

## Responsibility of Finnish design products – CASE: Iittala and Marimekko in Thailand

### Executive Summary

Finnish design products form Finland's image worldwide and are an important business for many companies. However, more and more often, products designed by Finns are produced in so-called risk countries, in which violation of workers' rights is common.

Fiskars and Marimekko, the design companies investigated in this report, have both adopted Codes of Conduct that respect human rights and the International Labour Organization's Conventions. Both companies also strive to monitor the operations of their suppliers and require, in turn, that suppliers monitor their raw material suppliers. Marimekko is a participant in the Business Social Compliance Initiative. Fiskars' accountability is based on its own Code of Conduct.

Fiskars acted openly during the investigation and provided Finnwatch with information on all its Thai suppliers. Marimekko declined similar cooperation, although Finnwatch proposed a separate confidentiality agreement that would obligate Finnwatch to keep information on production plants secret. However, Finnwatch was able to trace the origin of Marimekko's products to this glass works by other means.

Numerous occupational safety violations were observed during Finnwatch's field investigation at the glass works used by both companies. Workers at the glass works did not have sufficient safety equipment, the working environment was extremely hot and the workers were not given enough break time. There were different types of safety hazards related to cleanliness in the working facilities, salaries were in line with the law, but very low and not all of the workers were aware of their rights.

Worker interviews conducted by Finnwatch revealed inconsistencies in matters related to wage slips and compensation of annual leave. All in all, it can be concluded that the investigated Thai glass works was far from Finnish standards. Finnwatch believes that production has not been transferred to this production plant due to its accountability, but rather due to its cheap production costs.

Fiskars had strived to impact the operations of its suppliers, but seems not to have achieved a sufficient negotiating position to actually implement fast and transformational change. Marimekko had carried out a BSCI audit at the glass works, which however showed that the glass works was not in compliance with the BSCI Code of Conduct. The Finnish companies did not work together to improve the glass works' accountability. Fiskars' requirements for accountability were based on its own Code of Conduct and were in part not as comprehensive as the BSCI's requirements, which Marimekko has adopted.

Finnwatch recommends that the two companies cooperate to improve their shared supplier's accountability. The two companies should also give consumers more information on the accountability risks related to the production of their products and adopt a separate business accountability reporting system for their entire supply chains.

Decision-makers must ensure that UN Guiding Principles on Business and Human Rights are ambitiously implemented in Finland. The companies must be obligated to draw up comprehensive reports on non-financial information and take into account the social sustainability of products acquired in public procurements from risk countries.