



Assessing the Reporting of Human Right Responsibilities in the Fashion Industry

Sonja Huttunen

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Abstract

Author(s) Sonja Huttunen
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<p>Sustainability has gained more attention in the recent years and not without reason, the world is facing several severe challenges such as the climate crisis, a global pandemic, and extreme violations against human rights. This thesis aims to understand the challenges in the interpretation of corporate human rights responsibilities and how the communication of them could be improved in companies' sustainability reporting, especially in the fashion industry.</p> <p>This thesis theoretical framework studies literature related to sustainability, corporate social responsibility, sustainability reporting, human rights, and the fashion industry. This creates an understanding of the challenges related to the topic but also gives the needed knowledge to understand why sustainable development is so important to achieve.</p> <p>The empirical part of the research was conducted as a systematic literature review using qualitative meta-synthesis research methods and document analyses. The data was collected from four companies', in the fashion industry, sustainability reports published year 2020 and from 10 different sustainability ratings. The ratings used have rated these four companies' sustainability performance between 2019-2022, and hence can be considered a great source in finding a comprehensive understanding of the challenges occurring in the reporting of human right responsibilities. The data from the primary-level studies has been collected into tables and analysed thematically with the help of prior set investigative and data collection questions.</p> <p>The key finding of this study was that the biggest challenges in respecting corporate human rights in the fashion industry is to ensure that it happens through the whole supply chain. All four companies analysed scored relatively high on commitment to respect human rights and on transparency of their supply chain, but low on implementation of due diligence and proper human right policies.</p> <p>The findings indicates that companies in the fashion industry have taken a step in the right direction by committing to respect human rights but still need improvement in implementing the needed policies and procedures to ensure this happens. Their sustainability reporting should not only consist of their goals and supplier lists, but plans on how to reach the goals, true operational risks they are facing, and proof of what have been established so far.</p>
Key words Sustainability, Corporate social responsibility, Sustainability reporting & Human Rights

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1 Introduction

This thesis is a research type of a bachelor's thesis for the Degree Programme in International Business (BBA) in the major specialization field of Finance and Accounting in the Haaga-Helia University of Applied Sciences. This introduction chapter will cover the thesis topic "*Assessing the Reporting of Human Right Responsibilities in the Fashion Industry*" - background, the research question, demarcation, international aspect, anticipated benefits, and the key concepts of the study.

1.1 Background

The word sustainability has been emphasised a lot in the recent years. But it has been hard to find a clear and mutual definition for it. Probably the most common definition is from Our Common Future, also known as the Brundtland Report: "Sustainable development is development that meets our own needs without compromising the ability of future generations to meet their own needs" (UNWCED 1987).

The ongoing global phenomenas like global warming, the COVID-19 pandemic and for example BLM (Black Lives Matter) movement has brought even more awareness towards the issues that sustainability promotes, just to mention a few; equality, climate change, human rights, antiracism and many more. According to a study, Sustainable Brand Index, conducted by SB INSIGHT, between Nov 2020- Feb 2021, 1/3, of consumers that participated, stated that their interest in sustainability issues has increased due to COVID-19, and 56 - 69% of consumers said that they are discussing sustainability with friends and family on a regular basis. This awareness has led to more pressure from the stakeholders and investors on companies to consider their choices and to become more transparent in their actions. The ability to respond efficiently and effectively to stakeholders' needs is not just the key for success in the global business environment, it is the key to survival (Chandler 2016, Preface).

Sustainability reporting was implemented to have companies show their efforts towards sustainable development. These reports are a tool for companies to show their sustainability targets, their progress, and their plans for how to reach the targets set. These reports have only recently become mandatory for companies to produce and publish and still aren't in some parts of the world.

As sustainability is a very complex matter and it promotes several values was it important to focus on one to keep the scope of the thesis reasonable. Sustainability is often connected to the environmental issues and challenges, leaving the social values less acknowledged. Social sustainability is about recognizing and managing business impacts, both positive and negative on people, and the corner stone for corporate social sustainability is human rights (UN 2022). This encouraged the author to choose to study the corporate responsibilities to respect and report on human rights. The

study was conducted only on industry to enable comparability, as the sustainability issues can vary heavily between industries. Violations against human rights happens in many industries, but one that has been discussed openly due to some severe tragedies is the fashion industry. One example of a tragedy and severe violation against the right for workers safety was the collapse of the Rana Plaza. Rana Plaza was an eight-story commercial building in Dhaka, Bangladesh, where five garment factories made clothing for global brands, in the collapse 1132 workers died and 2500 got maimed. (Goodwin, 2021) That was just one example, a lot of clothing is produced in the less developed countries which are more exposed to violations against human rights due to lack of local laws and resources to monitor the issues. This puts the fashion industry constantly under risks for violations towards human rights and makes it there for a good choice to study.

As established sustainability is a very current topic for today's consumers and hence affecting the business world as well, but this doesn't mean that sustainability has become more clear or easier to understand. In fact, it has led to that almost every brand feels the pressure of having a sustainability dialogue, but the increased amount of communication doesn't mean it is qualitative. Actually a lot of it is extremely poor and many consumers have had a difficult time assessing and understanding the information companies have given. (SB INSIGHT 2021) Already years ago PwC, one of the big four accounting companies, reported that the standard of sustainability reporting has remained the same year on year, apart from a few stand-out reports and improvers (PwC 2012).

The importance of the subject yet the struggles in the communication of the matter has inspired the author to research the topic. The author also has a personal interest in sustainability reporting and believes this work will give her important knowledge for her future career.

1.2 Research question

This thesis aims to understand the challenges in the interpretation of corporate human rights responsibilities and how the communication of them could be improved in companies' sustainability reporting, focusing on the fashion industry. It will achieve this by analysing four different companies' sustainability reports from the fashion industry, and by collecting and analysing information from 10 different ESG-ratings the companies have been included in. The outcome should help companies to understand their responsibilities regarding human rights and to prepare their sustainability reports in a way which communicates their efforts rightfully.

The research question for this thesis was: "How could the sustainability reporting in the fashion industry be more communicative about the responsibilities of human rights?". The research question was then further divided into investigative questions as follows:

IQ 1. What are the most significant challenges considering human rights responsibilities in the fashion industry?

IQ 2. How are corporate human right responsibilities considered by the scoring institutions when rating ESG risks?

IQ 3. How are the studied companies performing in human rights matters according to the ESG ratings analyzed?

Table 1. below presents the investigative questions and the theoretical framework subjects for each of them separately, it also presents the research methods used for the investigative questions and in which chapter the result can be found in.

Table 1. Overlay matrix

Investigative question	Theoretical Framework*	Research Methods **	Results (chapter)
IQ 1. What are the most significant challenges considering human rights responsibilities in the fashion industry?	Sustainability, sustainability reporting, SDGs, human rights, fashion industry, UN Principles.	Meta-synthesis research. Document Analyse on example reports.	Ch. 4.1
IQ 2. How are corporate human right responsibilities considered by the scoring institutions when rating ESG risks?	Sustainability reporting, CSR, SDGs, human rights. GRI standards.	Meta-synthesis research. Document Analyse on example reports.	Ch. 4.2

IQ 3. How are the studied companies performing in human rights matters according to the ESG ratings analyzed?	Human rights, SDG: s, UN Principles, sustainability reporting, CSR.	Meta-synthesis research. Document Analyse on example reports.	Ch. 4.3
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1.3 Demarcation

Sustainability is a very wide concept, therefore it was clear that the author would have to choose one value that it promotes when conducting the research. Human rights are a matter which touches all companies regardless of industry, size, and company form which made it a good choice. And according to a study conducted by Verisk Maplecroft, a company studying global issues, the risks towards violations against human rights such as child labour, discrimination, forced labour, health and safety at workplaces, and the exploitation of migrants in workplaces has increased globally within the past five years (Nazalya 2021). This makes the study even more relevant and important.

The author has chosen 4 companies sustainability reports to be analysed, and 10 different ratings these companies have been part of to be analysed and used as data sources for the research. The companies chosen to be analysed are all from the fashion industry, as the industry has often been related to scandals of violations against human rights, making it a great example and starting point. The author intends to gain knowledge of corporate responsibilities regarding human rights through various book and online sources. With all the information gathered, the author believes she can answer to the research questions.

1.4 International aspect

This thesis is done for a bachelor's degree in an International Business program, and therefore requires an international aspect. Sustainability is a global concept and sustainability issues are battled everywhere, including human rights. Therefore sustainability reports are produced by companies all over the world, and they are all equally expected to report about their responsibility to respect human rights. This unlimit the thesis and its outcome to any audience geographically, or to any business specifically. In this thesis the author will analyse sustainability reports by companies from Finland, Sweden, and Germany to avoid using only companies from one country.

1.5 Benefits

The research results can benefit anyone interested in understanding what are expected from companies regarding corporate human rights responsibilities, and how companies can report on these issues. This includes consumers, investors, company employees, shareholders etc. As the analysed sustainability reports will be from companies in the fashion industry, and the author intends to find challenges which are specific for that industry, will of course the result of the research be most beneficial for companies and professionals in that industry. But the research results are not limited to that industry, as many of the challenges are common to other industries as well.

Finance and accounting professionals are dealing a lot with reporting, so more often sustainability reporting is something they are expected to be involved in or capable of interpreting. They will benefit from knowing how to report on human rights questions and what is expected to be reported about.

Lastly, the author believes this will have a very positive impact in her future career as the topic of sustainability and all related matters will become even more current within the years coming.

1.6 Key Concepts

Below is presented four concepts which will be frequently used in the thesis and hence important to understand for the reader.

Sustainability, as earlier mentioned in the 1.1 Background chapter, it has been hard to agree on a mutual definition for sustainability. But here is one the author finds good and explanatory from the UCLA Sustainability Committee: “The integration of environmental health, social equity, and economic vitality to create thriving, healthy, diverse, and resilient communities for this generation and generations to come. The practice of sustainability recognizes how these issues are interconnected and requires a systems approach and an acknowledgement of complexity” - (UCLA 2021).

Corporate Social Responsibility (CSR) is a management concept in which companies incorporate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is often understood as being the way through which companies achieve sustainability, meaning a balance of environmental, social, and economic practices, while still taking in consideration the expectations of both stakeholders and shareholders. (UNIDO 2022)

Sustainability reporting in a company is the practice of publishing in report form, usually annually, information on their economic, environmental, and social impacts. By doing it companies can also themselves understand and manage the impact it has on people and the planet easier. They

can identify and reduce risks, and take further steps to become a responsible, reliable part of a more sustainable world. (GRI 2022) According to GRI (2022) reporting signals, a responsible organization, one that is dedicated to being open and honest with its stakeholders.

Human Rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. These rights are inherent to all human beings, regardless of sex, race, ethnicity, nationality, religion, language, or any other status. (UN 2022)

2 Sustainability in Business

This chapter of the research will focus on the literature which forms the theoretical framework for the thesis. It will explain sustainability and related concepts in more detail and how they are connected, it will especially focus on what sustainability indicates to businesses. In the literature review will be discussed the concepts corporate sustainable responsibility, sustainability reporting, corporate responsibility to respect human rights, and sustainability in the fashion industry. With all this information the author believes she can create a good picture of the subject researched.

The information used for the literature review is mainly gathered from academic books, research papers, journal articles, and company websites. The variety of sources is to enable comparison between information and to strengthen the reliability of the information provided. Next the author will discuss sustainability and how it is often understood.

2.1 Sustainability

The global population has grown rapidly during the latest centuries, on the 18th century there was about 1 billion humans living on planet earth, and today there are about 7,7 billion (Roser, Ritchie & Ortiz-Ospina 2019). The population is yet predicted to increase but not necessarily as fast as it has in the recent history. This means that the need for natural resources will grow. As it is the WWF, World Wildlife Fund Organization, (2022) has calculated that it takes a year and a half to produce the resources humans consume in one year. And as if this was not bad enough it looks like that by year 2050, if the global population reaches 9,6 billion, the need will grow equivalent to almost three planet earths to generate the resources needed to sustain the current lifestyles (UN 2022). With this said it is inevitable that there must become changes in the consumption behavior to save the planet.

As the above mentioned is often something we bring up and think about when discussing sustainability, a lot of people often mixes sustainability with only ecological concerns and assumes a conflict between conservation groups and business interests. This situation often leads to a dead end, with divided viewpoints and inability to make compromises. In these situations, sustainability has been defined from a very narrow point of view and even though sustainability is often marked by environmental causes and demonstrations, its value represents many more issues spread all over the world. (Edwards 2005, 7)

Sustainability has not a single ideology, but rather a collection of values concentrated on social justice, economic viability, and a healthy ecosystem. Sustainability covers various issues for example: climate change, labor rights, globalization, human rights, health, conservation, socially responsible investing, corporate reform, trade and organic farming, women's rights, conflict resolution and

many more. All these issues touch all sectors of the society and are driven by life-strengthening values which effects policies and motions at a local, regional, national and on international levels. (Edwards 2005, 8) And to achieve sustainability we need sustainable development as sustainable development is often considered the processes and pathways to sustainability and sustainability itself is more like the long-term goal (UNESCO 2021).

As mentioned, it is widely accepted that sustainability and it's carrying values is often divided into three main categories which needs to be balanced to maintain stability, these three are economic, environmental, and social factors. This can be demonstrated with a sustainability Venn diagram which is introduced below.

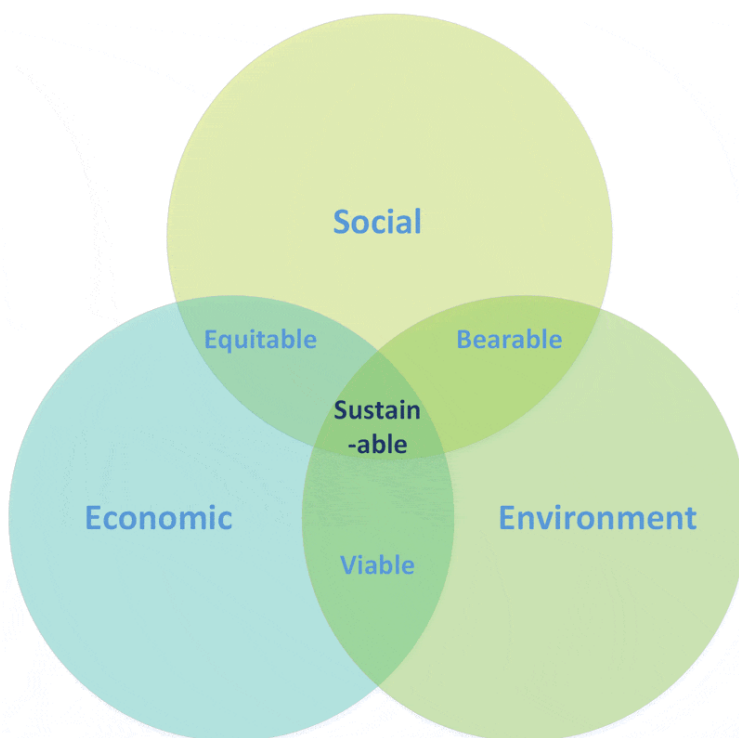


Figure 1. Sustainability Venn diagram (Circular Ecology 2021)

This is also called the three pillars of sustainability or the triple bottom line. The Sustainability Venn diagram demonstrates well the key ideology behind sustainability, were each of the three aspects are interconnected in one and another and must be emphasized equally to enable balance. (Circular Ecology 2021) Keeping all these three pillars sustainable and stable should be the goal for the wellbeing of society, this includes looking for approaches with long term profitability, maximum environmental care meanwhile reducing environmental impact, and increasing social responsibilities (Baruah 2020).

