

WSJ INVESTIGATION

Amazon Sells Clothes From Factories Other Retailers Blacklist

After a deadly 2013 factory collapse, most big U.S. apparel companies agreed to steer clear of dangerous plants in Bangladesh. Not Amazon.

By Justin Scheck, Jon Emont and Alexandra Berzon

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DHAKA, Bangladesh—After a 2013 factory collapse killed more than 1,100 people in Bangladesh, most of the biggest U.S. apparel retailers joined safety-monitoring groups that required them to stop selling clothing from factories that violated certain safety standards.

Amazon.com Inc. [AMZN -0.20% ▼](#) didn't join.

According to a Wall Street Journal investigation, the site today offers a steady stream of clothing from dozens of Bangladeshi factories that most leading retailers have said are too dangerous to allow into their supply chains.

A yellow gingham toddler top embroidered with flowers was among those clothes, listed on Amazon for \$4.99 by a New York City retailer. The Journal traced the top to a factory in Chittagong, Bangladesh, that has no fire alarms and where doors are of a type managers can lock and keep workers in. A laborer at the factory, 18-year-old Nasreen Begum, said she spends 12-hour days there stitching shirts with 300 others. "You're trapped inside until the time you complete the orders," she said.

The Journal found other apparel on Amazon made in Bangladeshi factories whose owners have refused to fix safety problems identified by two safety-monitoring groups, such as crumbling buildings, broken alarms, and missing sprinklers and fire barriers. U.S. retailers such as Walmart Inc., Target Corp., Costco Wholesale Corp. and Gap Inc. have agreed to honor bans imposed by those two groups, to have their supply chains inspected and to disclose to the groups the factories that supply them.

The Journal found clothing including pants, sweaters, clerical robes, fishnet body stockings and other items, that originate from blacklisted factories and end up on Amazon.

Amazon has become a major player in apparel, a force with which other retailers must compete in a market where customers often seek the lowest price. It may have overtaken Walmart last year as America's No. 1 clothing seller. Amazon dominates the rapidly growing online-retail market.

Here, as throughout Amazon's business, the giant retailer runs its platform without many of the constraints that big U.S. companies apply to their products and stores, sometimes in ways that can put customers and workers in danger.

That is particularly true for Amazon's third-party marketplace, made up of millions of individual sellers. Many are anonymous and aren't subject to some of the oversight Amazon applies to its own brands and to items it sells directly.

The Journal in August revealed that thousands of products listed on Amazon are deemed unsafe by federal agencies, are deceptively labeled or are banned by regulators—items that many retailers' policies bar. They included items such as unsafe children's toys and recalled motorcycle helmets. Amazon took down some of those listings after the Journal's reporting. Several members of Congress called on Amazon to better police its site.

An Amazon spokeswoman said at the time that “safety is a top priority” and that the company uses automated tools to weed out suspicious sellers.

Asked about its practices in clothing, the company removed some listings the Journal identified from banned Bangladeshi factories, including the yellow top, and said it was reviewing the others. A spokesman said Amazon inspects factories that supply its own brands to ensure they are in line with international safety standards similar to those of the safety-monitoring groups. The Journal didn't find Amazon-owned brands made in banned factories.

Of the banned factories the Journal found with apparel on Amazon, some of the clothing items they produced were for sale by Amazon directly. Most—more than two-thirds—were being sold by third-party sellers using Amazon's marketplace platform.

The spokesman said Amazon doesn't inspect factories making clothing that it buys from wholesalers or that comes from third-party sellers. Instead, it expects those wholesalers and sellers to adhere to the same safety standards.

Amazon's agreement with third-party sellers doesn't explicitly say they must meet those standards.

“If we become aware that a product is from a factory that may not meet our supply chain standards,” the spokesman said, “we will remove the product from our store.”

The company's control of its site is under scrutiny by some Congress members who are calling

What worker-safety standards do you expect clothes to have met when you buy from Amazon?

Join the conversation below.

for more regulation of the company. Other U.S. technology giants that have lost control of their platforms—or decline to control them—face similar pressures. Amazon consumer chief Jeff Wilke, at the WSJ Tech Live conference Tuesday, said Amazon might need to spend billions of dollars to police products on its site to preserve customer trust.

Ethical lines aren't clear-cut in the global garment-supply chain, which remains a murky network in which clothes pass from factories through traders around the world. Even signatories to one of the safety groups have offered items that come from unsafe factories.

Some garments the Journal found on Amazon were also listed on Walmart.com, mostly by third parties on the online marketplace Walmart developed after Amazon's third-party market grew rapidly. The Journal found garments from one banned factory listed online by Target.

Walmart spokeswoman Marilee McInnis said the company was looking into the items for sale directly by Walmart and talking to the companies that supplied them. Target removed its listing after the Journal pointed it out, and declined to comment.

Meanwhile, Sears and Kmart, whose previous parent company was a member of a safety-monitoring group, have resumed importing from banned factories, shipping records show. A new postbankruptcy ownership structure under financier Edward Lampert didn't continue as a member of monitoring groups. A spokesman for Sears and Kmart didn't respond to questions about the company's sourcing policies.

