



# CHEAP TRICKS

**How Levi's and IKEA are freeriding on their competitors' progress on workplace safety in Bangladesh**

# Introduction

Nine years ago on 24 April, the Rana Plaza building collapsed in Bangladesh, killing at least 1,138 people, most of them garment workers who worked in one of the five factories in the eight-storey building.

This preventable tragedy led to the creation of the Accord on Fire and Building Safety in Bangladesh: a legally binding and enforceable programme between unions and brands to make factories safer in Bangladesh. Nine years on, the programme is in its third iteration, as the International Accord for Health and Safety in the Textile and Garment Sector. Many leading brands who source from Bangladesh however have failed to join over the past years, including IKEA and Levi's, two companies who particularly pride themselves on ethical business practices.

While these brands refuse to pay into the programme, new research by Clean Clothes Campaign and Future In Our Hands (Norway) reveals that non-signing brands are freeriding on the efforts of the Accord by sourcing from factories that have been improved by it –profiting off the work of signatory brands, such as H&M, Lidl, and Primark. Levi's and IKEA are amongst brands that have refused to sign this binding agreement, saying that their own systems are sufficiently addressing safety issues in their supply chain. This research into the [inspection reports and Corrective Action Plans](#) (CAPs) of factories supplying both brands shows, however, that IKEA and Levi's had failed to ensure safe working conditions in their supplier factories prior to the formation of the Accord and, after the factories became covered by the Accord due to participation in the Accord by other buyers at those factories, IKEA and Levi's have been freeriding on safety repairs and renovations completed as a result of the Accord's time-bound, mandatory corrective action plans.

## Background

The International Accord for Health and Safety in the Textile and Garment Industry took effect on 1 September 2021 (full text [here](#)). It is a legally binding programme which brands and retailers can sign to ensure that garment factories in their supply chain are made safe. Currently the Accord only has a programme in Bangladesh, but it has committed to expand to other countries soon. As of 22 April 2022, [171 brands have signed on to the Accord](#), many of them leaders in the garment industry.

The Accord makes factories safer by conducting factory inspections and overseeing the remediation of identified fire, electrical, and building safety hazards; running a Safety Training programme for workers and joint worker-



management Safety Committees at covered factories; and providing workers and their trade unions with an independent Occupational Health and Safety complaints mechanism. Key to the Accord's effectiveness is its legally binding nature, which can be enforced at the factory level and at the brand level. All Accord signatory companies are required to comply with the Accord's provisions, including requiring their suppliers to participate in the inspection and remediation programme as well as in the worker empowerment programme, and ensuring that remediation at their suppliers is financially feasible. The shared commitment means that brands can effectively use their collective leverage to advance workplace safety.

## **Why is it a problem that brands refuse to sign the Accord and instead freeride on their competitors?**

Brands which are freeriding on the Accord's efforts source from factories which are covered by the Accord but fail to contribute to the programme by becoming a member. This means that they are buying from factories where there are regular inspections and time-bound remediation plans, as well as an accessible complaint mechanism, without contributing to this system. Following the correction of safety hazards at their suppliers, they face less risk of having their image damaged by being confronted with a major safety incident or exposé of unsafe working conditions in these factories, but they themselves have done nothing to support the programme that made these improvements possible.

The Accord can only be effective when brands contribute to the Accord, both financially and also in terms of combining leverage to remediate hazards and prevent catastrophes. Non-signatories, including freeriders who source from Accord factories without paying, undermine the power of joint leverage. They fail to contribute to the safety of these factories by not only not giving any financial guarantees to these factory owners to ensure they can carry out the needed safety remediations, but also will not threaten to withdraw production if the factory owner refuses to make mandated improvements, which is one of the ways in which the Accord has been successful in compelling change.

It also means that these brands are failing to give the Accord - a ground-breaking initiative in the industry meant to prevent the recurrence of the industry's greatest ever tragedy - their political backing. Each individual brand signing on can encourage their competitors to sign as well, while not signing can cause other non-signatory brands to feel safe in their choice. Not being part of the Accord also gives the signal to Bangladeshi factory owners that the Accord programme is not equally important to all of their buyers. It withdraws support from a tremendously successful model that has made significant changes in the industry and has undoubtedly saved hundreds of lives.

Non-signatory brands that source from Accord factories will not be informed by the Accord in the same way as signatories on progress, implementation, and possible problems. This means that they do not have access to the information necessary to take immediate action and adequately to solve safety hazards at hand. Thereby, by refusing to sign the Accord, brands like IKEA and Levi's weaken the effectiveness of Accord's procedures and actions, including

immediate evacuations or relocations, as well as the escalation procedure. This may lead to situations where the brand is sourcing from a factory that is so unsafe and resistant to change that it is terminated by the Accord.

