



**FAIR  
ACTION**

Promoting  
responsible  
business

**STUCK IN THE  
STARTING BLOCKS**  
SWEDISH SPORTING RETAILERS  
ON 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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# Sharing is caring - why transparency matters

When sport retail chains open up about where their products are made, it is a "win-win-win" situation, with upsides for the factory workers, the consumers and the companies themselves.

## *The benefits for workers*

For the factory 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 workers do not get the 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 who they are. After the Rana Plaza building collapsed in Bangladesh in 2013, killing over 1,100 garment workers and injuring 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 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<sup>2</sup>, program officer garment sector, at the Indian non-governmental organization Cividep. 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>

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

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1 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-garment-and-foot-wear-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***



they know that one or more of the buying companies are committed to promote 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 fundamental to ensure that workers' rights are respected.<sup>5</sup> Research 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.

Companies 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. The corrective action plans of each supplier are also shared on the accord's website. 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.

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

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<sup>4</sup> 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

<sup>5</sup> 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 factory workers. Sport retail chains also have a lot to gain from revealing more information about their supply chain. Recent research find 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, company 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>

## *Who made my clothes? Consumers want to know*

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


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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-chaintransparency-in-the-garmentand-footwear-industry/view>

9 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)




80% OF CONSUMERS WITHIN  
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*“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

### ***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 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/doc-server/9789264290587-en.pdf?expires=1562318547&id=id&accname=guest&checksum=36A0AE611A219E61A229D-642DEF8BEAA>

# To get out of the starting blocks - recommendations to the sporting retailers

Fair Action’s recommendations to the sport retail chains 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 etc.)
- Worker numbers at each site. (By category: less than 1000, 1001 to 5000, 5001 to 10000, more than 10000).

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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”.

- 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 Transparency 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>

### ***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 inquires come from trade unions, journalists, NGOs or other relevant stakeholders, give an accurate and clear response. Reports, corrective action plans and grievances raised against suppliers 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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11 Open Data Standard for the Apparel Sector, <https://odsas.org/>

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>

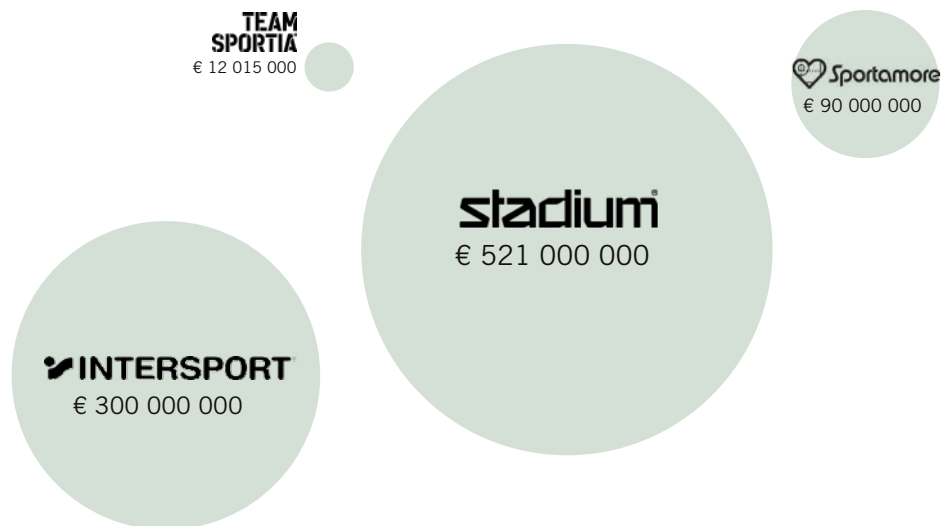
14 The OECD Due Diligence guidelines for Garment and Footwear Supply Chain, <https://www.oecd-ilibrary.org/docserver/9789264290587-en.pdf?expires=1562318547&id=id&accname=guest&checksum=36A0AE-611A219E61A229D642DEF8BEAA>, p. 91

# How we did the research

Four Swedish sporting goods retail chains were asked to answer a questionnaire regarding supply chain transparency in the spring of 2019. All companies responded except Team Sportia AB. In the case of Team Sportia we have used the information about own brands and production countries that we received in an inquiry in 2015. The retailers had the opportunity to fact check the parts involving their own policies and practises prior to publishing. The tables are based on responses from the companies.

