M group** (H&M, H&M Home, COS, Monki, Weekday, Arket, Afound, &stories),

**KappAhl Sverige AB** (KappAhl, Newbie),

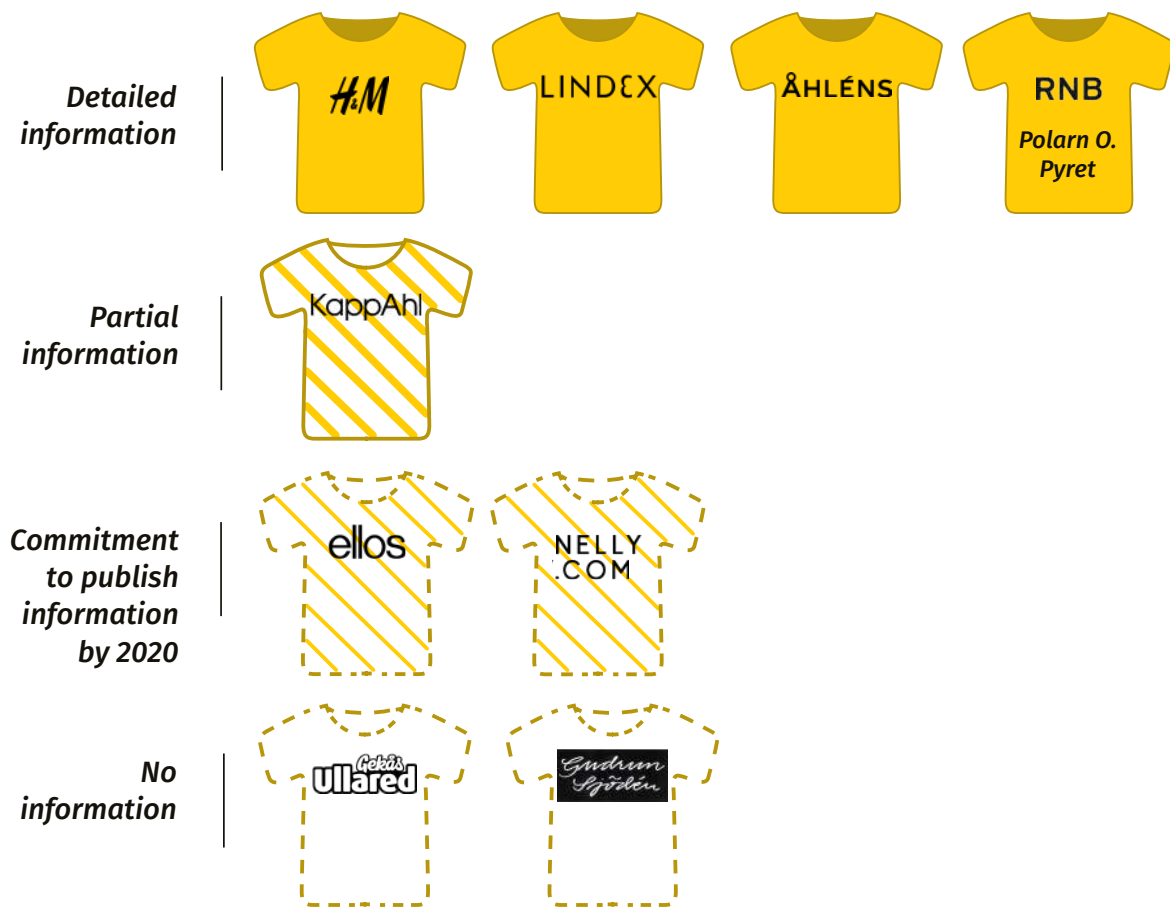
**Lindex**

**Nelly NLY AB** (NLYbyNelly, NLY Trend, NLY Shoes, NLY One, NLY Eve, NLY Sports, NLY accessories, NLY Lingerie, NLY Beach),

**RNB Retail and Brands** (Polarn O. Pyret, Brothers (Riley, East West, the Tailoring Club)),

**Åhléns AB** (Carin Wester, Wera, Åhléns, Å, Vide, Berså, Oliv, Aroma, PHC, Skir).

## How transparent are the brands about their supply chains?



## What information have the brands made public?

H&M, Lindex, RNB and Åhléns have all published detailed information on their websites about their supplier factories, addresses, parent company, type of products made and worker numbers. The information these four brands publish is in line with the Transparency Pledge. KappAhl only discloses names and addresses of the company's supplier factories, and therefore falls short of the Transparency Pledge's requirements. According to KappAhl, the company will align its supply chain information with the Transparency pledge from May 2020.

We see a clear trend towards greater transparency: Åhléns published their supplier list in August 2019, and Ellos and Nelly plan to follow suit. Gekås Ullared and Gudrun Sjödén are the only companies in this report that have not made any commitments to disclose information about where their clothes are made.