Many brands sourcing from Bangladesh freeride on the efforts of competitor brands which joined the Accord by buying from the same factories. Some brands even go as far as sourcing exclusively from Accord-covered factories, because they know these factories are safer and thereby acknowledge the power of the programme, yet without committing the political and financial capital of joining the Accord. In March 2021, journalist Alden Wicker revealed that US retailer Walmart has an internal policy that it only sources from factories that are inspected by the Accord, even though it has consistently refused to join the initiative and even put considerable efforts into creating weaker alternatives. Similarly, in 2018 German outdoor clothing brand Jack Wolfskin published a statement in which they professed to only source from Accord-covered factories, yet without contributing to its work by becoming a member.

Not all brands are as brazen in their freeriding as these two, but every brand that decides to source from an Accord-covered factory and makes their competitors pay the price is weakening the system and profiting off the efforts of others. In that sense one could ask whether Levi's is the Walmart of denim and whether IKEA's PR about creating safe havens really only applies to their customers.

## IKEA

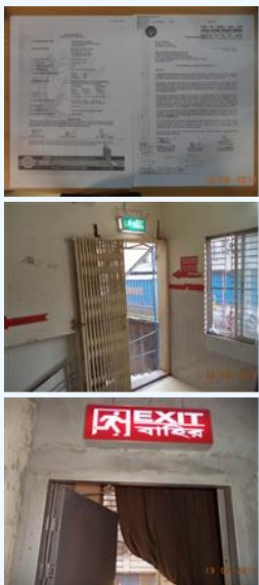
Unlike dozens of other brands and retailers, IKEA has refused to publicly disclose the names and addresses of the factories that make its products. Shipping records, however, reveal that IKEA sources its home textiles from several factories in Bangladesh and other high-risk countries like Pakistan. The Clean Clothes Campaign and Future In Our Hands have called upon IKEA to sign the Accord since the agreement expanded to include home textile production in 2018. Since then, IKEA has continuously maintained that its own code of conduct, called the IKEA Way or IWAY, is equally effective, or even more effective, in making factories safe. To our knowledge, IWAY has no independent oversight, no enforceability, no worker participation, and no transparency. IKEA is literally doing things "its way": it is checking itself whether it lives up to its own standards, and will tell no one if it does not. The company has repeatedly, through media interviews, on social media, and in verbal and written communication, tried to create the impression that the company's code of conduct, IWAY, safeguards factories at least as well, or even better than, the Accord.

A 2020 report by the Worker Rights Consortium, however, showed that working conditions and safety in the three identified non-Accord covered factories that IKEA sourced from were very poor and included health risks such as excessive temperatures, mandatory and excessive overtime, lack of emergency exits, and improper worker safety training (p.18-24).

The situation is better in two IKEA supplier factories that we were able to identify, based on shipping records, which fall under the Accord. We have, however, little proof that IKEA has done much at all to compel the correction of safety hazards at those factories and all signs point to the fact that IKEA has been saving money on the cost of safety by freeriding on the efforts of other brands.

### IKEA supplier Zaber & Zubair Fabrics Ltd.

In the Zaber & Zubair factory, IKEA produces bath towels, hand towels, washing cloths, and similar products. Historical import data shows that the factory has been an IKEA supplier since at least 2007. The initial inspection of this factory by trained engineers after the Rana Plaza collapse took place in May 2014. While IKEA had been a buyer from the factory for seven years at that point, and its "basic" IWAY standard 4 (2008) says that "The IKEA supplier shall have an independent and functioning evacuation alarm with continuous sound to notify all workers about an emergency situation and to ensure a fast and safe evacuation of the IKEA supplier's facility(s)", the factory did not have a centralised automatic fire alarm (fire item 1), exit doors were of the type that risks workers getting trapped in a factory (fire item 17), and locks were present on some of the exit doors (fire item 18). Most of the doors along the egress path were not fire doors or were not credibly certified as such (fire item 2). Clearly, the factory did not live up to the IWAY standard for fire safety, but in seven years IKEA seems to have done little to fix this.