Blacklisted pants

Clothing sellers formed two safety groups in Bangladesh after the 2013 Rana Plaza collapse. The factory complex, which manufactured clothing for several Western brands, killed more than 1,100 when it fell and injured many more, some of whom were stuck under the rubble for days. One worker the Journal interviewed a year after the accident survived by sawing off her arm. Together, the groups have blacklisted more than 300 factories.

One group, Amsterdam-based Accord on Fire and Building Safety in Bangladesh, has mostly European members. The other, Dhaka-based Alliance for Bangladesh Worker Safety, attracted mainly U.S. members, such as Walmart, Target, Costco, Gap and Nordstrom Inc. Alliance members were expected to abide by Accord's blacklist.



Clothing sellers formed two safety-monitoring groups in Bangladesh after the 2013 Rana Plaza collapse, above. PHOTO: A.M. AHAD/ASSOCIATED PRESS

Alliance transferred operations this year to a group with less stringent rules, Dhaka-based Nirapon, which neither issues a blacklist nor publicizes the safety performance of factories members use. MD Yazdani, communications manager for Nirapon, said it facilitates third-party inspections for factories that make clothes for members and that Nirapon sends out its own inspectors to review a portion of those.

As of 2017, 11 retailers accounted for more than 50% of U.S. clothing sales, Morgan Stanley reported last year. Of those, three didn't join the safety-monitoring groups—T.J. Maxx parent TJX Companies Inc., Ross Stores Inc. and Amazon. TJX said it orders very little clothing from Bangladesh. Ross Stores didn't respond to requests for comment.

To trace how Amazon lists clothes from factories the monitoring groups banned, the Journal used records from a global-shipping-records database, information on Amazon.com, factory-inspection reports from the safety-monitoring groups and interviews with dozens of people in the New York and Bangladesh garment industries.

The Journal reviewed shipping records from Panjiva, a division of S&P Global Inc. that collects them, for 122 banned factories that appeared to be still in operation. Since being banned, 67 of those had sold to wholesalers whose wares appear on Amazon, records show.

The Journal was able to link products on Amazon to codes or product descriptions in shipments from 51 of those factories. Of those 51 factories, 16 shipped items that were sold by Amazon directly and 35 shipped items that were listed on Amazon.com by third parties.

Of the 122 factories, 33 had sold to wholesalers whose wares were on Walmart.com. The Journal linked specific listings on Walmart.com to codes or product descriptions of 22 factories. Items from seven of those factories were sold directly by Walmart; the rest were sold by third parties on Walmart's marketplace, which numbers about 22,000 sellers.

Many listings on Amazon.com and Walmart.com don't show product codes, nor do many bills of lading in shipping records, making them difficult to trace. And the Journal could count records only for shipments sent directly to the U.S., not those traveling first through other countries.



Riverside Apparels's Chittagong factory that Accord blacklisted. PHOTO: ASHIQ ALAM FOR THE WALL STREET JOURNAL

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found on Amazon from banned factories were pants from Klarion Designs Ltd., a Chittagong maker that Accord blacklisted in 2017 after the group waited two years for the owner to remove locking doors and fix damaged walls. The Journal in August found 11 styles of Klarion-made pants on Amazon.com for \$18.95 to \$44.95, some sold directly by Amazon and others by third-party sellers.

One shipment of women's cargo pants left Chittagong on the ship CMA CGM Elbe, shipping records show, landing on Aug. 14, 2018, at Oakland, Calif., for wholesaler Amtai International Ltd. Amtai sold the pants to Amazon, which then listed them directly under the brand name White Sierra, according to shipping records and Amazon listings.

Amtai has imported 15 tons of pants from Klarion since the Accord ban. The records don't show how many tons were later listed online. Klarion's owners didn't respond to requests for comment. Amtai Vice President Larry Tsui declined to comment. Amazon took down the listings after being contacted by the Journal.

Accord and Alliance documentation says they inspected many of Bangladesh's thousands of garment factories, usually giving them a year or more to address problems before a ban. Of the 1,794 inspected factories detailed on Accord's online database, its records show it has declared about 8% ineligible.

Companies joining Alliance and Accord agreed to legally binding conditions. They included the requirement that the companies abandon factories that didn't meet the groups' standards and agree to enforcement by an independent arbitrator.

Under Accord's terms, two unions brought two fashion companies to arbitration and scored settlements in 2017 and 2018, one of them valued at about \$2.3 million; the companies' names weren't disclosed. The unions claimed the companies weren't doing enough to ensure factory safety.

Fashion foray

Amazon began advertising itself as a place to buy clothing in 2012, pitching its Amazon Fashion clothing site. By 2017, its share of U.S. clothing sales was 7.9%, just behind No. 1 Walmart, estimated Morgan Stanley analysts, up from less than 1% in 2006. They predicted last year that Amazon was on track to pass Walmart as No. 1.