## Information about suppliers

Based on company responses as of September 2019

| <b>Company and own brands</b>  | <b>Production countries<br/>(% of total purchasing value)</b>  | <b>Public supplier list</b>  |
|--|--|--|
| <b>Ellos Group</b><br>Ellos,<br>Jotex,<br>Stayhard,<br>Homerom   | China 49%<br>Bangladesh 22%<br>India 14%<br>Pakistan 5%<br>Turkey 2.5%<br>EU 3.5%<br>Other 4%  | No, but garment suppliers will be publicly disclosed end of 2019 or beginning of 2020.   |
| <b>Gekås Ullared AB</b><br>Basic U   | Bangladesh 95%<br>China 5%   | No   |
| <b>Gudrun Sjödén Design AB</b>   | India 32%<br>Bulgaria 21%<br>China 21%<br>Greece 13%<br>Portugal 6%<br>Italy 3%<br>Morocco 3%<br>Sweden 1%   | No   |
| <b>H&amp;M group</b><br>H&M,<br>H&M Home,<br>COS,<br>Monki,<br>Weekday,<br>Arket,<br>Afound,<br>&stories | Production markets ranked in order based on purchasing volume (not value), with the highest volume on top, and lowest at the bottom:<br><br>- China<br>- Bangladesh (same volume as China)<br>- Indonesia & India<br>- Other East Asia (Cambodia, Vietnam, Myanmar, Korea)<br>- EU & Turkey<br>- Ethiopia & Pakistan | Yes  |
| <b>KappAhl Sverige AB</b><br>KappAhl, Newbie   | China 40 %<br>Bangladesh 41%<br>Turkey 8%<br>India 5 %<br>Myanmar <3 %<br>Sri Lanka <2 %<br>Romania <1 %<br>others <1%   | Yes, but information about the parent company of the suppliers, type of products/components made and number of workers at each supplier are not disclosed. According to KappAhl, the company will start disclosing those details from May 2020 . |

| <b>Company and own brands</b>   | <b>Production countries<br/>(% of total purchasing value)</b>  | <b>Public supplier list</b>                             |
|---|--|---|
| <b>Lindex</b>   | Bangladesh 46%<br>China 23%<br>Turkey 7%<br>Italy 5%<br>Myanmar 7%<br>India 4%<br>Vietnam 3%   | Yes   |
| <b>Nelly NLY AB</b><br>NLYbyNelly,<br>NLY Trend,<br>NLY Shoes,<br>NLY One,<br>NLY Eve,<br>NLY Sports,<br>NLY accessories,<br>NLY Lingerie,<br>NLY Beach | China 47%<br>UK 25%<br>Turkey 18%<br>India 7%<br>Bangladesh 2%<br>Pakistan 1%  | No, but first tier suppliers will be published by 2020. |
| <b>RNB Retail and Brands</b><br>Polarn O. Pyret Brothers<br>(Riley, East West, the Tailoring Club)  | Bangladesh,<br>Cambodia,<br>China,<br>Germany,<br>India,<br>Latvia,<br>Lithuania,<br>Myanmar,<br>Republic of Korea,<br>Romania,<br>Sweden,<br>Turkey,<br>Vietnam | Yes   |
| <b>Åhléns AB</b><br>Carin Wester,<br>Wera,<br>Åhléns,<br>Å,<br>Vide,<br>Berså,<br>Oliv,<br>Aroma,<br>PHC,<br>Skir                                       | Top five:<br>China 50%<br>India 12%<br>Bangladesh 8%<br>Sweden 8%<br>Turkey 5%   | Yes   |



## Information about wages and freedom of association in the supply chain

Based on company responses as of September 2019

| <b>Company and own brands</b>   | <b>Public living wage strategy</b> | <b>Public data on wage in supply chain</b>  | <b>Number of suppliers with collective bargaining agreement</b> |
|---|------------------------------------|---|---|
| <b>Ellos Group</b><br>Ellos, Jotex, Stayhard, Homeroom  | No                                 | No  | No answer   |
| <b>Gekås Ullared AB</b><br>Basic U  | No                                 | No  | No answer   |
| <b>Gudrun Sjödén Design AB</b>  | No                                 | No  | No answer   |
| <b>H&amp;M group</b><br>H&M, H&M Home, COS, Monki, Weekday, Arket, Afound, &stories   | Yes*                               | Yes, average monthly wage (excluding overtime) in the supply chain, per production country. | 64 out of 937   |
| <b>KappAhl Sverige AB</b><br>KappAhl, Newbie  | No                                 | Only for Bangladesh   | 4 out of 187  |
| <b>Lindex</b>   | No                                 | No  | 2 out of 127  |
| <b>Nelly NLY AB</b><br>NLYbyNelly, NLY Trend, NLY Shoes, NLY One, NLY Eve, NLY Sports, NLY accessories, NLY Lingerie, NLY Beach | No                                 | No  | No answer   |
| <b>RNB Retail and Brands</b><br>Polarn O. Pyret and Brothers (Riley, East West, the Tailoring Club)                             | No answer                          | No answer   | No answer   |
| <b>Åhléns AB</b><br>Carin Wester, Wera, Åhléns, Å, Vide, Berså, Oliv, Aroma, PHC, Skir  | No                                 | No  | No answer   |

\* It is worth noting that H&M's strategy does not include time-bound goals in terms of a certain wage increase or wage level in the supply chain.

# Acknowledgements

Many thanks to Bangladesh Garment and Industrial Workers Federation and Cividep for sharing your expertise with us. We are also grateful for the advice and support from Christie Miedema at the Clean Clothes Campaign.