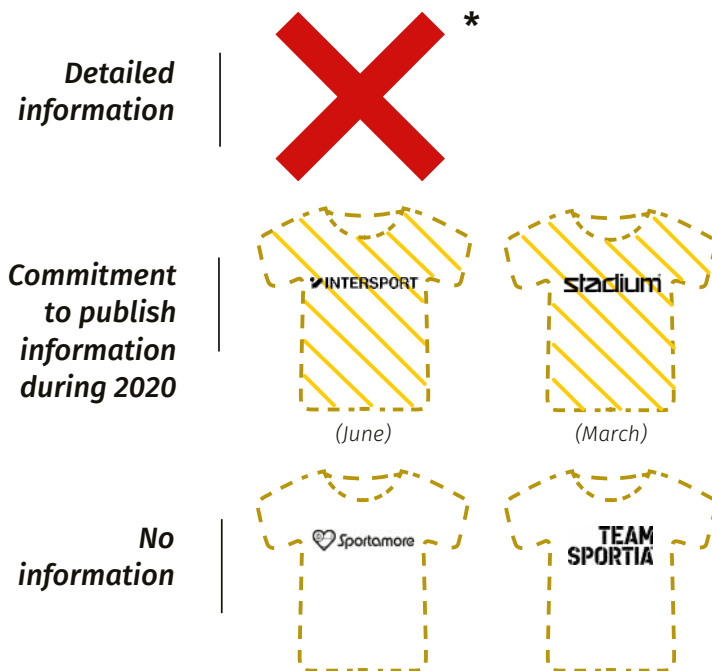
The interview with Babul Akhter, secretary general of Bangladesh Garment and Industrial Workers Federation, was carried out during a visit to Sweden in June 2019. The interview with Parvathi Madappa from the Indian non-governmental organization Cividep was conducted in Bangalore, India in September the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

## *Companies covered by this report - Total turnover in 2018*



# What information have the sporting retailers made public?

*How transparent are the sporting retailers about their supply chains?*



\* No company covered by this report is currently open about their suppliers.

Out of four retail chains none are disclosing their suppliers at the moment. Stadium is committed to do so by March and Intersport Sverige by June 2020. Stadium is the only company that is disclosing the number of collective bargaining agreements at their suppliers (8 out of 98).

An increasing number of garment companies disclose their suppliers, with 70 of the world's 200 largest fashion brands now publishing such information.<sup>15</sup> Unfortunately, we don't see the results regarding transparency among Swedish sporting retailers that we have seen for the fashion brands yet.<sup>16</sup>

15 Fashion Revolution, 2019, Fashion Transparency Index, [https://issuu.com/fashionrevolution/docs/fashion\\_transparency\\_index\\_2019?e=25766662/69342298.f](https://issuu.com/fashionrevolution/docs/fashion_transparency_index_2019?e=25766662/69342298.f)

16 Fair Action, 2019, Coming out of the closet - Swedish garment brands on themove towards transparency [https://fairaction.se/wp-content/uploads/2019/11/FairAction\\_Coming\\_out\\_of\\_the\\_closet\\_26-11-2019.pdf](https://fairaction.se/wp-content/uploads/2019/11/FairAction_Coming_out_of_the_closet_26-11-2019.pdf)

## Information about suppliers

Based on company responses as of September 2019

<b>Company and own brands</b>	<b>Production countries (% of total purchasing value)</b>	<b>Published supplier list</b>
<b>Intersport Sverige AB</b> McKinley, Firefly, Etirel, ProTouch, Nackamura, Aspenäs, Energetics	Bangladesh: 45% China: 30% Turkey: 10% Pakistan: 5%	No, but factory sites and number of workers will be published by June 2020.
<b>Sportamore AB</b> Blacc, Wyte	China: 80% Bangladesh: 5% Europe: (Greece, Turkey) 15%	No
<b>Stadium Aktiebolag</b> Everest, SOC, Warp, Race Marine, Occano, Stadium, Revolution	China: 60% Bangladesh: 12% Indonesia: 9% Pakistan: 5%  < 2% / country:  Taiwan, Sweden, Cambodia, Bulgaria, Turkey, Vietnam, Italy  < 1%/ country:  Portugal, Myanmar	No, but information about supplier factories will be published by March 2020.
<b>Team Sportia AB</b> North Bend, Sjösalä, Peak Cykle, Extreme, Chinook (2015)*	Taiwan: 43% China: 24% Germany: 15% Polen: 9% Indien: 2% Hong Kong: 2% Turkiet: 2% (2015)*	No

\* Based on responses from 2015

## 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>Intersport Sverige AB</b> McKinley, Firefly, Etirel, ProTouch, Nackamura, Aspenäs, Energetics	No	No	No answer
<b>Sportamore AB</b> Blacc, Wyte	No	No	No answer
<b>Stadium Aktiebolag</b> Everest, SOC, Warp, Race Marine, Occano, Stadium, Revolution	No	No	8 out of 98
<b>Team Sportia AB</b> North Bend, Sjöåla, Peak Cykle, Extreme, Chinook *	No answer	No answer	No answer

\* Based on responses from 2015



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