The meaning of each of off the three pillars are further explained in the following chapters, starting with environmental.

2.1.1 Environmental sustainability

Environmental sustainability means that people live with the natural resources they have, and that they ensure that the generations after also have the same natural resources available so that they can live an equal if not a better life as the one lived today. This means that the nature needs to be respected and considered without harming it and that the consumption of the natural resources needs to happen in a sustainable manner. By natural resources is meant materials, energy fuels, land, water etc. (Circular Ecology 2021)

Environmental sustainability is focusing on many different areas, to mention a few:

- Climate systems (covers climate and climate change, climate risk management, mitigation, and adaption)
- Human settlements and habitats (cover cities, urbanization, and transport)
- Energy systems (covers energy use, energy conservation, renewable energy, energy efficiency and bio energy)
- Terrestrial systems (covers natural and managed ecosystems, forestry, food systems, biodiversity, and ecosystem services).
- Carbon and nitrogen cycles (covers sources and sinks, feedback processes and links to other systems)
- Aquatic systems (covers marine and freshwater ecosystems, fisheries, currents, and biodiversity) (Moldan, Janousková & Hák 2009)

To achieve environmental sustainability and innovations we need different organizations, these include governments, intergovernmental organizations, non- governmental organizations, companies and corporations and individuals. Because economic, social, and ecological conditions differ heavily from one nation to another, the rules and regulations differ too, which means that there is no single mutual policy on how to act to achieve environmental sustainability. (Evans 2020)

Now that the environmental sustainability has been discussed, the following chapter will cover the meaning of economic sustainability.

2.1.2 Economic sustainability

By economic sustainability is meant practices that support long-term economic development of nations or corporations while protecting social, environmental, and cultural elements. Unfortunately, this is a goal not many companies manage to achieve. One reason could be that often the

products which are cheaper to manufacture, and purchase have the worst impact on the environment and people. This is possible as the companies are rarely the once paying for the full fee their operations have on the world. (Bish 2021) Another factor worth considering could be that, as it is, the world's nations define their economic goal in GDP (Gross Domestic Product). GDP is the total monetary or market value of production produced (goods and services) within a nation in a specific time, usually one year. It is often used to scorecard a country's economic health. All nations strive for a constant rise in GDP, meaning that we could claim that economic sustainability in today's world means steady growth in national GDP. (Thwink 2014)

This would mean that the idea of economic sustainability is not quite what it should be, nations and companies should of course strive for economic growth but not on the behalf of the social and environmental elements. This probably leads many to think that sustainability comes at the expense of the economic growth. But the truth is that economic growth can only be established if there are resources to produce. All economic value is obtained from the nature and the society. The questions regarding economic sustainability cannot be separated from the ecological or social sustainability, meaning that if the nature or society is not sustainable neither is the economy. (Ikerd 2012, 12)

Sustainable economies must make the economic investments needed to meet both the current and the future generation's needs. In addition, they should generate an economic surplus to support the noneconomic investments needed for economic sustainability. Economies should be able to do more than just meet the needs of individuals to contribute to the social and ethical well-being of society. (Ikerd 2012, 12) "An economy which cannot sustain itself clearly cannot contribute to the greater good of society and humanity" - (Ikerd 2012, 12). And an economy cannot sustain itself without the needed noneconomic investments. Decisions made purely on social and ethical values are very much needed to guarantee the long-term economic investments in society and nature which are essential for ecological, social, and economic sustainability. (Ikerd 2012,12)

The following chapter will cover the last pillar of sustainability, social sustainability.

2.1.3 Social sustainability

Social sustainability is probably the least defined aspect of the three, economic, environmental, and social. It is however equally important, and it is a critical component of a community's wellbeing and durability. Social sustainability includes processes for creating sustainable, successful places that promote wellbeing, by understanding what people need from the places they live and work. (Adec Innovations 2021)

Social sustainability issues on a larger scale includes resolving racism and discrimination, equal opportunity for basic health and education just to mention a couple. In companies and

corporations' social sustainability is about finding and managing business impacts, both positive and negative, on people. The nature of a company's relationships and commitment with its stakeholders is crucial. Directly or indirectly, companies and organizations influence the fate of their employees, workers in the value chain, customers, and local communities, and it is essential to manage the impacts proactively. (UN 2021) The social sustainability performance issues related to corporations include respecting human rights, fair labor practices, living conditions, health, safety, wellness, diversity, justice, work-life balance, empowerment, community engagement, philanthropy, volunteerism and more. (Adec Innovations 2021)

Now all three environmental, economic, and social sustainability has been discussed more in detail, and the author will continue to explain the meaning and challenges of corporate social responsibility.

2.1.4 Corporate social responsibility

Corporate social responsibility often referred to as CSR can be defined as: "A responsibility among firms to meet the needs of their stakeholders and a responsibility among stakeholders to hold firms to account for their actions" - (Chandler 2017, 4).

The United Nations (2021) on the other hand defines it as following: "Corporate Social Responsibility can be understood as a management concept and a process that integrates social and environmental concerns in business operations and a company's interactions with the full range of stakeholders".

Stakeholders in these contexts varies from consumers, employees, suppliers, creditors, regulating authorities or other constitutions, media, and local communities. However, there are probably as many ideologies of what CSR is as there are stakeholders discussing the matter. Which makes the whole concept hard to define altogether, because as it is, CSR can basically be whatever a company defines it as. (Chandler 2017, 7)

The bottom line is, businesses are increasingly expected to act more sustainable, by reducing their environmental impact, by making a social contribution and communicating their policies and results to stakeholders through sustainability and CSR reporting (Norton 2012). And the rising awareness from the public and demand for actions means that companies need to include the concerns of their stakeholder groups in their strategic thinking or run a risk of losing societal approval and legitimacy. Different stakeholders however might hold different expectations towards the company. Therefor companies need to decide on the importance of each of the stakeholders in their operating environment and strategically prioritize those with more importance. (Chandler 2017, 4-5) As

we can understand this differentiate companies and industries views on CSR as the interests of their stakeholders and operating environment is different.

United Nations Industrial Development Organization (2021) addresses the key CSR issues companies should focus on as following:

- Environmental management
- Eco-efficiency
- Responsible sourcing
- Stakeholder engagement
- Labor standards and working conditions
- Employee and community relations
- Social equity
- Gender balance
- Human rights
- Good governance
- Anti-corruption measures

United nations have also set out 17 goals including 160 targets for sustainable development and an agenda for how and when to reach them. The goals were adopted by all United Nations Member States in 2015. Companies and corporations are also expected to work towards the goals and make their contribution. Below can be seen all 17 goals.



Figure 2. Sustainable development goals. (UN, 2021)

The goals are a mixture of social, environmental, and economical components, each equally important to reach sustainable development. The goals recognize that ending poverty and other shortcomings must go together with strategies which improve education and health, reduce

inequality, and urge economic growth meanwhile fighting climate change and working to preserve the forests and oceans. (UN 2022)

As mentioned briefly companies are preparing sustainability or CSR reports to communicate their sustainability efforts, in the following chapter the author will discuss what that means in more detail.

2.2 Sustainability reporting

Reporting about sustainability gives organizations the chance to consider their impact on a wide range of issues. It is the disclosure and communication of environmental, social, and governance (ESG) goals – and the companies progress towards them (Boston College 2021). It is an opportunity for companies to be more transparent about the risks and opportunities they face. It is the key platform for communicating sustainability performance and impacts. To simplify the sustainability reports in their basic forms are reports about an organization's environmental and social performance. (Ecovadis 2021)

Reporting on issues related to sustainability can bring advantages to the companies doing so, here are a few examples of benefits it can bring:

- increase the understanding of risks and opportunities.
- emphasize the link between financial and non-financial performance.
- influence long-term management strategy, policy, and business plans.
- the screening of processes and changes made to them may lead to cost reduction and improved efficiency.
- nourishes the business ability to comply with changing laws.
- benchmarks and assesses the sustainability performance internally and relative to other organisations, norms, performance standards and business sectors.
- improved reputation and brand loyalty.
- enabling external stakeholders to understand the true value of the company, including tangible and intangible assets. (Ecovadis 2021)

However, reporting about sustainability doesn't automatically mean that a company is acting sustainable, or that sustainable development is achieved, and some even argue that sustainability reporting has been oversold. This argument was published by Pucker K. P., the former COO of Timberland, in an article for Harvard Business Review (2021), "Overselling Sustainability Reporting". He justifies the argument based on that even though companies have now increasingly over the past 20 years reported on ESG matters and socially responsible investments has grown, there is proof of that carbon emissions has continued to rise, environmental damages has accelerated, and that social inequity has increased. His point being that reporting of these issues doesn't automatically translate into progress. He admits that there's no doubt that attention to material ESG issues

can deliver better social, environmental, and financial outcomes for individual companies, but he argues that it has not made much difference for the society or the planet. He brings up the following challenges of sustainability reporting: nonstandard metrics, insufficient auditing, opaque supply chains, complexity, confusing information, specious targets, and inattention to developing countries. Then he talks about the issues related to sustainable investing, which includes unhelpful definitions of “sustainable”, unreliable ESG ratings, and lack of comparability. According to Pucker (2021) real progress requires not just better measurement and reporting practices but also changes in regulations, investment incentives, and mindsets.

Luckily in the in recent years, sustainability reporting, has become mandatory for some companies, more about that in the following chapter.

2.2.1 Regulated sustainability reporting

The pressure to communicate about sustainability impacts does not only come from the stakeholders anymore, but it has become mandatory for some companies. For example, the EU came out, 22 October 2014, with the Directive 2014/95/EU, also called the Non-Financial Reporting Directive (NFRD). This directive lays down the rules on disclosure of non-financial and diversity information by certain large companies. The directive applies to large public-interest companies with more than 500 employees, and requires them to disclose information related to:

- Environmental matters
- Social matters and treatment of employees
- Respect for human rights
- Anti-corruption and bribery
- Diversity on company boards (European commission 2022)

April 2021 EU adopted a proposal which will replace the above mentioned one. The proposed Corporate Sustainability Reporting Directive (CSRD) will extend the scope to include large companies and all companies listed on EU-regulated markets in the EU. CSRD is supposed to bring sustainability reporting closer to financial reporting by requiring “limited assurance” of the sustainability information by a company’s auditor or any other assurance service provider. These new regulations will be active 1 Jan 2023 onwards. (EY 2021, 9)

In the United States, the US Securities and Exchange Commission (SEC) requires public companies to disclose some ESG information. This includes a description of human capital resources and any measures or objectives on which management focuses, if it is material to an understanding of business, by material is meant that it’s absence would have a significant impact on the decision of the users. Year 2010 the SEC also issued guidance regarding how the US securities laws and regulations may require disclosures of climate-related information, depending on a company’s

circumstances. However, it is commonly agreed that the level of information that companies are required to disclose under the existing regulatory framework is much lower than other developed markets. (EY 2021, 9)

These are just a couple of examples of regulations regarding sustainability reporting, an ECGI (European Corporate Governance Institution) study identified 25 countries that introduced mandates on companies to disclose ESG information between 2000 and 2017 (Nelson 2021). However, it is good to keep in mind that there are 195 countries in the world, so this represents only about 12% of them. Next the author will introduce in the following chapter some of the different reporting frameworks which help companies to prepare the reports.

2.2.2 Sustainability reporting frameworks

In an attempt to make sustainability reporting easier for companies, different organizations and companies have created sustainability reporting frameworks. These frameworks are tools designed to assist companies in preparing sustainability reports and ESG disclosures (Edie 2022). The main goal of sustainability reporting frameworks is to turn theoretical issues into concrete actions (World-favor 2021). However, there is no single standard framework which is to be complied the same way as for example the IFRS or GAAP, accounting standards, which are mandatory to follow by companies when preparing their financial statements.

The most used reporting framework is provided by Global Reporting Initiative (GRI), which is an independent, international organization that helps businesses and other organizations take responsibility for their impacts and provides a common language to communicate those impacts. More than a framework it is a set of standards called the GRI standards, they are a modular system of interconnected standards, which allow the users to publicly report the impacts of their activities in a structured and transparent way. (GRI 2022) The standards are designed to fit any organizations, small or large, public, or private, from any sector or location, which is probably one of the reasons why they are so widely used (GRI 2022).

Another organization providing a set of international standards is the International Organization for Standardization (ISO). ISO is an independent, non-governmental international organization with 167 national standards bodies as members. The members are the leading standards organizations in their countries, and ISO only take one member per country. Through these members, ISO can bring together experts to share knowledge and develop, in a mutual agreement, market relevant International Standards which support innovation and provide solutions to global challenges. (ISO 2022) One of their most important standards are the ISO 14000 Family, which is a set of standards

for companies and organizations of any type to manage their environmental responsibilities (ISO 2022).

SASB which stands for Sustainability accounting standards board, is another provider of a set of standards related to sustainability reporting. SASB was originally founded 2011 as a nonprofit organization with the intention to help businesses and investors develop a common language about the financial impacts of sustainability. November 2020 the International Integrated Reporting Council (IIRC) and SASB announced their intention to merge, to respond to businesses and investors calling for simplification and clarification regarding the very complex reporting landscape. Eventually these two merged in June 2021 and became the Value Reporting Foundation, a global nonprofit organization which offers a wide set of resources designed to help businesses and investors develop a shared understanding of enterprise value. The SASB standards are still applicable and are now maintained under the Value Reporting Foundation. SASB standards guide the disclosure of financially material sustainability information by companies to their investors. (SASB 2022)

These are only a few of the frameworks available, it is estimated that it exists over 500 formal or informal sustainability reporting standards and frameworks. These standards differ from one to another, different requirements, and ways to present information, which leaves the reporting inconsistent if companies use different frameworks. And as the use of them is voluntary it also means that the users can choose which parts of the frameworks they use and sometimes they even use several frameworks simultaneously. (BDO Global 2022) In the following chapter the author will discuss some of the challenges of sustainability reporting.