Question:	Doors along the path of egress have a minimum width of 0.8 m (32 in) and have required ratings.	
Priority Level:	High	
Non-Compliance Level:	3	
Description:	Door widths are more than 0.8 m. Almost all the doors in prefab sheds are non-rated and in the RCC buildings some doors along the path of egress were found to be fire doors but most of them are without proper credible certificates.	
Source of Findings:	Photograph: Doors were found without fire rating., Visual Assessment: Widths were measured on a sample basis.	
Suggested Plan of Action:	Provide 1.5 hr fire rated doors on 2 hr rated exit enclosures in RCC buildings as these are more than three stories.	
Suggested Deadline Date:	10 Sep 2014	
Standard:	Alliance Standard Part 6 Section 6.5.6 Minimum Widths. Increased occupant loads will require a door width greater than 0.8 m.	

Thanks to concerted pressure, by May 2018, fire doors were in place and a system to make them respond to signals from the fire alarm system was almost completed. Some fire doors were being propped open, however, which defeats their purpose. After a warning the follow-up inspection confirmed this issue had been corrected by November 2018.

While structural building safety was of particular concern in the immediate years following the Rana Plaza collapse, this was not a new concern. By 2005 at the very latest, when the Spectrum building collapsed killing 64 garment workers, IKEA should have realised that weak building integrity was a major risk in Bangladesh. Yet, at least seven years after IKEA started using the Zaber & Zubair factory, the engineers noted concerns about the "density of operation" on several floors of the building (structural item 4) and found "no program that will ensure that the designated load in each floor will not be exceeded" (structural item 5). The inspection comments show that the load of several floors was indeed too heavy. In 2018 the inspectors confirmed, following changes made in the factory, that the loading had now come within allowable limits. The inspectors also found cracks on several walls (structural items 3 and 24), which were repaired by early 2016. All of these repairs were required, and made, under a programme that IKEA has consistently refused to join.

In the [2008 IWAY standard](#), the company writes: "The IKEA supplier shall ensure that other hazards in the workplace of an immediate nature are avoided. (...) Examples of other occupational hazards of an immediate character include but not limited to: (...) Dangerous electrical wires or ungrounded machines." Nevertheless, electrical inspections in 2014 showed indications of overheating in the electrical wiring (electrical item 4), concerns about how the wires and lighting fixtures were installed (e.g. electrical item 9), insufficient insulation of wires (electrical item 11), and lack of proper identification of electrical cables (electrical item 16). Furthermore, the engineers found that the electrical switchgear and panel board were not regularly inspected (electrical item 18). Despite IKEA's explicit mention of electrical wires in IWAY, the wiring of its supplier factory of seven years was not up to standard at all. The monitoring and framework, that in the years after 2014 made it possible to identify and remediate these issues, lacked IKEA's participation and financial contribution. Instead, the work was offloaded on other buyers at the factory, which did join the Accord, including Tchibo, Inditex (Zara), New Look, Woolworths, Lidl, Mango, Carrefour, Tesco, and Ellos Group. German brand Tom Tailor, and most likely several US brands, have also been freeriding with IKEA on these other brands' efforts in this particular factory.

## **IKEA supplier Noman Terry Towels**

Noman Terry Towels has been an IKEA supplier factory since at least 2014. The factory produces towels, washing cloths, bath robes and other items. At the first inspection after Noman Terry Towel became integrated into the Accord, independent engineers highlighted 91 outstanding issues to be remediated. Several of these required immediate correction in order to avert high risk of a dangerous situation.

The initial inspection of this factory in June 2015 found that some of the exits of the factory were closed by doors that could easily trap workers inside the factory while not providing any fire protection (fire item 9). Furthermore, the engineers were concerned about overloading (structural item 4), saying: "there was no design document or analytical report which can confirm the load

capacity." This plan was later developed and progress was noted on every inspection, but there remained small infringements even on the latest check (structural item 9). While the Accord actively continues to pursue and remediate this issue, it remains unclear whether IKEA even is aware of it.

The engineers also found that the factory could not prove regular inspection of the electrical system (electrical item 4), one of the transformers was leaking oil (electrical item 6), cables were not properly identified (electrical item 15), and an electrical distribution box was placed next to the washing section with a risk of water entering into it (electrical item 13). In one instance a door mat was present instead of an rubber electrical insulation mat of the type meant to keep workers safe (electrical item 22). By 2018, thanks to the Accord, all these issues had been remediated and verified as such by trained engineers.