2.2.3 Challenges of sustainability reporting

As discussed earlier the definition of sustainability and CSR can vary depending on whom you ask and what their perception is. There are different regulations around the world requiring companies to disclose their ESG impacts, with the aim to achieve sustainable development. There is several different frameworks and standards which the companies can choose from to help them to navigate their impacts. But not one single mutually agreed thing that would be required from all the companies. This makes it no surprise that investors claim that they are prevented to make well-informed ESG investment decisions due to lack of reliable and consistent reporting (Nelson 2021). The different requirements and frameworks make the interpretation of the reports very challenging and comparability between them can in some cases be almost non existing. One of the most effective ways to achieve comparable, consistent, and reliable information is with standards. To develop a standard for disclosure rules there should be a clear idea of the target users and what they use the reports for. This has been a challenge with sustainability-related disclosures as there has not historically been a clear agreement of user and use case that would be consistent in all

jurisdictions. (EY 2021, 13) Now the IFRS foundation Trustees has announced on the 3 November 2021 the creation of ISSB (International Sustainability Standards Board) which intention is to: “deliver a comprehensive baseline of sustainability-related disclosure standards that provide investors and other capital market participants with information about companies’ sustainability related risks and opportunities to help them make informed decisions” (IFRS 2021). According to the EY professionals (2021, 13) the IFRS foundation is well positioned to derive this effort considering its’ track record in setting global standards.

As this report will research more closely the challenges in respecting human rights the next chapter will discuss human rights in more detail.

2.3 Human rights responsibilities in corporations

As described in chapter 1.7 Key concepts, the meaning of human rights includes for example the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education etc. In this chapter it will be discussed what responsibilities companies carry in respect to follow and encourage these rights.

The United Nations Human Rights Council approved without opposition the UN Guiding Principles on Business and Human Rights in 2011. They are a set of guidelines for states and companies to prevent and address human rights abuses committed in business operations. The guiding principles contains three chapters, or pillars: protect, respect and remedy. Each one of them defines concrete, actionable steps for governments and companies to meet their duties and responsibilities to prevent human rights abuses in company operations and provide remedy if such would occur. (UN 2011)

According to the Guiding principles, business enterprises should respect human rights, this includes that they should avoid infringing in the human rights of others and that they should address harmful human rights impacts with which they are involved. The responsibility to respect human rights is a global standard which is expected to be performed over and above compliance with national laws and regulations. When talking about the responsibility of business enterprises to respect human rights the guidelines refer to internationally recognized human rights, at a minimum, as those expressed in the International Bill of Human Rights and the principles in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. (UN 2011)

In the next chapter the author is explaining the internationally recognized human rights in more detail.

2.3.1 Internationally accepted human rights

As mentioned in the prior chapter, the International Bill of Human Rights are internationally accepted and used. The International Bill of Human Rights is written by United Nations and consists of five core human rights treaties as per following: The Universal Declaration of Human Rights, The International Covenant on Economic, Social and Cultural Rights, The International Covenant on Civil and Political Rights, Optional Protocol to the International Covenant on Civil and Political Rights, and the Second Optional Protocol to the International Covenant on Civil and Political Rights, aiming at the abolition of the death penalty (UN 2003). Within these treaties there are several articles which represent the different human rights carried forward by the International Bill of Human Rights. Below are a few of the rights established in the Universal Declaration of Human Rights:

- All humans are born equal and free
- All humans have the right to freedom from slavery, discrimination, and torture
- All humans are equal before the law and our rights cannot be taken away
- All humans have the right to privacy, peaceful public assembly, freedom of thought, and freedom of religion
- All humans deserve equal pay for equal work in a safe environment
- Everyone – and especially governments – have a responsibility to protect human rights – (Soken-Huberty 2022)

Next is a few from the two Covenants, International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights:

- The right to self-determination
- Worker rights, such as the right to fair wages, safe and healthy working conditions, and equal promotion opportunities
- The right to strike and form trade unions
- The right to social security
- The right to free primary education and equally accessible higher education
- Every human has the right to life
- No human should be subjected to torture, cruel treatment, or degrading punishment
- No one should be enslaved - (Soken-Huberty 2022)

The other commonly accepted and recognised human right declaration mentioned, is the Fundamental Principles and Rights at Work, written by International Labour Organization. The principles adopted in 1998, commits Member States to respect and promote principles and rights in four categories. These categories are freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour and

the elimination of discrimination in respect of employment and occupation. (ILO 2022) They are divided into fundamental conventions as per following:

- Freedom of Association and Protection of the Right to Organise Convention
- Right to Organise and Collective Bargaining Convention
- Forced Labour Convention
- Abolition of Forced Labour Convention
- Minimum Age Convention
- Worst Forms of Child Labour Convention
- Equal Remuneration Convention
- Discrimination (Employment and Occupation) Convention (ILO 2019)

The declaration makes it clear that these rights are universal and apply to all people in all States- no matter of the level of economic development. It especially mentions groups with special needs, including the unemployed and migrant workers. It accepts that economic growth alone is not enough to ensure equity, social progress and to eradicate poverty. The commitment of the member states is supported by a “Follow-up” procedure. Member States which haven’t ratified one or more of the core conventions need to yearly report on the progress and stage of the relevant rights and principles within their borders, noting the obstacles for ratification, and if there are areas where they might need assistance. The Follow-up procedure also includes a global report, which provides an objective view of the global and regional trends on issues relevant to the declaration. It also highlights areas which might require higher attention and serves as a basis for the third and last step of the Follow up procedure, the Technical Cooperation, by determining the priorities. The Technical Cooperation Projects, are put-up to address recognizable needs in relation to the declaration and to strengthen local abilities, thereby translating the principles into practice. (ILO 2022)

Now that these two human rights principles have been discussed closer is the author going to continue to discuss about the corporate responsibility to report of these matters.

2.3.2 Reporting about corporate human rights

So, the very same human rights apply to businesses of all sizes, sectors, operational contexts, ownerships, and structures as to any nation, state, or person. Some of the rights can of course have a bigger impact on companies or be even partly dependent of their performance. Or some industries might have a higher risk than others in particular issues or contexts, but the responsibility to respect the same rights apply fully and equally to everyone. (UN 2011) Getting back to the UN Guiding Principles on Business and Human Rights, which was mentioned in the beginning of chapter 2.4. The guiding principles covers several different issues. The principles define that enterprises should in order to meet their responsibilities to respect human rights, apply appropriate policies and processes, including:

- A policy commitment to meet their responsibility to respect human rights
- A human rights due diligence process to identify, prevent, mitigate, and account for how they address their impacts on human rights
- Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute. (UN 2011, 16)

One of the guiding principles (nr 16.) is about how enterprises should express their commitment to meet their responsibility to respect human rights through a statement of policy. By the term statement is meant any kind of way the enterprise chooses to use to set out publicly its responsibilities, commitments, and expectations. (UN 2011, 16) According to United Nations the statements should:

- be approved at the most senior level of the business enterprise.
- be informed by relevant internal and/or external expertise.
- specify the enterprise's human rights expectations of personnel, business partners and other parties directly linked to its operations, products, or services.
- be publicly available and communicated internally and externally to all personnel, business partners and other relevant parties.
- be reflected in their operational policies and procedures necessary. To embed it throughout the business enterprise. (UN 2011, 16)

Another principle (nr 21) is about how enterprises in order to account for how they address their human right impacts, should be ready to communicate it externally. Especially if concerns are raised by or on behalf of affected stakeholders. Business enterprises whose operations or operating context rises risks of severe human rights impacts should formally report on how they address them. Under all occasions the communication should:

- be of a form and frequency which reflect the enterprise's human rights impacts, and which are accessible to the intended audience.
- provide information that is enough to evaluate the sufficiency of the enterprise's response to the specific human rights impact involved.
- not pose risks to affected stakeholders, personnel or to legitimate requirements of commercial confidentiality. (UN 2011, 23)

To clarify, formal reporting by enterprises is expected if risks of severe human rights impacts exist, regardless of if it is due to the nature of the business operations or operating contexts. (UN 2011, 24) But to be able to report about these matters, a company should identify, prevent, mitigate, and account for how they address their harmful human right impacts. Therefore it is extremely important that companies have a due diligence process in place. The guiding principle nr 17 recognizes that. According to principle nr 17 Human Rights due diligence:

- Should cover harmful human rights impacts that the business enterprise may cause or contribute to through its own activities, or which may be directly linked to its operations, products, or services by its business relationships.
- Will vary in complexity with the size of the business enterprise, the risk of severe human rights impacts, and the nature and context of its operations.
- Should be ongoing, recognizing that the human rights may change over time as the business enterprise's operations and operating context evolve. (UN 2011, 17)

These chapters have now discussed the theory regarding what human right responsibilities corporations carry, and how they should address them. Next the author will give a brief view of the situation around the world.

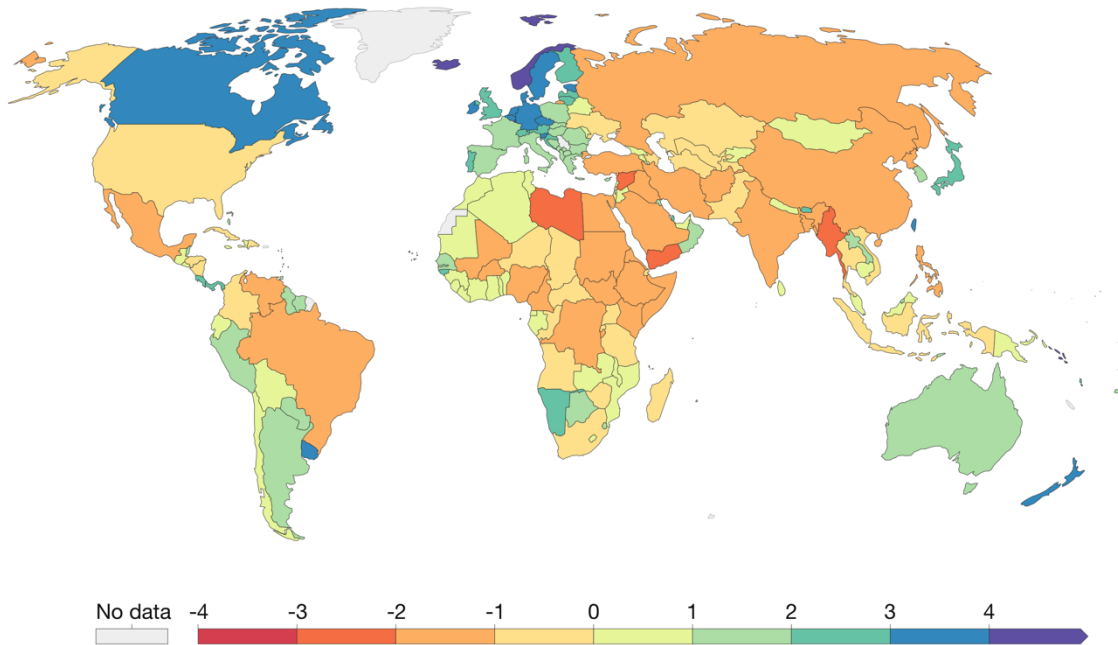
2.3.3 Human rights worldwide

This chapter will briefly show and discuss the fact that even though the international human rights affect everyone equally, there are still places that manage these issues a lot better than others. The protection of human rights is one of the most important aspects of development. Unfortunately, it receives less attention than other aspects, probably partly because it is hard to measure. (Roser 2016)

The following map demonstrates the human rights scores worldwide, the higher score the better. The scores indicate the degree to which governments protect and respect human rights in the countries. The scores are also colour marked to ease the interpretation, dark blue colour is the best and the red colours worst. The map is taken from OurWorldInData.org and the original data is from Schankenber and Fariss (2020), Human right scores.

Human rights protection, 2019

The scores capture the extent to which citizens' physical integrity is protected from government killings, torture, political imprisonments, extrajudicial executions, mass killings and disappearances. Higher scores mean fewer such abuses.



Source: Fariss et al. (2020)

OurWorldInData.org/human-rights/ • CC BY

Note: The scores are based on a statistical model that combines measures from several other sources.

Figure 3. Human right scores (Herre & Roser 2016)

The figure represents the scores from year 2019, so the scores have been updated with new data after the initial release of the article 2016. The scores are not the most recent so the situation today might be slightly different, but this gives an understanding of the situation. It can clearly be seen that for example the majority of Europe is dealing quite well, apart from a few countries, so is North America, but nations in Africa and Asia are mostly having troubles protecting and respecting the human rights of their citizens.

The reason this is important to acknowledge is that even though companies' headquarters might be in the well-developed countries, a lot of times some part of their supply chain is connected to the less developed countries which puts the companies at risk for violation of human rights. Therefore the importance for companies to do a thorough background check of their business partners and refusing to work with them if any suspicion of any breaches in human rights appear is extremely important. The transparency of the whole supply chain is key for fighting the issues. Engagement with the local stakeholders will often enable a business to better understand the context in which it is operating (UN 2012). There are also organisations helping companies to monitor their risks for violations. The author will discuss this further in the following chapter.

2.3.4 Amfori BSCI

The chapter before showed that the risks for violation against human rights happens most likely in companies supply chains especially if their products raw material or their production happens in one or several of the countries with low scores on protection against human rights. This was the reason Amfori was started. Amfori is an organisation which offers holistic trade, social and environmental services to improve the resilience and sustainability of companies global sourcing strategy. (Amfori 2019)

Amfori offers different programs their members can join, the amfori BSCI offers companies help with improving their social performance in a global supply chain. BSCI (Business Social Compliance Initiative) is an initiative of the Foreign Trade Association (FTA), to improve the political and legal framework for trade in a sustainable way. (Amfori 2019) Amfori BSCI have a strong code of conduct, which aims at setting up values and principles which the participants strive to implement in their supply chains. Members of Amfori BSCI receives in their use the amfori BSCI platform which provides a single point for all supply chain performance information. The program also offers an auditing Integrity programme which assists the members with their challenges of the future. It provides a comprehensive, robust, and independent acceptance process for audit companies to engage with amfori BSCI activities and ensure excellence in audit quality at the audit company and auditor level. The members also get to use a sustainability intelligence dashboard, which allows them to clearly visualize complex supply chains. On top of that the members get to take apart in a wide range of trainings and workshops as well as receive ongoing support regardless of business size or location. (Amfori 2019)

This is just one example of the kind of support companies can seek to ensure better monitoring of their suppliers and to improve transparency in their supply chain. There are also several other global organisations promoting and working hard to achieve the respect of human rights. Companies could turn to them for assistance or co-operation. Amnesty International for example is a global movement which campaigns for a world in which human rights are enjoyed by all. Their core activities are research, advocacy & lobbying, campaigns, and action. Another is Human Rights Watch, which is an international human right organisation that investigates and reports abuses of human rights around the world. A third one is the Civil Rights Defenders, their mission is to defend civil and political rights of people and empower human right defenders at risk around the world, the organisation uses advocacy, litigation, and public campaigns to advance human rights globally. (HRC 2022) And these are just a few worth mentioning.

In the next chapter the author will discuss challenges and characteristics special in the fashion industry as the research will be focusing on companies from that industry.

2.4 Sustainability & human rights in the fashion industry

This chapter will discuss the sustainability and especially human right challenges peculiar for the fashion industry. What is meant by the fashion industry is a multibillion- dollar global enterprise dedicated to making and selling clothes. Sometimes the fashion industry is separated to be only “high fashion” and clothing industry to represent the average and ordinary clothes. But the line between them has blurred in the recent years and one can talk almost inseparably about them today. Meaning that the fashion industry covers the design, manufacturing, distribution, marketing, retailing, advertising, and promotion of all kinds of clothes, from couture ball gowns to sweatpants. (Steele & Major 2020)

Sustainability is without argument one of the biggest issues confronting fashion brands today, and no wonder as the industry accounts for about 10% of global carbon dioxide emissions (Foroozesh 2021). Especially fast fashion fuels to the climate crisis and threatens human rights. How urgent the matter is, is prevalent in especially the following areas: water consumption, chemical pollution, carbon emission, and the usage of vulnerable citizens. (Azubuike 2021) Even though all the just mentioned factors are very important to recognize and for companies to address, this research is focusing on the human right responsibilities the companies in fashion industry carries and challenges within them, so the report is not going to discuss further other challenges than those.

Unfortunately, this does not mean that there are not issues to address, because especially fast fashion is a threat to human rights as much as to environmental preservation. Companies are implementing inadequate labour conditions and pay low wages that harmfully affect the workers quality of life. Many of the companies operating in the fast fashion run with the understanding that the higher and faster the demand of clothes is, the more they are expected to work. With poor factory conditions and workforce consisting of children and forced citizens, the high consumer demand puts the most vulnerable within the society in disadvantage. (Azubuike 2021) This conclusion is supported by the information that 97% of fast fashion is produced in developing countries (Azubuike 2021). And as could be noted in Figure 3. Human Right scores in Chapter 2.4.3, these countries often score low in human right protection.

According to UN (2012) companies should communicate about their general approaches to addressing human right risks, and especially potential impact on those human rights that are most significant to their operations. As an example, they gave a retail company, which should be able to communicate how to address potential or actual human right abuses in its supply chain as there is a high risk for violations. (UN 2012) This includes of course also companies in fashion retail. Meaning that transparency throughout the supply chain and proper policies on how to prevent and address any human right issues is something that should be expected from them.

As established, there are several violations of human rights happening in the fashion industry, to specify some of the violations here is a few examples:

- One big challenge is trafficking, in garment production it occurs in forced, underpaid labour. This violates the Article 4, in Universal Declaration of Human Rights “No one shall be held in slavery or servitude”.
- Around 80% of garment workers are women, which automatically leads to that, women suffer more than men of the on-going violations of rights in the fashion industry. In many countries women are even paid less than men and they are not given the opportunity for promotion. This again is a violation to Article 1, in Universal Declaration of Human Rights “All human beings are born free and equal in dignity and right”.
- Around 16.7 million children between the age of 5 to 17 are working in South Asia, one reason is simply that child labour is even cheaper than women, and the families live in poverty and end up putting their children to work. This goes against Article 25, subsection 2, in Universal Declaration of Human Rights “All children, whether born in or out of wedlock, shall enjoy the same social protection”.
- Many places in the Asian countries doesn't have minimum wages, and even if they do, they still most likely fall short of living wages. Then those working in the earlier stages of the garment production, for example in the cotton farming are often exposed to countless nasty chemicals. This is a violation against Article 23, in Universal Declaration of Human Rights “Everyone has the right to just and favourable conditions of work”. (Tridimas 2022)

This chapter has now brought up important information about the on-going violations in the fashion industry. The industry is extremely exposed to violations against human rights in their supply chains, as a lot of the products are produced in countries with low scores in protecting and respecting human rights. Companies operating in the fashion industry should have a clear strategy on how they are addressing these issues in their supply chain, and how they are preventing, respecting, and providing remedy if such violations would be found.

Now that the author has discussed sustainability, corporate social sustainability, sustainability reporting, human rights, and the fashion industry, should the reader have a good understanding of the matter researched. In the following chapter the author will discuss the research methodology and how the research was conducted.

3 Research Methods

In this chapter the author will explain the methods used to conduct the research and the phases of the research. The author will also discuss the choices of data and justify them for this research particularly. This chapter is to show the reader how the author came to answer the research question and the investigation questions for this thesis.

3.1 Approach

With the thesis research question: "How could the sustainability reporting be more communicative about the responsibilities of human rights in the fashion industry?" was the aim to find ways to develop the reports communicativeness. To answer the questions, it was important to understand the human right responsibilities companies carry and challenges occurring regarding them. Also, how human rights are perceived and what is expected from companies and lastly how companies are performing now. The author has chosen to approach the research by conducting a systematic literature review using a qualitative meta-synthesis research method and by performing a document analysis on four companies' sustainability reports.

Fink (2014) defined literature reviews as per following: "A literature review surveys books, scholarly articles, and any other sources relevant to a particular issue, research area, or theory, and by doing so, offers a description, summary, and critical evaluation of these works in relation to the research problem being investigated". If a literature review is done systematically, it means that it is an overview of already existing evidence relevant to the well formulated research question. A systematic literature review uses pre-specified and standardised methods in identifying and critically assessing relevant research, in collecting, in reporting, and in analysing data from the studies which are included in the review. (USC Libraries 2022)

As there was already existing data on companies' efforts to respect human rights the author decided to further investigate the issue by analyzing and comparing that material instead of collecting the primary data herself. The author considered the option to perform qualitative or expert interviews, but after researching at the existing data, which was produced by experts in field, decided that it was suitable for the purpose of the study. The author reviewed 10 different sustainability ratings of four different companies' sustainability reports to understand how human rights responsibilities are interpreted and how human right responsibilities are included in the company reporting, and eventually summarized the information.

Qualitative research methods are suitable when trying to figure out causes behind peoples reasoning or reactions, or if trying to figure out different patterns in people's behaviour or thinking. Simplified if the research question is trying to understand something or find a pattern in something, would

qualitative research usually the best approach. (Trost 2010) A meta-synthesis research, means a qualitative literature review, and it is bringing together data to form a new interpretation of the research field. It mainly produces theory such as program theory, implementation theory, or an explanatory theory of why the intervention works or not, hypothesis for future testing or comparison with trial outcomes. It is best designed for re-interpretating meaning across other qualitative studies. (Atkins & al. 2008) The author believes that meta-synthesis research was the best approach when trying to answer the research question, as the intention was to improve communicativeness which is something people do and think. And the meta-synthesis approach allowed the author to make new interpretations on carefully selected data and bring more depth to the topic.

The research data was analyzed in a thematic way, this form of data analysis is trying to answer the questions “what is told”. The thematic analysis is a commonly used technique to organize the empirical data. It can be organized by concepts, trend, ideas, or distinctions that came up from the data. (Eriksson & Kovalainen 2008, Chapter 14)

In the research the author will make use of secondary data, which contains partly of the four sustainability reports that will be analyzed. The author intends to conduct document analysis on them. “Document analysis is a systematic procedure for reviewing or evaluating documents – both printed and electronic material” – (Bowen 2009, p. 27). Document analyses are often used to provide data on the context of the research topic. Meaning that the researcher can use data from the documents to contextualize the data collected from the research. (Bowen 2009, p. 30)

3.2 Research design

This chapter shows the research design for the thesis. Below is a figure demonstrating the research steps.

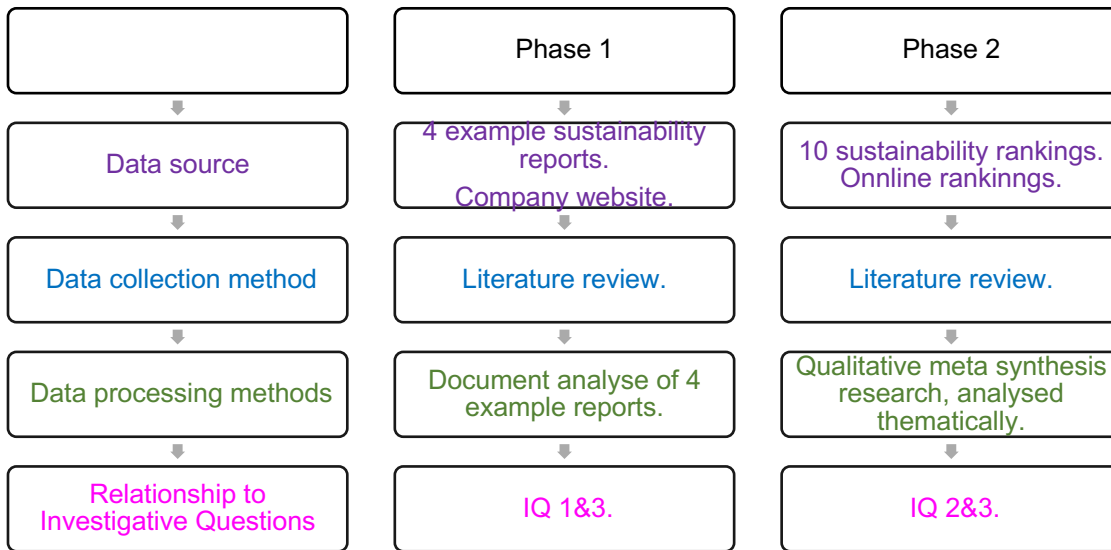


Figure 4. Research design

Figure 4. Research design shows the two phases of this thesis research.

Phase 1: Provided partly the empirical data of the research. It consisted of a document analysis of the four chosen companies' sustainability reports. In this part the author intended to understand if these companies reported about similar challenges and issues regarding human rights responsibilities.

Phase 2: In this phase the author collected the ranking scores each company had received from the different rankings and analysed the scoring methods. The author went thematically through each ranking and tried to understand if and how human right questions had been evaluated. This provided the research a good understanding of how these issues is viewed and completed the data collection.

In the following chapter is discussed further about the data sampling and justifications for the choices.

3.3 Data sampling

The author chose to approach the research by studying four sustainability reports published by companies in the fashion industry and to study 10 different ESG ratings in which these companies are included. In the choice of companies and ratings the author started with choosing the ratings

which would be used. The search of them included using search engines (Google) as well as a consultation with an industry expert who recommended some of the local ratings. Once the ratings had been chosen the author picked from companies included in the ratings those most relevant to the industry the study was to cover. Not all companies are included in all the ratings analysed. The choice of companies got even a bit harder as the author wanted to include ratings prepared by Finnish organisations in her research, this limited the choice of companies as the ratings only included Finnish companies. The use of Finnish studies and companies was more of a personal choice, as Finland is the authors home country, it felt important to view and compare Finnish companies to bigger global companies. This led to that the global companies studied are included in 8 of the 10 ratings studied and the Finnish companies in only in 4 or 5 ratings.

The data gathered in this research is from H&M, Adidas, Marimekko and Stockmann's sustainability reports from year 2020 which is the most recent as the previous year's, 2021, reports had not yet been published when the research took place. The companies will be introduced later. The rankings analysed are published or updated between years 2019-2022, below is a quick introduction to them:

- SIHTI project, published March 2021, this was research on the status of human rights performance of Finnish companies. It is a publication of the Ministry of Economic Affairs and Employment Energy. In this research is included Stockmann and Marimekko.
- Ränkkää Brändi, published December 2021 and conducted by EETTI Ry, a Finnish organisation. They rank Finnish fashion companies by their sustainability efforts. This ranking includes Stockmann and Marimekko.
- Sustainalytics, is a Morningstar company, they provide analytical environmental, social and governance data to institutional investors and companies. They have a ESG risk rating which will be used in the research. The ratings have been updated between April 2021 and January 2022. This rating includes Stockmann, Marimekko, Adidas & H&M.
- MSCI, is a provider of critical decision support tools and services for global investment communities, they have also an ESG rating where they rate companies ESG risks. Ratings have been updated February 2022. This rating includes Adidas & H&M.
- Sustainable Brand Index is Europe's largest brand study on sustainability published 2021, the report is written by SB Insight AB, which is a Swedish agency based in Stockholm. In this research is used the Finnish ranking of the Sustainable Brand Index report and it includes Stockmann, Marimekko, Adidas & H&M.
- Know the chain, a resource for companies and investors to address forced labour in global supply chains. They rank companies according to their efforts to assess forced labour risks in their supply chains and publishes sector-specific benchmarks. The latest benchmark has been published 2021. This study includes Adidas & H&M.

- Good on you, is a website and app which provides Ethical brand ratings especially in the fashion industry. The ratings have been updated between November 2019 and February 2022. This rating includes Marimekko, Adidas & H&M.
- Fashion transparency index, analyses and ranks 250 of the world's biggest fashion brands and retailers based on their public disclosure of human rights and environmental policies, practices, and impacts, in their own operations and in their supply chains. The latest version published 2021. This study includes Adidas & H&M.
- S&P Global Corporate Sustainability Assessment (CSA) provides detailed ESG benchmarking insights to better integrate sustainability and business strategy. The ratings are last updated November 2021. In this benchmarking is included Adidas & H&M.
- Corporate human rights benchmark - The CHRB is part of WBA (World Benchmarking Alliance), which seeks to generate a movement around increasing the private sector's impact towards a sustainable future for all. The CHRB produces benchmarks that rank global companies on their human rights performance. The latest benchmarking is from year 2020 and includes H&M & Adidas.

All ratings are reasonably recent and hence appropriate to use for the research. The sustainability reports are also all from the same year and the latest reports the companies had published when the research took place, which made them comparable to one and another and relevant for the research. Next the author will give a quick introduction to the companies chosen to be analysed.

3.3.1 Adidas

Adidas AG, better known as just Adidas is a German multinational corporation. It was founded 18 August 1949 in Herzogenaurach, Bavaria, by Adolf Dassler. The company's headquarters are even today located in Herzogenaurach, Bavaria, German. Adidas operates in the textile and footwear industry and their main products include clothing, footwear, sportswear, sport equipment and toiletries. Adidas has several subsidiaries here is a few of those: Reebok, Five Ten Footwear, 2 Stripes S.A, Adidas Runtastic and other country specific subsidiaries.