Although significant progress has been made in these two factories as a result of the Accord, it remains imperative that IKEA sign the Accord in order to uphold workplace safety in these two factories. Workplace safety requires continuous work. Without regular and unannounced inspections, factory management can at any time pile boxes in front of fire exits or reapply locks on doors. Without a well-functioning complaint mechanism, and with rampant repression of union rights commonplace in Bangladesh, garment workers typically have nowhere to turn to raise their safety concerns if their managers do not listen. Regular inspections by trained engineers make factory owners aware of the dangers of such behaviour and ensure that remediation follows, as not complying would have real consequences due to the binding nature of the Accord. The Accord's actions in Zaber & Zubair to ensure proper use of the fire-rated doors showed this work in action. Additionally, both factories, according to the latest inspection reports, still need to finalise essential items, such as ensuring there is a functional fire alarm in case of Zaber & Zubair and finishing the installation of an automatic sprinkler system at Noman Terry Towels (fire item 27). By signing the Accord, IKEA can contribute to ensuring the completion of these final remediations. Currently, however, IKEA is leaving all the pressure and costs to its competitors in the factory including Swedish brands H&M and Ellos group, Dutch retailer Zeeman, German low-cost supermarket LIDL, Norwegian brand Varner, French supermarket Carrefour, and Australian Woolworth group.

## Levi's

According to its latest factory list from the first quarter of 2022, Levi's has 21 supplier factories in Bangladesh. Levi's did not sign the previous Accords of 2013 and 2018.

Levi's writes in its [2020 sustainability report](#) that "the number of factories producing our products in Bangladesh was [before Rana Plaza] and remains low. Even so, we took stronger action in the aftermath of the Rana Plaza collapse to assess health and safety practices and building integrity of our suppliers and to publicly disclose this information. This led to continued supply

chain health and safety improvements. Factories supplying to LS&Co. [Levi's Strauss & Co] in Bangladesh are assessed annually with additional emphasis on fire safety and electrical and building stability." Despite these claims, Levi's, whose factory lists from March 2013 show that it was sourcing from 13 factories at the time of the Rana Plaza collapse, has since expanded the amount of factories it buys from in Bangladesh considerably.

In response to an earlier call to sign the Accord, Levi's spokespeople in November 2021 stated that "in 2009, we forbade working with suppliers operating in multi-level, multi-owner buildings, where safety standards are difficult to enforce." While this statement could create the impression that Levi's does not source from the typical multi-storey building that most garment factories are housed in in Bangladesh, this is not at all the case. Of all the factories where we could verify (18 out of 21 factories), only one factory was not a multi-storey building. Levi's statement only means that Levi's does not source from buildings in which there are multiple factories owned by different owners located within the same building. While this policy avoids one risk-factor, it does not say anything about the structural integrity of the factories they source from, nor about any fire or electrical safety risks. Our research shows that even after years of sourcing by Levi's, its supplier factories scored very poorly on many safety indicators.

### **Levi's supplier Medlar Apparels**

Levi's is a buyer at Medlar Apparels, located in the same Dhaka district as the Rana Plaza building, since at least 2009. This document on Levi's website shows that Levi's was commissioning audits at Medlar before the Accord did: in 2011 (electrical audit) and 2013 (fire safety & building stability).

Nevertheless, the initial inspection report of the same factory from November 2013 on the Accord website shows that boilers were not separated from the work floor (fire item 13), doors could be locked trapping workers inside (fire item 4), some fire doors were insufficient (fire item 9), electrical wires were prone to overheating (electrical item 4), and workers maintaining electrical systems were not properly trained (electrical item 11). By 2017, the boiler was moved to a safe location on the factory premises, locks were removed, and fire-rated doors installed. Inspections in early 2017 showed that concerns about untrained personnel and overheated wires remained, but inspections later that year and in 2018 verified these issues as finally resolved.

In the middle of carrying out these changes, there were two fire incidents (November 2016 and July 2017) that led to parts of the building needing evacuation. One of the fires was reported directly to the Accord complaint mechanism by a worker. The factory was inspected immediately and the factory was required to undergo a set of additional safety remediations.

Levi's signature on the Accord could be crucial in remediating the last outstanding items in the factory including fighting the habit of storing goods in exit stairs and verifying the factory's alarm and sprinkler installation (fire item 2, 7 among others), as well as to ensure that some newly built additional



structures (structural item 16), which still required assessment as of December 2021, are meeting the Accord’s safety standards.

These past and future fixes were and are made under the auspices of an initiative that Levi’s failed to join. It is, however, hardly the only buyer at the factory that is freeriding on the Accord; VF Corporation (The North Face, Vans) and Kontoor brands (Lee, Wrangler) also source from this factory without contributing to the Accord.