Adidas latest annual report when conducting the research was from 2020, so the author has used information from that, here is a few key facts:

- year 2020 adidas employed about 62 000 people from 160 different nationalities.
- 35% of their employees in management positions are women.
- Year 2020 they produced about 379 million pairs of shoes and 465 million pieces of clothing.
- their net sales were 19,844 billion EUR year 2020. (Adidas 2022)

With the provided information it can be concluded that Adidas is a huge corporation. So, it is no surprise that Adidas is the second biggest sport brand in the world when ranked by worldwide revenue, only Nike has a higher revenue. (Statista 2021)

Adidas has built a strategy year 2020, which they call “Own the game”, this strategy guides them through to 2025. Own the Game strategy is rooted in sport, they say that sport is their past, present, and future. In this strategy, Adidas puts the consumers at the heart of everything and their strategic focus is on increasing their brand credibility, elevating the experience for their consumers, and pushing the boundaries in sustainability. (Adidas 2022) Adidas presents their company culture as a team of rebellious optimists, that they see possibilities where others see impossibilities, they want to inspire, innovate, and grow, and that they live inclusivity every single day (Adidas 2022).

Adidas has released a separate sustainability report already since 2000 until year 2016, which after they have published an annual report that includes both financial and non-financial information.

3.3.2 Marimekko

Marimekko Oyj is a Finnish textiles, clothing, and home furnishing company founded 25 of May 1951 in Helsinki, Finland by Viljo and Armi Ratia. Marimekko’s headquarters are still in Helsinki. Marimekko is known for their peculiar patterns and colours, and they produce high quality clothing, bags, accessories, and household goods.

Marimekko key facts from years 2020-2021:

- Year 2021 Marimekko Oyj employed 410 people.
- Marimekko stores can be found in about 40 different countries with around 150 different locations around the world, key markets are North-Europe, Asia-Pacific and North America.
- The company’s brand sales reached 376 million EUR year 2021 but their turnover was 152.20 million EUR year 2021, and year 2020 it was 123.60 million EUR. (Marimekko 2022)

Marimekko’s (2022) vision is “To be the world’s most inspiring lifestyle design brand renowned for bold prints”. They state that their focus areas between 2018-2022 are profitable growth by reaching a broader target audience. Marimekko (2022) states that their purpose is to: “Empower people to be happy as they are and bring joy to their everyday lives through bold prints and colours”.

Marimekko’s core values are as per following: Living, not pretending, Fairness to everyone and everything, Common sense, getting things done – together, Courage, even at the risk of failure, and Joy (Marimekko 2022)

The company states that sustainability is a part of their DNA, and that sustainability considerations are part of their daily work of everyone within the company. They released their first sustainability

report year 2013, and prior to that they had released sustainability information in their yearbooks 2011-2012. (Marimekko 2022)

3.3.3 H&M

Known as H&M, full name Hennes & Mauritz, is a Swedish multinational clothing company with their headquarters in Stockholm. The company was founded 4th of October 1947, in Västerås, Sweden by Erling Persson. H&M is known for its fast-fashion clothing for men, women, teenagers, and children. H&M group includes the following brands H&M, H&M HOME, COS, Weekday, Monki, Other Stories and ARKET, the marketplace Afound and the B2B initiative Treadler.

H&M key facts from year 2020:

- H&M had around 5 000 stores in 74 different markets, of which they offered 52 online sales.
- 28% of their net sales year 2020 was from online sales.
- 187 billion Swedish kronor in net sales in 2020, which is around 17,5 billion in EUR, according to 24 Feb 2022, Danske bank's currency exchange rates.
- H&M employed around 153 000 people, and around 1,56 million people employed by supplier factories. (H&M 2021)

The company was the second biggest clothing manufacturer and retailer worldwide year 2020 if ranked by worldwide sales, INDITEX (the owner of Zara and many other clothing stores) was the biggest. (Statista 2021)

H&M states that their vision is "To lead the challenges towards circular and climate positive fashion while being a fair and equal company" (H&M 2022). They have three core goals, 100% leading the change, 100% circular and climate positive and 100% fair and equal. These goals imbed smaller targets including: to promote and scale innovation, drive transparency, take a circular approach to how products are made and used, to use only recycled or other sustainably sourced materials, to create a climate-positive value chain, to provide fair jobs for all, and to champion inclusion and diversity (H&M 2022).

The company published their first Corporate Social Responsibility Report year 2002, they have published a yearly sustainability report ever since.

3.3.4 Stockmann

Stockmann Oyj is a Finnish retailer established 1 February 1862, by Georg Franz Stockmann. They have their headquarter in Helsinki, Finland. They have 8 company- owned department stores in Finland, Estonia, and Latvia. Stockmann has 3 subsidiaries, Lindex, SIA Stockmann Centres,

and Stockmann AS. As a department store, they sell several different other brands products, but they do produce clothing themselves as well. Their own fashion collections include the following brands: BEL, Bodyguard, Bogi, Cap Horn, CUBE CO, Cut & Pret, and NOOM. (Stockmann 2014)

The company's key figures from year 2020:

- Total Revenue 790,7 million EUR, of which 507,1 million was Lindex and 283,6 million Stockmann's revenue.
- Personnel average 5991, year 2020.
- 8 Department stores, 458 fashion stores (including subsidiaries), 3 real estate properties, and stores in 18 countries and 2 online stores.

Stockmann states that their strategic priorities are on transformation to omnichannel businesses, strong offering and strong brands, sustainable business model, leveraging partnerships, and building profitable business. (Stockmann 2021, 10) The company's values are Focus on customer, Act with courage, and we work together. (Stockmann 2021)

Stockmann has released their first sustainability report year 2009, and prior to that they have included CSR information as part of their annual reports.

3.4 Data collection

To be able to gather the needed information to answer the research question and the investigative questions the author has used data collection questions. The questions are based on theory relevant to the studied topic and to information frequently mentioned in the secondary data. The questions are formulated to answer the research question. Below is a table with the investigative questions as well as the data collection questions. The answers to the questions in the table will be presented in Chapter 4.

Table 2. Research investigative questions & data collection questions

Investigative questions	Data collection questions
IQ 1. What are the most significant challenges considering human right responsibilities in the fashion industry?	DCQ 1. Which social UN SDG:s* do the 4 companies align their sustainability targets with or do they align them with any?
	DCQ 2. What have the 4 companies Sustainability reports mentioned as their KPI's regarding human rights?
	DCQ 3. What do the 4 companies mention as risks for violations against human rights in their operations?
IQ 2. How are corporate human right responsibilities considered when rating ESG risks?	DCQ 4. Are the ratings aligned with the UN guiding principles on business and human rights?

	DCQ 5. Does the rating consider if the companies have a commitment to respect human rights?
	DCQ 6. Does the rating consider if the companies have proper human right policies in place?
	DCQ 7. Does the rating measure transparency?
	DCQ 8. Does the rating consider forced labour?
	DCQ 9. Does the rating consider living wage?
	DCQ 10. Does the rating consider freedom of association & collective bargaining?
	DCQ 11. Does the rating consider reasonable working hours?
	DCQ 12. Does the rating consider equality?
	DCQ 13. Does the rating consider child labour?
	DCQ 14. Does the rating consider safety at workplaces?
	DCQ 15. . Does the rating consider assessment of risks and impacts identified regarding violations against human rights?
	DCQ 16. Does the rating consider if the companies have a commitment to remedy ?
IQ 3. How are the studied companies performing in human right matters according to the ESG ratings analysed?	DCQ 17. What human right matters do the ratings score bad on for the example companies?
	DCQ 18. What human right matters do the ratings score good on for the example companies?

*United Nations Sustainability Development goals

Now that the research methodology has been discussed in more detail, including the approach & design of the research as well as the sampling and collection of data, is the author going to continue to the empirical part of the research. The following chapter will discuss the results of the research.

4 Data and results

This chapter is dedicated to the presentation of the findings of the research. It will cover each of the research investigative questions separately in their own sub-chapter and present the data and findings most relevant to answer the questions.

4.1 IQ 1. What are the most significant challenges considering human rights responsibilities in the fashion industry?

To be able to answer the research question: How could the sustainability reporting be more communicative about the responsibilities of human rights in the fashion industry? It was important to recognize the challenges occurring to know what the companies are dealing with and what they should report about. Each industry is experiencing different challenges or are disposed to certain risks more than others. With this investigative question the author wanted to know what was specific for the fashion industry. The investigative question was further divided into data collection questions as per following:

DCQ 1. Which social United Nations Sustainable Development Goal's do the 4 companies align their sustainability targets with or do they align them with any?

DCQ 2. What have the 4 companies Sustainability reports mentioned as their KPI's regarding human rights?

DCQ 3. What do the 4 companies mention as risks for violations against human rights in their operations?

The first data collection question DCQ 1. Which social UN SDG: s does the 4 companies align their sustainability targets with or do they align them with any? Is asked to find out if these companies have similar goals that they work towards. United Nations Sustainable Development Goals, introduced in chapter 2.1.4 Corporate social responsibility, are generally accepted goals for companies and nations to strive towards. However as there are 17 of them it would be natural for a company to focus on those most relevant to its own operations. To answer this question the author has collected the social United Nation Sustainable Development Goals each company has mentioned they strive to work towards and presents them in a table below. The goals have been colour marked similarly as United Nation has coloured them.

From the table we can note that H&M has easily the most goals they work towards, in fact they had all 17 goals listed but the author only chose to present those relevant considering the social aspect. From the table we can conclude that all four companies have listed 5) Gender Equality and 8)

Decent work and economic growth as a goal they are striving to work towards. H&M, Adidas and Stockmann has mentioned also 17) Partnerships for the goals. So, these 3 at least seems to be goals common in this industry. A short description of each:

5) Gender equality- Achieve gender equality and empower all women and girls.

8) Decent work and economic growth – Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

17) Partnerships for the goals – Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development. (UN 2022)

Other goals mentioned more than once is 3) Good health and wellbeing, 4) Quality education and 10) Reduced inequalities.

Table 3. Fashion companies' alignment with UN SDG: s

H&M	1) No Poverty, 2) Zero Hunger, 3) Good health and well-being, 4) Quality Education, 5) Gender equality, 8) Decent work and economic growth, 10) Reduced inequalities, 16) Peace, justice and strong institutions, 17) Partnerships for the goal
Adidas	3) Good health and well-being, 5) Gender Equality, 8) Decent work and economic growth, 10) Reduced inequalities, 17) Partnerships for the goals
Marimekko	4) Quality education 5) Gender Equality, 8) Decent work and economic growth
Stockmann	5) Gender Equality, 8) Decent work and economic growth, 17) Partnerships for the goals

The second question intends to figure out if the four companies H&M, Adidas, Stockmann, and Marimekko include human right questions as their key performance indicators. Human right questions in this context includes also social responsibilities of the corporations. KPI's are the critical indicators of progress towards an intended result, they provide a focus on strategic and operational improvement, and create an analytical basis for decision making and helps to keep focus on what matters the most (KPI.org 2022). This question should reveal how high the companies prioritize respecting human rights, and which issues they find important to enough to include in their KPI's. Next is presented the findings to DCQ 2. What have the 4 companies Sustainability reports mentioned as their KPI's regarding human rights?

Below is a table categorizing in concepts the indicators found from the four companies. The author has first collected the KPI's into one complete table (Appendix 1.), including all four companies'

targets and KPI's. Next, they have been thematically categorised into concepts or values that they represent so that it was easier to draw conclusions. The concepts are colour and number marked, making it easy for the reader to check in the complete table which indicators were categorised and how. In the table below have been listed those concepts that were often found in the four companies KPI's. We can note that the four companies' KPI's indeed have similar values and targets overall regarding social responsibilities and human right questions in their operations. They all strive towards fair and transparent business operations, gender equality, socially sustainable supply chains and business operations. And most of them have also mentioned supply chain working conditions, as well as diversity & inclusion and employee engagement as important targets in their operations. This table serves as an answer to the DCQ2.

Table 4. Fashion companies social KPI's

Frequently mentioned indicators		
Nr	Concept	Company including KPI's from the mentioned theme
1	Fair & transparent business operations	H&M, Adidas, Marimekko & Stockmann
2	Gender equality	H&M, Adidas, Marimekko & Stockmann
3	Supply chain working conditions	H&M, Adidas, Marimekko
4	Socially sustainable supply chains and business operations	H&M, Adidas, Marimekko & Stockmann
5	Employee Engagement	H&M, Adidas & Stockmann
6	Employee Development	Marimekko & Stockmann
7	Diversity and inclusion	H&M, Marimekko & Stockmann

The third data collection question for IQ1 is DCQ3: What do the 4 companies mention as risks for violations against human rights in their operations? As mentioned in chapter 2.3.2 Reporting about corporate human rights, if risks of severe human rights impacts exist in companies, formal reporting by enterprises is expected. This question should clarify if these companies have mentioned any severe risks in their operations, and if they have, what are the risks.

Most of the companies have published an assessment of severe human right risks in their operations. Either in their sustainability reporting or on their website as a separate publication.

Marimekko, however, has published a company risk assessment, where they discuss various issues but have not specifically published a risk assessment only regarding human rights issues.

The author has hence chosen to present human rights risks they have specifically mentioned in their code of conduct when conducting the research.

The risks were first collected into one complete table (Appendix 2.), where they were categorised per company and the descriptions of the risks were included if found. After that the author has analysed the data thematically and categorised the risks as per frequently mentioned ones in the table below. They are color coded so that if looking at the complete table it is easy to see which risks

has been categorized into which risks class. This table below serves as an answer to the question DCQ3: What do the 4 companies mention as risks for violations against human rights in their operations?

The risks mentioned by all 4 companies are:

- Working hours – Decent working hours that comply with national law, ILO Conventions, or collective agreement, whichever affords the greater protection of the worker. Connected to the worker’s right to health and family life.
- Freedom of association & collective bargaining - A person’s right to join, and/or form, organizations of his or her own choosing and to bargain collectively.
- Fair & living wages - A wage level covering workers’ and their families’ basic needs and providing some discretionary income. (H&M 2022)

Table 5. Summary of human right risks in the fashion industry

Risk	Company including the risk in their risks assessment
Working hours	H&M, Adidas, Marimekko & Stockmann
Freedom of association & collective bargaining	H&M, Adidas, Marimekko & Stockmann
Fair & living wages	H&M, Adidas, Marimekko & Stockmann
Forced Labour	H&M, Adidas & Marimekko
Child labour	H&M, Adidas & Marimekko
Health & Safety	H&M & Adidas
Discrimination & Harassment	H&M & Marimekko
Access to clean water	H&M & Adidas

Some of the companies even identified the most significant risks for violations against human rights in their industry, here is Marimekko’s list:

- Working conditions in the supply chain and violations of the Supplier Code of Conduct.
- Non-living wages in the supply chain.
- Violations of human rights, in particular in cotton cultivation.
- Use of prohibited and restricted chemicals in production.
- Lack of transparency in the supply chain. (Marimekko 2021)

Here is Stockmann’s:

- Traceability and transparency of supply chain

- The realization of human and labor rights throughout the chain. (Stockmann 2021)

Now that all relevant data has been presented for the first investigative questions: “What are the most significant challenges considering human right responsibilities in the fashion industry?” – it can be concluded that transparency within the supply chain is one of the biggest challenges the industry is facing. One reason is probably that a lot of the companies supply chains in this industry are often very complex. This reflects as issues and violations against the basic human rights regarding work and working conditions, including fair wage, reasonable working hours, freedom of association & collective bargaining, forced labor and child labor.

Each of the companies studied mentioned that they strive towards fair and more transparent business operations, and they all reported similar risks for violations against human rights. The choice by all companies to work towards the UN SDG 8) Decent work and economic growth, which promotes sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all, strengthens the image that the companies want to improve their supply chain working conditions. It also reveals that this is an issue needing more attention.

Gender equality also seems to be a common goal in this industry, this includes pay gap differences, management position gender differences and in general employment offerings, also discrimination is seen as something that needs extra observation.

4.2 IQ 2. How are corporate human right responsibilities considered when rating ESG risks?

This investigative question is meant to answer how human right responsibilities are taken in consideration when rating companies on their sustainability efforts and risks, and how much value has been put on human right issues. It also gives an understanding on what the expectations are for companies regarding human rights issues. The answer will be achieved by analysing the 10 different ESG ratings introduced in chapter 3.3 Data sampling. To make it easier to compare the different ratings, the author came up with 13 data collection questions which are meant to find out if important aspects have been considered in the ratings. These questions are yes or no questions and will be checked on each rating separately. The questions are based on theory regarding the subject. However, they are not the only truth and there might be missing important aspects related to companies' responsibilities as they reflect the authors view and perception on the theory of human right responsibilities. The questions are divided as per following:

DCQ 4. Are the ratings aligned with the UN guiding principles on business and human rights?

DCQ 5. Does the rating consider if the companies have a commitment to respect human rights?

DCQ 6. Does the rating consider if the companies have proper human right policies in place?

DCQ 7. Does the rating measure transparency?

DCQ 8. Does the rating consider forced labour?

DCQ 9. Does the rating consider living wage?

DCQ 10. Does the rating consider freedom of association & collective bargaining?

DCQ 11. Does the rating consider working hours?

DCQ 12. Does the rating consider equality?

DCQ 13. Does the rating consider child labour?

DCQ 14. Does the rating consider safety at workplaces?

DCQ 15. Does the rating consider assessment of risks and impacts identified regarding violations against human rights?

DCQ 16. Do the ratings consider if the companies have a commitment to remedy?

To answer the data collection questions the author first collected the answers to each question per ranking into one complete table (which can be found in Appendix 3.) to demonstrate which of the rankings have included which of the DCQ: s into their rating. The most significant notifications are that SIHTI project is the only ranking which have included all 13 human rights related aspects into their rating, meanwhile Sustainable Brand Index did not include any of them. Also, that Sustainalytics did not reveal their scoring methodology. They might be behind a paid service, but as these ratings are supposed to reveal ESG related information and measure transparency of company practices it would be expected that providers of such service would show the same kind of transparency themselves. And without the methodology and criterion for the rating, it is impossible to say how eligible the rating is.

Finally, to answer the investigative question, the author summarized the answers into one table to demonstrate how many ratings included each of the DCQ: s. The most considered questions were DCQ 7.-DCQ 14. all included in six different ratings. Those questions all asked about specific human rights issues or transparency and were probably therefor easy to include in the ratings. The least included question was whether the ratings were aligned with the UN guiding principles on business human rights. The UN guiding principles are probably the most agreed human right principles companies should commit to, and only 3 of the ratings aligned with them. That also explains why so few of the ratings rated the commitment to respect human rights, the assessment of risks related to human rights or the commitment to remedy. Only four out of ten ratings considered those questions.

Table 6. Contribution of human right responsibilities in ESG ratings part 3.

ESG ratings	Total rankings including the DCQ: s.
DCQ 4. Are the ratings aligned with the UN guiding principles on business and human rights?	3
DCQ 5. Does the rating consider if the companies have a commitment to respect human rights?	4
DCQ 6. Does the rating consider if the companies have proper human right policies in place?	5
DCQ 7. Does the rating measure transparency?	6
DCQ 8. Does the rating consider forced labour?	6
DCQ 9. Does the rating consider living wage?	6
DCQ 10. Does the rating consider freedom of association & collective bargaining?	6
DCQ 11. Does the rating consider working hours?	6
DCQ 12. Does the rating consider equality?	6
DCQ 13. Does the rating consider child labour?	6
DCQ 14. Does the rating consider safety at workplaces?	6
DCQ 15. Does the rating consider assessment of risks and impacts identified regarding violations against human rights?	4
DCQ 16. Does the rating consider if the companies have a commitment to remedy?	4

To conclude the findings, it is obvious that some of the rankings consider human rights more than others. Other factors important to acknowledge, was the different viewpoints the ratings had. For example, Sustainable Brand Index (SB SIGHT 2021) which states that they are “Europe’s largest brand study on sustainability”, doesn’t even actually rate the companies’ performance. The study is built on how consumers view the companies participating in the ranking. To clarify, they do not themselves do any ranking, rating, or scoring. They ask consumers what they think of the brands participating, and then they rank the brands according to consumers (mostly) gut feelings on how sustainable the companies are. Another viewpoint was S&P Global Corporate Sustainability Assessment and MSCI ratings, which rated the companies from an investment point of view. Meaning that the issues or challenges were analysed to consider how big of an impact or risk the company

is facing if certain aspects are unhandled, rather than thinking of how the people will suffer or how it will influence them if human rights are not respected. Then for example Fashion Transparency Index, does not rank the companies on their efforts but on how transparent they are about sustainability issues, including human rights. Then again SIHTI and Corporate Human Rights Benchmark, that got the highest scores, included in their rating questions related to transparency, implementation of human right responsibilities, and human rights practises.

The findings reveal that the human right questions and expectations on companies are very undefined, and hence for example the criteria's used in the ratings varies a fair bit. Most of the ratings expects the companies to report about important human right issues, like forced labour, child labour, living wages etc. but only four of them notices if the companies have committed to respect any commonly agreed human rights and only five considers if the companies have proper human right policies in place. This reveals that these questions need more attention and rules that sets clear expectations on companies that can be tracked and compared.

4.3 IQ 3. How are the studied companies performing in human rights matters according to the ESG ratings analysed?

With this investigative question the author wanted to find out what the companies have incorporated well into their reporting, and what they still need to improve. To answer this question the author has gone through each of the 10 ratings (introduced in chapter 3.3 Data sampling) results for the four companies and collected the total rating as well as what they have been scored good and bad for. This IQ3 was divided into data sampling questions as per following:

DCQ 16. What human rights matters do the ratings score bad on for the example companies?

DCQ 17. What human rights matters do the ratings score good on for the example companies?

To answer the questions the author first collected all four companies total rating scores from all the 10 ratings and the indicators which affected the rating, both good and bad, into one big table (found in Appendix 4). Next the author started to categorise the indicators, when doing it the author used the data collection questions DCQ4-DCQ16 as categories to make it easier. Below are two tables summarising the four companies' factors affecting the ratings. The factors are as mentioned divided into categories and the tables show what categories have scored well and which not so well, for each of the companies including comments mentioned in the ratings. The tables are divided so that the first one shows H&M's and Adidas performance and the second one shows Stockmann's and Marimekko's.

Both H&M and Adidas has been acknowledged with good commitment to human rights and governance policies. Even though Adidas has also been notified that their governance policies should be improved. In the question “Does the company have proper human right policies in place?” the comments are more divided. H&M scores high on detailed information about their supply chain policies, as well as embedding respect and human rights due diligence, but then according to another rating they need to improve their due diligence processes. Other improvement areas within this category are purchasing practices, monitoring, and labour practises.

Adidas has scored high on monitoring, labour practices, and embedding respect and human right due diligence, but likewise H&M another rating has scored them low on due diligence processes. They also need improvement in purchasing practices and decent work practices. Both companies have been well acknowledged for their traceability and supply chain management but need to start publishing their audit results. H&M needs to improve their recruitment policies, while Adidas seems to have them well under control. Both companies need to start showing evidence to prove that they are working towards living wages in their supply chain, gender equality and health & safety matters. And their remedy & grievance mechanisms are in need for improvement.

Table 7. Fashion companies ESG performance part 1 (information gathered from Fashion Revolution 2021, Good on you 2022, MSCI 2021, Know the Chain 2021, S&P global 2021& WBA 2020)

	H&M		Adidas	
	Good:	Bad:	Good:	Bad:
Are the company's human right responsibilities aligned with the UN guiding principles on business and human rights?				
Have the company committed to respect human rights?	High scores: Commitment & Governance and policy commitment		High Scores: Commitment & Governance	Improvement areas: Governance

Does the company have proper human right policies in place?	High scores: detailed information about supply chain policies & embedding respect and human rights due diligence	Improvement areas: purchasing practises, monitoring, due diligence process, purchasing practices & Labor practise indicators	High scores: monitoring & Labor practise indicators & Embedding respect and human rights due diligence	Improvement areas: Purchasing Practices, Due diligence process & Decent work practices
Is the company transparent about it's supply chain?	High scores: Traceability & detailed information about suppliers & supply chain management	Improvement areas: Publishing audit results	High scores: Traceability & Supply chain management	Improvement areas: Traceability, Publishing audit results
Does the company consider forced labour?		Improvement areas: Recruitment	High scores: Recruitment	
Does the company consider living wage?		Improvement areas: Almost none of its supply chain is certified by labour standards which ensure living wages		Improvement areas: There is no evidence it ensures payment of a living wage in most of its supply chain

Does the company consider freedom of association & collective bargaining?		Improvement areas: Almost none of its supply chain is certified by labour standards which ensures labour rights.		
Does the company consider working hours?				
Does the company consider equality?		Improvement areas: Gender & racial equality , there is no evidence it implements practices to support diversity and inclusion in its supply chain		Improvement areas: Gender & racial equality
Does the company consider child labour?				
Does company consider safety at workplaces?		Improvement areas: Almost none of its supply chain is certified by labour standards which ensure worker health and safety		Improvement areas: Occupational health and safety
Does the company assess risks and impacts identified regarding violations against human rights?	High scores: Risk Assessment		High scores: Risk assesment	

Does the company have a proper commitment to remedy ?		Improvement areas: Remedy & grievance mechanisms	High scores: Remedy	Improvement areas: Remedy & grievance
Other	High Scores: Human rights	Improvement areas: employee relations, employee engagement	High Scores: Human rights	Improvement areas: employee relations, employee engagement

To justify some of the ratings, Adidas have for example a list on their website where they have published their most critical public policies. This is probably one reason the company has scored high on recruitment, commitment to human rights and got high scores on labour practise indicators. The list they provide includes the following policies:

Anti-Harassment and Anti-Discrimination Policy, Code of Conduct for employees 'Fair Play', Code of Conduct for suppliers 'Workplace Standards', Code of Conduct for suppliers Workplace Standards (Supporting guideline), Compliance policy, Giving guidelines, Integrated Management System Policy for Health, Safety, Environment, and Energy, Labour Rights Charter, Modern Slavery Policy, Privacy Management policy and Handling of external enquiries related to privacy, Responsible Sourcing and Purchasing Policy, Responsible Recruitment Policy, Restricted Substances Policy 'A-01', and Stakeholder Relations Guidelines. (Adidas 2022)

The policies clearly state whom they are addressed to and sets a good example of how to openly share the policies set by the company. Adidas has also produced a human rights FAQ, which then have been reproduced in several language as an industry best practise by the Business & Human rights resource Centre, a non-profit organization which draws attention to the human rights impacts of businesses. (Adidas 2022)

Next a look at Marimekko's and Stockmann's results. These two companies have not been included in as many ratings as H&M and Adidas therefor the results are not as comprehensive. Unlike the other two companies, both Stockmann and Marimekko need to improve their governance and policy commitments. The companies have both been positively acknowledged for their transparency of their suppliers, and Marimekko for its good policies to audit suppliers but their human right practices and implementation of human rights due diligence needs improvement, Stockmann has also scored low on purchasing practises and well as decent labour practises. These

companies likewise to H&M and Adidas needs to start showing evidence that they ensure living wages in their supply chains, and Marimekko needs evidence that they have worker empowerment initiatives such as collective bargaining agreements. Both companies remedies and grievance mechanisms as well as response to serious allegations processes needs improvement.

Table 8. Fashion companies ESG performance part 2 (information gathered from Eetti RY 2021, Good on you 2019, Ministry of Economic Affairs and Employment of Finland 2021, Sustainalytics 2021, Sustainable Brand Index 2021)

	Marimekko		Stockmann	
	Good:	Bad:	Good:	Bad:
Are the company's human right responsibilities aligned with the UN guiding principles on business and human rights?				
Have the company committed to respect human rights?	High scores: It is a member of the BSCI Code of Conduct	Improvement areas: Governance and policy commitments		Improvement areas: Governance and policy commitment
Does the company have proper human right policies in place?	High scores: Good policies to audit suppliers in its supply chain	Improvement areas: Company human rights practices & Embedding respect and human rights due diligence		Improvement areas: Company human rights practices & Embedding respect and human rights due diligence & Purchasing practises & Labour practise indicators
Is the company transparent about it's supply chain?	High scores: Transparency & Publicly lists all suppliers from the final stage of production		High scores: Transparency	
Does the company consider forced labour?				

Does the company consider living wage?		Improvement areas: No evidence it ensures payment of a living wage in its supply chain.		Improvement areas: They do not provide concrete information about implemented measures to establish the payment of living wages
Does the company consider freedom of association & collective bargaining?		Improvement areas: No evidence it has worker empowerment initiatives such as collective bargaining agreements		
Does the company consider working hours?				
Does the company consider equality?				
Does the company consider child labour?				
Does company consider safety at workplaces?				
Does the company assess risks and impacts identified regarding violations against human rights?				
Does the company have a proper commitment to remedy ?		Improvement areas: Remedies and grievance mechanisms & response to serious allegations		Improvement areas: Remedies and grievance mechanism & Response to serious allegations
Other				Improvement areas: Only 9% of suppliers had an audit result A in 2020 BSCI audits

To start with it can be noted that the criteria vary heavily on the different ratings. This was notable as the same company could be scored high and low on the same issues. For example, Adidas, which was scored good on due diligence, traceability, and remedy, but also bad on each one of them as well. And both Adidas and H&M has been scored high on human rights, meanwhile it can clearly be seen that the companies have notable issues in some areas and therefore shouldn't be rated high on the matter. On a glance Adidas seemed to score the best out of the four companies overall. However as not all companies are included in all the ratings it is not possible to draw reliable conclusions on which of them performed better, and it has of course been easier to gather more data about those included in more of the ratings.