## Levi’s supplier Kenpark Bangladesh

Kenpark Bangladesh (Pvt) Ltd (Unit 1) in Bangladesh’s port city Chattogram has been a Levi’s supplier since 2011. Three years later, upon the first inspection on 26 February 2014, this factory was proven to suffer from a plethora of safety issues. Engineers noted a range of structural building safety issues in the three-storey building. This included significant corrosion at the base of a column (structural item 1) and in many other places in the building (structural item 7, 8) as well as concerns about other columns holding up the building, which to the engineers appeared not appropriate for the structure (structural item 2, 3). Remediation of the first items was verified in 2016 and while retrofitting on the other columns started shortly after the findings, Accord engineers had to return multiple times until 2019 to ensure that all paperwork related to the factory’s load structure was in order.

Question:	Are junction boxes and other electrical devices provided with covers?
Priority Level:	Medium
Non-Compliance Level:	2
Description:	Cable trays are not covered and full of dust, debris and lint in both washing buildings (A & B).
Source of Findings:	Photograph: cable tray without cover in washing building- A.
Suggested Plan of Action:	Install metallic (non-combustible) cable tray over the floor and provide metallic cover on it to keep it dust and vermin proof. Establish a periodic cleaning program to keep all the duct/trays/channel dust-free.
Suggested Deadline Date:	07 Aug 2014



The electrical systems of the factory were also in a dismal state. The first inspection report found a very long list of safety hazards ranging from the installation of a distribution board in a chemical storage area next to stored flammable material (electrical item 5), overheated wires (electrical item 10), electrical cables right next to a non-insulated steam pipe (electrical item 12), and a dusty and dirty control panel (electrical item 28) – all carrying the risk of fire. Furthermore, there was no proof of regular inspection of the electrical systems (electrical item 45, 46). All these items were remediated in the years after and verified by engineers as completed in 2016 and latest 2017.

Question:	Are all switchboards and/or distribution boards properly grounded (earthed)?
Priority Level:	Medium
Non-Compliance Level:	2
Description:	None of the distribution boards' doors have been earthed.
Source of Findings:	Photograph: Door earthing not provided in P-32(DB-01).
Suggested Plan of Action:	Provide earth connection for doors of metallic distribution boards using green cables preferably braid so that the metallic door remains at zero potential all the time.
Suggested Deadline Date:	04 Sep 2014



If a fire would have broken out, workers could have risked being locked inside the factory, as upon inspection locks were present on exit doors (fire item 6). Only in January 2018, after multiple reminders, the last factory door was made safe. This is only one of the examples of why regular and transparent inspections are so important: they ensure factory owners don't stop or slow down the work and are kept on alert about other dangerous practices. During an inspection in 2016, when many of the electrical issues were found to be fixed, the engineers noticed that flammable materials were not stored safely (fire item 38) and they urged the factory to correct that. Regular inspections in the factory since 2014 were needed to remind the factory management of the mandated remediations and to highlight newly found safety issues that needed correction.

Because of the lack of transparency of Levi's own auditing system and given the state the factory was in upon first inspection, which was three years after Levi's began sourcing from it, it is unlikely that Levi's significantly contributed to the many safety improvements that happened in this factory since 2014. Correction of the safety hazards was made possible by participation in the Accord of UK brands River Island and Next, Norwegian brand Varner, Japanese company Fast Retailing (Uniqlo), and the Australian retailer Target, each of which gave the necessary political support and financial guarantees to make these significant improvements. Two other US brands that are freeriding on the Accord's efforts in this factory are Columbia Sportswear and Kontoor Brands (Lee, Wrangler).



Image: BCWS

# Conclusion

Brands like IKEA and Levi's and many other non-signatories of the Accord, such as VF Corporation, Columbia Sportswear Kontoor Brands, Walmart, and Tom Tailor, are clearly profiting from the efforts of other brands, who did heed the wake-up call for the industry after the Rana Plaza collapse. The Clean Clothes Campaign network calls upon all brands which source from Bangladesh to draw the lessons from this tragedy and sign the Accord now. Nine years on, garment and textile factory safety in Bangladesh needs to be monitored continuously and remediation needs to be pushed and financed collectively, with brands working together with each other and with the unions who represent their workforce. It is time that brands stop hiding behind the efforts of their competitors and behind their own weak go-it-alone programmes and, once and for all, start taking real responsibility to meaningfully and credibly work towards preventing the next building collapse or fire.



Image: BGIWF

Research by Clean Clothes Campaign, with support from Future in Our Hands, April 2022.

Images in this report: screenshots from inspection reports of the described factories, protest photos BCWS, BGIWF.