In general, it seems like the companies are willing to make commitments to respect human rights both in their operations as well as in their supply chains. They are willing to share information on their suppliers, and other relevant disclosures of their operations, like gender balance or cases they have been accused of regarding violations against human rights. This indicates that they want to be transparent and are willing to commit to respect human rights.

But the fact that they then fail in implementation of the policies and in having proper due diligence processes which identify, prevent, mitigate, and account for how they address their impacts on human rights shows that there are still a lot to improve. To completely commit to the task at hand would require far more work. A proper risk assessment which considers different aspects, which would then be followed with a plan on how to prevent each of the risks. In today's reporting it is good that they recognize that for example child labor is a risk, and that they make statements of zero policy in child labor. However, it would be important to also discuss and provide information about what measures do they take to prevent it, same goes with various of other issues. Something all four companies seemed to be in serious need of improvement in, were their grievance and remedy methods. Companies should have clear policies and methods on how to report about possible violations, these should be easily accessible for everyone involved with the business operations. And if any violations were to be recognized those affected should get immediate remedy, it is of course impossible to predict every possible scenario of what could happen, but the companies should have a proper methodology on how to act and support those affected.

5 Discussion

This chapter discusses the key findings of the research, recommendations that are based on the findings, reliability & validity of the research and its findings, suggestions for further research and lastly the authors own reflection of learning during the whole process of writing the thesis.

5.1 Key findings

The research question for this thesis was “How could the sustainability reporting be more communicative about the responsibilities of human rights in the fashion industry?”. The aim was to find improvement areas in the communication of corporate human right responsibilities. And to do so it was important to understand what the challenges are in the fashion industry, what are the corporate human right responsibilities considered to be, and what is the communication lacking now. The data studied and collected is from four companies, operating in the fashion industry, sustainability reports and 10 different ESG ratings. The author has through data collection questions gathered relevant information which have eventually been categorized thematically into tables and presented in chapter 4. The author thinks that the answer to the research question was found.

As mentioned in chapter 2.1.2 Economic Sustainability, the products which are cheaper to manufacture, and purchase have often a worse impact on the environment and people, but companies are rarely those paying the full price for the damage it causes. This seems to be the unfortunate truth in the fashion industry, as the biggest risks for violations against human rights in the fashion industry happens in the supply chains. This is a result of the fact that a lot of the industry’s production happens in countries with low governmental protection and respect on human rights. The same countries are less developed in general and hence the production is cheaper than elsewhere and attracts companies. The biggest challenges in respecting corporate human rights in the fashion industry is to ensure that it happens through the whole supply chain. This was also found in the theory and the research proved it to be true. For companies to manage their suppliers as well as their own operations it would require full transparency and active monitoring as well as proper policies to be in place. The human rights requiring specific attention include freedom of association & collective bargaining, decent working hours, fair wages, no forced labor or child labor, health & safety at workplaces, no discrimination, access to clean water and gender equality.

While reading the reports and analyzing the ESG ratings, it came clear that company performance can be evaluated from different viewpoints depending on who is the intended end user or what the reports or ratings are used for. As discussed in the chapter 2.2.3 Challenges in the sustainability reporting, to develop a standard for disclosure rules there should be a clear idea of the target users and what they use the reports for. As the sustainability reporting is used and analyzed for different

purposes is the expectations of what they should include and how these issues should be communicated very different. This came up when looking at the different scorings received from the various ESG ratings, the same company can be rated very differently on the same issues. This indicates that the human right questions and expectations are not very well defined and communicated in general. There is no mutual agreement of what issues companies should include, or how these issues should be presented and as it falls upon themselves to analyze the risks in their operations they might be biased or underestimate the problems. The unclarity of what is expected from companies came also clear when analyzing the ESG ratings criterions. Most of them measured or considered important human rights such as freedom of association & collective bargaining, decent working hours, fair wages, no forced labor or child labor, health & safety at workplaces, and equality. But failed to rate the implementation of the policies or if the companies have proper remedy methods in use for example. So how the companies are dealing with preventing and handling the issues are left unnoticed if the goals are right.

The above mentioned is directly reflected in companies' sustainability reporting. The companies' which reports were analysed were not shy to inform that they have zero tolerance policies on various matters such as forced or child labor, and they even share audit results confirming that they have not experienced such violations in their operations or supply chains. But they did not report on how they prevented or intend to prevent them from happening in the future. Only one company for example acknowledge in their risk assessment that proper documentation is a risk because without one, it can be difficult to pay the correct wage to the correct account, check the workers age and respect the working hours just to mention a few disadvantages. However, even as this was acknowledged as a risk the company did not offer a proper policy to prevent the issue. This was just an example, but the very same trend was visible in all the analyzed companies reporting. They bring up the right issues but fail to report on evidence how these issues truly are managed. It was also visible when analyzing the four companies' ratings, they scored relatively high on commitment to respect human rights and transparency of supply chain, but low on implementation of due diligence and proper human right policies. And all companies' grievance and remedy methodology scored low and need improvement.

5.2 Recommendations

As discussed in the previous chapter 5.1 Key findings, companies have done a relatively good job in committing to respect human rights and to transparency of their suppliers. Their next step should focus more on how to embed human right policies and due diligence processes into their operational policies, to place necessary procedures and to implement it throughout the business enterprise and their supply chains. They should start by mapping what is done now, and then elaborate

the necessary steps to get to the goals. Once proper policies and processes are integrated into their business operations it would naturally become easier to report about the matters. The reporting should not only consist of their goals and supplier lists, but plans on how to reach the goals, true operational risks they are facing, and proof of what have been established so far.

Out of those companies analysed we have two Adidas and H&M, that thanks to their big market share have a massive chance to truly impact people's lives with proper procedures & policies set. With their high purchasing power, they can expect that their suppliers would agree to obey the policies placed. Of course, they should be followed up with steady monitoring to ensure no violations happens. These companies have the chance to through collaboration with local NGO's or associations require better working conditions and treatment of people. Marimekko and Stockmann being smaller don't have the same leverage, and hence should truly consider where they outsource their production and have the focus on proper purchasing's processes and screening of suppliers, but also consider purchasing from low-risk countries.

As part of the challenges are the generally undefined expectations of companies' responsibilities to respect human rights, would companies truly benefit from more specific reporting guidelines and regulations on the matter. Companies could in collaboration with governments and other institutions work on commonly accepted guidelines for reporting, but setting regulations are still out of their hands and would require governmental decision making.

5.3 Research reliability, validity, and relevance

When conducting research, the purpose is always to avoid making mistakes, which makes it important to evaluate the reliability of the research. When it comes to qualitative research, the questions often raised are if the information provided is truthful and objective. When assessing the problem of objectivity in qualitative research, it should be, in addition to the question of truth, possible to distinguish between the reliability and objectivity of cases. When considering objectivity, the researcher should consider whether he or she is trying to understand the research findings as they are or does, he or she interpret them through her or his own experiences and prejudices. However, in the end, qualitative research finds the answers to be as they are based on the conclusion the researcher has drawn. (Tuomi & Sarajärvi 2018)

Important factors when considering the reliability and validity of the research conducted is the use of secondary data and the categorisation and analysing of it. The primary-level data is either information the companies have published themselves or information gathered and analysed by a third-party based on the information the companies have published and shared. Hence it is important to acknowledge that the full truth of the four companies' performance in respecting human rights

might be biased as the information the views are based comes from the companies themselves. Some of the data presented by the third parties, the ratings, cannot be verified which makes them irrelevant, like the ratings missing the criterion on how they score. As the main purpose of this study was not to find out how the four companies used in this research are performing in human rights matters. But what they assume as their responsibilities and how they communicate about them, and mainly how that could be improved, is the performance level of the companies not that relevant to the findings. Rather the way they report about the issues and what they report about. Therefore the author believes that the data used is reliable and valid enough for the purpose of the study.

As mentioned, the objectivity of the researcher in qualitative studies is important to acknowledge, especially in this case as the research is conducted individually. This research might be exposed to risks as the author has alone collected and analysed the data. This might leave room for misinterpretation of the data collected, or another author might have done other conclusions in categorisation of the data or altogether categories chosen. As this research proves, the corporate responsibility to respect human rights is in theory quite apprehensible and clear. But in practice still hard to implement and define, which made the categorisation difficult at times especially as the information could be differently formulated by the sources used. But the author believes she managed to formulate the research investigative questions as well as data collection questions in a way that left little chance for subjectivity, but rather required a truthful answer which was presented transparently.

The validity of the research can be looked upon from various angles, is the research methodology the right one or has the research question been answered for example. In this research the author believes that the chosen methodology has been the right one as this method provides an opportunity to look at the challenges as objectively as possible. Also, she believes the research answers the research question.

Upon choosing the companies and the ratings to analyse, the author could have done better choices to get more comparability. Now as the companies were not all included in the same ratings, they cannot be compared to one and another and if the choice of companies would have been different and more specific could the results have been even more detailed. The author believes that to this research purpose this inconvenience of not been able to compare the companies was not that significant, but the author believes that better choices in companies could of strengthen the results.

The relevance of this research topic chosen cannot be argued, it is a shame we still must discuss these matters on the 20th century, but as violations against human rights still happens frequently,

the topic does need all the intel and acknowledgement it can get. The findings of the research are relevant for companies especially in the fashion industry to understand what they can improve and what is lacking from their reporting. But the findings are also relevant to the public to be able to critically look at companies' performance and know what to expect from them.

5.4 Suggestions for further research

Sustainability and Corporate social responsibility include various viewpoints worth further studying. This study focused on communication regarding human right responsibilities, another similar study could be done on corporate responsibilities to protect the environment and how to improve the communication of that.

As mentioned in the theory, sustainability reporting is not as standardized as for example financial reporting, and that the IFRS trustees intend to deliver standards that could be taken in use as the reporting standards for sustainability matters. This would ease both those job making the reports as well as those reading them, so any study that could contribute to achieving this goal would be good.

There were several matters needing further attention that came up in this study. To further study these matters the author would suggest that this research's findings would be studied more deeply and separately in smaller themes. One study could be conducted to build a set of guidelines for implementation of due diligence and proper human rights policies, and one on the grievance and remedy processes. Both providing practical examples for companies to undertake.

It would also be good to do a proper comparison between the different ESG ratings, to understand what each of them measures and how reliable they are, including all the aspects they are measuring.

5.5 Reflection on own learning

Finishing the research and looking back at the writing process, it is safe to say that the author has learned a lot. It is probably worth mentioning that the author learned a lot about corporate responsibilities to respect human rights and can now critically look at companies' performance and evaluate it. The author has always said that we cannot change things unless we know what is wrong with them, and completing this study brought her again closer to understanding what things might be worth focusing on in her future career in order to promote social sustainability. But even as the topic studied taught a lot, it is not the biggest lesson learned.

The writing process took all in all over one year, the author started the planning of the study in January 2021, and eventually finalised the writing spring 2022. During the process the author felt disbelief, despair, and anxiety as the writing did not progress and it was hard to find any motivation to continue. On the other hand, at times the author felt joy in learning new things, proudness in herself when finalising a chapter or a part of the work, and the feeling of success mixed with gratitude when realising that it is almost done.

The mistake the author made in the beginning of the writing process was that instead of considering the study as several smaller tasks and setting smaller weekly deadlines and following proper planning, she considered it as one big awkward elephant in the room which was impossible to start breaking into smaller pieces. Once the author realised that her own mindset and attitude towards the work needed adjustment and she put up a schedule with small deadlines the work started to shape up. During the process the author learned her preferred place, time, and duration to study in order to get the most out of it. She also learned that some days the energy and effort put into the work does not match up to expectations and in such cases, it is important to be gracious to herself because that is just human. So as mentioned, the biggest lesson in this process was not the new knowledge about the subject, but those things the author learned about herself and how she can with her own approach and view on things make them easier.

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Appendices

Appendix 1. Complete table – Social KPI's of companies in the fashion industry.

One KPI can be categorized in several of the concepts, but the color code is marked to what the author finds it represents the most. Information gathered from Adidas 2021, H&M 2021, Marimekko 2021 & Stockman 2021

Company	Target	KPI	
H&M	Fair & Equal	Supply chain: % tier 1 supplier factories with trade union representation	3, 4
		Supply chain: % tier 1 supplier factories with collective bargaining agreements	3, 4
		Supply chain: % tier 1 supplier factories with digital payment solutions (bank account and/or mobile money)	
		Supply chain: % of workers, supervisors, and worker representatives in our tier 1 production supply chain that are female	2, 4
		Supply chain: % of suppliers regarding H&M Group as a fair business partner	1
		Own organisation: Overall People Engagement Pulses (PEP) employee engagement score (out of 100)	5
		Own organisation: % of H&M Group employees agreeing with the statement "I feel comfortable being myself at work"	7
		Own organisation: % of H&M Group employees agreeing with the statement "I am treated with respect and dignity "	5
		Own organisation: Share of brands, functions and respective markets that have started rolling out Layers, our inclusion and diversity training	7
Adidas	Improving working conditions in our supply chain - Performance	In 2021 there will be a transition from our compliance benchmark (C-KPI) to (S-KPI) that measure outcomes such as reduced accident rates, higher retention levels, or improved worker satisfaction. Through our new S-KPI tool, we will report annually on workplace conditions, including the effectiveness of our worker empowerment initiatives. The targets for 2025 will be defined in 2021.	3, 4

	Improving working conditions in our supply chain - Transparency	As part of our broader risk management processes, we will increase the scope and application of Human Rights Due Diligence (HRDD) efforts. Our 2025 ambition is to achieve a 100% coverage of all 'at risk' activities, ensuring HRDD compliance is embedded across the organization. 'At risk' activities are those activities identified in our annual human rights risk mapping and flagged as having potential adverse human rights impacts that require prevention or mitigation	1, 4
	Improving working conditions in our supply chain - Fairness	The focus lies on gender equality, pay equity and responsible sourcing practices that support fair compensation for workers. Our ambition is to see progressive improvement across all fair compensation benchmarks and achieve gender wage parity for workers and their supervisors in each of our strategic Tier 1 suppliers by 2025.	2, 4
	Employee engagement	In support of this thinking, we launched 'People Pulse' – our approach and system platform for measuring the level of employee satisfaction with the experience adidas provides as an employer – for all office employees with an email account.	5
Marimekko	We provide our employees with continuous training in sustainability matters and engage them in developing operations.	Continuous training in sustainability matters for the personnel	7
	We collaborate, in particular, with NGOs and charities whose work relates to creativity and supporting women and children.	Supporting NGOs and charities whose work focuses on support for women and children and on creativity	2
	We select our suppliers carefully, taking account of human rights and environmental protection.	Constantly improving the sustainability evaluation of our suppliers	4
	We promote human rights, a living wage, worker empowerment and safe working conditions in our supply chain through dialogue, audits and training.	Evaluating the human rights impacts of our supply chain in more depth and engaging our suppliers	3, 4
	We support the personal and professional growth of our employees by training and building competence.	Developing practices supporting employees' professional and personal development to be even more systematic	6

	We foster the Marimekko Spirit that emphasizes equality, diversity, creativity and teamwork.	Making equality and diversity an even stronger part of Marimekko's culture and operations	2
	We are committed to responsible and ethical business practices.	Acting in accordance with the law and ethical and responsible business principles	1
Stockmann	We ensure a healthy and safe working environment and promote the wellbeing of our personnel	Accident rate target: maximum of 20 per million working hours.	
		The #Stockmannstaff SCORE target by 2021 is 53 and the Leadership SCORE target by 2021 is 74.	5
	We value equality and diversity	Proportion of women and men at different organizational levels.	2
		The pay gap between women and men.	2
		Experiences of work by background variables.	7
	We support our personnel's professional growth	#Stockmannstaff personnel feedback: target score 50 by the end of 2020.	6
		PDD execution rate: target 100% in 2021.	6
	Our communication is transparent and reliable and we actively engage with society	Responsible corporate citizenship	1
We foster sustainable supply chains	Target: 100% of factories manufacturing our own brands in high-risk countries have a valid audit by the end of 2021.	4	

Appendix 2. Complete table – Risks for violation of human rights

Information gathered from Adidas 2021, H&M 2021, Marimekko 2021 & Stockman 2021

Company	Risk / Description
H&M	<p>Living wages - A wage level covering workers' and their families' basic needs and providing some discretionary income.</p>
	<p>Health & safety - Health, safety and wellbeing of employees, workers and customers across the value chain, such as working conditions, store safety, product safety, chemical safety.</p>
	<p>Forced Labour - All work or service that is exacted from any person under the threat of a penalty or for which the person has not offered himself or herself voluntarily.</p> <p>Indicators of forced labour include unreasonable fees leading to debt bondage, deception, restriction of movement, isolation, abuse of vulnerability, physical and sexual violence, intimidation and threats, abusive living and working conditions, wage withholding, excessive overtime, and retention of personal documents.</p>
	<p>Discrimination & harassment - Discrimination; unfair or humiliating treatment on the grounds of gender, sexual orientation, race, color, age, pregnancy, marital or social status, religion, political opinion, nationality, ethnic origin, disease or disability.</p>
	<p>Child Labour - Work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development. It refers to work that is mentally, physically, socially or morally harmful to children; and interferes with their schooling by depriving them of the opportunity to attend school; obliging them to leave school prematurely; or requiring them to attempt to combine school attendance with excessively long and heavy work.</p>
	<p>Freedom of association & collective bargaining - A person's right to join, and/or form, organisations of his or her own choosing and to bargain collectively. An enabling right.</p>

	<p>Social security - Access to health care, insurance and income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of a main income earner.</p> <p>A responsibility belonging primarily to the state and dependent on legal frameworks and institution capacity. Recognised employment is a pre-condition for access to work related social security benefits.</p>
	<p>Working hours - Working hours that comply with national law, ILO Conventions or collective agreement, whichever affords the greater protection of the worker. Connected to the worker's right to health and family life.</p>
	<p>Land rights - Land is an issue that impacts directly on the enjoyment of several human rights as land is a source of livelihood, central to economic rights and also often tied to social and cultural rights. How land is used is also an adjacent issue. The use of land can be a cause of conflict and sometimes involves illegal displacement of people. Land rights also relate to gender perspective on land heritage.</p>
	<p>Access to clean water - Safe water and enough supply, accessible and affordable for personal and domestic use. Industries can be a contributor to water pollution and water scarcity, which is why safeguarding wastewater treatment and water use is essential to ensure access to clean water in neighbouring communities.</p>
Adidas	<p>Freedom of association and collective bargaining</p>
	<p>Working hours</p>
	<p>Health & safety</p>
	<p>Fair Wages</p>
	<p>Child Labour</p>
	<p>Forced Labour</p>
	<p>Resource Consumption</p>
	<p>Water (including chemical management)</p>

	Access to grievance mechanisms
	Diversity
	Mega sporting events
	Procurement
	Product safety
	Data protection & privacy security
Marimekko	Freedom of association and collective bargaining
	Child Labour
	Forced Labour and migrant workers
	Special protection for young workers
	No precarious employment
	Non-discrimination
	Fair remuneration
	Decent working hours
Stockmann	Management Systems - Problems with the management system may lead to poor control over procedures at the factory or with subcontractors. There may be a lack of people responsible for the management system or a lack of internal policies in the factory.
	Documentation -Shortcomings concerning copies of employees' ID cards, or wage lists, or other documentation are a common problem. Lack of proper documentation hampers the verification of compliance with the code, such as paying the correct wages, checking worker age and respecting overtime limits.
	Trade union affiliation - The right to join a trade union and to engage in collective bargaining is a basic right that we uphold. Unfortunately, in many of our

production countries the trade unions are weak and the underlying causes are complex and often multifaceted.

Wages and compensation - Paying incorrect wages is a common problem. In compliance with the Code of Conduct and local law, suppliers must pay the country's statutory minimum wage to their employees as a minimum requirement. This is not enough, however, since the minimum wage is seldom at a sufficient level to cover basic needs and also provide some discretionary income

Working hours - Overtime work that exceeds the limits in the Code of Conduct is a widespread problem in most of our production countries. Overtime work is difficult to remedy as there are several reasons for it.

Appendix 3. Complete table - Contribution of human right responsibilities in ESG ratings

ESG ratings	SIHTI project (Ministry of Economic Affairs and Employment of Finland 2021)	Ränkkää brändi (Eettiry 2021)	Sustainalyti cs (2022)	MSCI ratings (MSCI 2020)	Sustainable Brand Index (SB INSIGHT 2021)	Know the chain (2019)	Good on you (2020)	Fashion transparency index (2021)	S&P Global Corporate Sustainability Assessment (S&P Global 2021)	Corporate human rights benchmark (WBA 2020)	Total rankings including the DCQ: s.
DCQ 3. Are the scorings aligned with the UN guiding principles on business and human rights?	Yes	No	?	No	No	Yes	No	No	No	Yes	3
DCQ 4. Does the scoring consider if the companies have a commitment to respect human rights?	Yes	No	?	No	No	Yes	No	Yes	No	Yes	4
DCQ 5. Does the scoring/rating consider if the companies have proper human right policies in place?	Yes	Yes	?	No	No	Yes	No	Yes	No	Yes	5
DCQ 6. Does the scoring/rating measure transparency?	Yes	Yes	?	No	No	Yes	Yes	Yes	Yes	No	6
DCQ 7. Does the scoring/rating consider forced labour?	Yes	No	?	Yes	No	Yes	Yes	Yes	No	Yes	6
DCQ 8. Does the scoring/rating consider living wage?	Yes	Yes	?	Yes	No	No	Yes	Yes	No	Yes	6
DCQ 9. Does the scoring/rating consider freedom of association & collective bargaining?	Yes	No	?	Yes	No	Yes	Yes	Yes	No	Yes	6
DCQ 10. Does the scoring/rating consider working hours?	Yes	Yes	?	Yes	No	No	Yes	Yes	No	Yes	6
DCQ 11. Does the scoring/rating consider equality?	Yes	No	?	No	No	Yes	Yes	Yes	Yes	Yes	6
DCQ 12. Does the scoring/rating consider child labour?	Yes	No	?	Yes	No	Yes	Yes	Yes	No	Yes	6
DCQ 13. Does the scoring/rating consider safety at workplaces?	Yes	No	?	Yes	No	No	Yes	Yes	Yes	Yes	6
DCQ 14. . Does the scoring/rating consider assessment of risks and impacts identified regarding violations against human rights?	Yes	Yes	?	No	No	Yes	No	No	No	Yes	4
DCQ 15. Does the scoring consider if the companies have a commitment to remedy ?	Yes	No	?	No	No	Yes	No	Yes	No	Yes	4
Total	13	5	0	6	0	10	8	11	3	12	

Appendix 4. Complete table – Company ESG scores

Information gathered from Fashion Revolution 2021, Eetti RY 2021, Good on you 2019 & 2022, Know the Chain 2021, Ministry of Economic Affairs and Employment of Finland 2021, MSCI 2021, Sustainalytics 2021, Sustainable Brand Index 2021, S&P global 2021 & WBA 2020

Marimekko			
Ranking rating	Low performance indicators	High performance indicators	Score of ranking/rating
SIHTI project	Remedies and grievance mechanisms (1,7 points out of 15), Company human rights practices (6,1 points out of 20), Response to serious allegations (5,7 points out of 20), Embedding respect and human rights due diligence (10,4 points out of 25), Governance and policy commitments (4,4 points of out 10)	Transparency (5 points out of 10)	33,2 / 100
Ränkkää brändi	Marimekko does not publicly report clear results of measures implemented to improve labour conditions for semi-finished products, Marimekko reports that it is committed to advancing living wages for workers in its supply chain but has not published any eligible commitment to a living wage benchmark or provide any concrete information about measures	Transparency of suppliers (publication of supplier list), and purchases from certified manufacturers with improved labour rights (72% of Marimekko's purchasing volume in 2020 came from low risk country suppliers and risk country suppliers with either amfori BSCI A rating or SA8000 certification.)	B (15 / 29) Human right questions (7/11)

	implemented to establish the payment of living wages.		
Sustainalytics	No detailed info	No detailed info	Low risk 12,7 points, 0 is the best
Sustainable Brand Index	No detailed info	No detailed info	Ranked as 27 out of 212 companies
Good on you	There is no evidence it has worker empowerment initiatives such as collective bargaining agreements. There is no evidence it ensures payment of a living wage in its supply chain.	It is a member of the Business Social Compliance Initiative Code of Conduct - BSCI, Marimekko has good policies to audit suppliers in its supply chain, It publicly lists all suppliers from the final stage of production.	"It's a start" - 3/5 in questions related to human rights
Stockmann			
Ranking rating	Low performance indicators	High performance indicators	Score of ranking/rating
SIHTI project	Remedies and grievance mechanisms (2,9 points out of 15), Governance and policy commitment (2,6 points out of 10) Company human rights practices (6,7 points out of 20), Response to serious allegations (6,9 points out of 20), Embedding respect and human rights due diligence 11 points out of 25)	Transparency (5,3 points out of 10)	35,3 / 100

Ränkkää brändi	Stockmann does not purchase 25% from certified manufacturers with improved labour rights, 9% of suppliers had an audit result A in 2020 BSCI audits. Stockmann does not publicly report clear results of measures implemented to improve labour conditions at its fabric manufacturers and Stockmann does not provide concrete information about implemented measures to establish the payment of living wages at its apparel manufacturers.	Transparency of suppliers (publication of supplier list)	D (7/29) Human rights questions (2/11)
Sustainalytics	No detailed info	No detailed info	Low risk 15,5 points, 0 is the best
Sustainable Brand Index	No detailed info	No detailed info	Rankes as 112 out of 212 companies
H&M			
Ranking rating	Low performance indicators	High performance indicators	Score of ranking/rating

MSCI	<p>Scored as average in the fashion industry in the following issues: Labor Management, meaning employee relations, strenght of worker protection, employee engagement and in Supply Chain labor Standards, meaning the transparency of supply chain and working standards of the regions in which their supplier is located, and lastly in privacy and data security, which evaluates the amount of personal data collected, vulnerability to potential breaches, and their systems for protecting personal data.</p>	No social factors mentioned	AA Leader (scoring from CCC-AAA, AAA being the best)
Know the chain	<p>H&M has an opportunity to improve on the themes of Recruitment, Worker Voice, and Remedy. It could also improve in purchasing practises and monitoring.</p>	<p>H&M is among those achieving the highest score on the theme of Traceability & Risk Assessment. It discloses for example efforts to trace its supply chains, in particular in relation to cotton, and to engage various stakeholders.</p>	Ranked as 9th out of 37 companies, score 55 points out of 100

Good on you	Almost none of its supply chain is certified by labour standards which ensure worker health and safety, living wages or other labour rights. There is no evidence it implements practices to support diversity and inclusion in its supply chain. It has a project to improve wages in its supply chain however there is no evidence it ensures payment of a living wage in most of its supply chain.	H&M publishes detailed information about its suppliers and supply chain policies	It's a start - 3/5 in questions related to human rights
Fashion Transparency index	Due diligence process. Publishing audit results. Remediating issues. Decent work & purchasing practices. Gender & racial equality	Policy and commitment. Governance. Traceability.	score 68/100
S&P Global Corporate Sustainability Assessment	Labor practise indicators, 41/100	Human rights 89/100, supply chain management 94/100	Score 68/100 social factors 62/100
Corporate human right bench mark	Remedies and grievancer mechanisms 2/6	Governance and policy commitment 5,5/8, Embedding respect and human rights due diligence 8/12	Score 15,5/26
Sustainalytics	No detailed info	No detailed info	Low risk 15,6 points, 0 is best
Sustainable Brand Index	No detailed info	No detailed info	198 out of 212 companies

Adidas			
Ranking rating	Low performance indicators	High performance indicators	Score of ranking/rating
MSCI	Scored as average in the industry in the following issues: Labor Management, meaning employee relations, strenght of worker protection, employee engagement and in Supply Chain labor Standards, meaning the transparency of supply chain and working standards of the regions in which their supplier in located.	No social factors mention	Leader AAA (scoring from CCC-AAA, AAA being the best)
Know the chain	The company has an opportunity to improve its performance and disclosure on the themes of Purchasing Practices, Worker Voice, and Remedy.	The company has improved by disclosing further efforts to drive responsible recruitment in its supply chains (including a focus on high-risk corridors), data on its first- and second-tier supplier workforce, assessments of its third-tier raw material suppliers, and the positive impacts of worker engagement. The company has the highest score on the Worker Voice theme and is among those achieving the highest	Ranked as 2nd out of 37 companies, score 86 points out of 100

		scores on the themes of Traceability & Risk Assessment and Monitoring.	
Good on you	There is no evidence it ensures payment of a living wage in most of its supply chain.	Some of its supply chain is certified by FLA Workplace Code of Conduct including all of the final stage of production.	It's a start - 3/5 in questions related to human rights
Fashion Transparency index	Governance. Traceability. Due diligence process. Publishing audit results. Remediating issues. Decent work & purchasing practices. Gender & racial equality	Policy and commitment.	Score 54/100
S&P Global Corporate Sustainability Assessment	Occupational health and safety 56/100	Human rights 98/100, labor practise indicators 82/100, supply chain management 100/100	85/ 100 social factors 74/100
Corporate human right bench mark	Remedies and grievance mechanisms 3,5/6	Governance and policy commitment 7,5/8, Embedding respect and human rights due diligence 12/12	Score 23 / 25
Sustainalytics	No detailed info	No detailed info	Low risk 13,4 points, 0 is best
Sustainable Brand Index	No detailed info	No detailed info	148 out of 212 companies