Much clothing on Amazon comes from Bangladesh, among the world's largest clothing exporters. Amazon publicizes little information about its supply chain, offers few details about how it enforces safety and doesn't require third-party sellers to disclose the factories where products come from. Many listings don't identify the country where the products were made, so it typically isn't possible for consumers to tell if sellers are buying wares from Bangladesh.

Many of Amazon's most popular listings for clothes are marketed under little-known brand names, according to an analysis of the best-selling women's clothes on the site by data firm Marketplace Pulse. That best-selling list changes often: An average of 3.5 new brands, many of them obscure, appear on the list every day. The list of best-sellers recently has included such anonymous-sounding brands as XMYIFOR, from a seller based in China, Marketplace Pulse said. XMYIFOR in an email confirmed it is a China-based brand.

On Tuesday afternoon, 85% of those listings were from little-known brands.

Where Amazon itself is an item's seller, the company lays out general requirements for its suppliers in a webpage titled "Responsible Sourcing": Factories need alarms, emergency plans and other measures to prevent workplace deaths. The Amazon spokesman said it works with suppliers to make sure they "are continuing to make progress under the Accord's requirements," adding that it has conducted more than 150 audits since last year of Bangladeshi factories supplying Amazon-owned brands.

Amazon doesn't have any explicit rules governing factory conditions spelled out in its standard contracts with third-party sellers beyond an agreement that no item be produced by a child or a convict or through forced labor, and that any entity in the supply chain follow local labor laws. A link on the website with guidelines for third-party sellers directs them to a document that explains there are specific supply-chain rules for Amazon's suppliers.

"The standards require selling partners to consistently monitor and enforce those standards in their own operations and supply chain," the Amazon spokesman said.

Look Inside a Bangladeshi Clothing Factory

All Weather Fashions moved to a new factory after a safety-monitoring group suspended its previous facility, citing unsafe conditions, but hasn't sought approval for the new location.



Workers at the All Weather Fashions Ltd. factory. Managing director Md. Tariqul Islam moved his garment factory here on Dhaka's outskirts in 2017, after the Accord on Fire and Building Safety in Bangladesh suspended his previous factory, citing unsafe conditions. ALLISON JOYCE FOR THE WALL STREET JOURNAL

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Amazon's early push in apparel came at about the time Western companies were pulling out of Bangladesh or joining Alliance or Accord in response to public outrage over the 2013 Rana Plaza collapse and a 2012 factory fire near Dhaka that killed more than 100 workers.

"It was a hard time for factories," said Nazrul Islam, a director of the Bangladesh Garment Manufacturers and Exporters Association. Alliance in 2017 suspended his factory, Zisas Fashion Ltd., for violations including cracked walls and failing to install a water supply for firefighting. Mr. Islam denies it was suspended, despite Alliance documents showing it was.

Many owners reinforced sagging beams, unblocked fire exits and installed alarms. Others closed factories. Some, like Mr. Islam, kept going without bringing their factories up to the safety group's standards. Among those listing Mr. Islam's clothing is Amazon.

Amazon had decided against joining the safety-monitoring groups early on because it wasn't yet buying directly from Bangladeshi factories, some former employees said. More important, it didn't feel obligated to police the suppliers of its third-party sellers.

Mr. Islam in July said 95% of his production now goes to a New York company, Amerex Group LLC, including fleece-lined "London Fog" jackets it had listed on Amazon for \$20 to \$40 this spring. According to shipping records, Mr. Islam's factory has sent 25 shipments to Amerex since the 2017 ban, including seven this year, as recently as August.

Amerex President Ira Ganger said his company has no further production planned for Zisas. Amazon removed the listings after being contacted by the Journal.

Alliance banned HKC Apparels Ltd.'s Chittagong factory in 2017 after giving it three years to fix sagging structural beams in the seven-story building, and to add sprinklers and special walls to prevent a fire in one location from igniting the rest of the space. Rakibul Alam Chowdhury, chairman of the RDM group, HKC's parent company, said he didn't own the building and that while he made some safety improvements, the landlord wasn't willing to make changes Alliance demanded.

Shipping records show that HKC's clothing shipments to Alliance members stopped but that business continued to come in from clients including Stormtech Performance Apparel, a British Columbia seller of ski jackets and other outdoor gear that didn't join Alliance.

The Journal found a Stormtech jacket for sale on Amazon this spring that Mr. Chowdhury said matched a jacket HKC's factory made. He said he stopped shipping to Stormtech in 2017. Records show that, in 2018, Stormtech imported about 23 tons of anoraks, polo shirts and other clothes valued at more than \$480,000 from HKC.

Stormtech eventually told Mr. Chowdhury it would no longer use his plant, for violating company standards, said Mr. Chowdhury and Stormtech's supply-chain chief, Georgeta Navodarszky.

Shannon Ward, Stormtech's director of marketing, said her company started buying from HKC before it was banned and stopped buying from it last year, adding, "We strongly support efforts to improve safety for workers at our supplier's facilities, and will continue to ensure that we maintain the highest standards for our suppliers."

Amazon took down the jacket listing after being contacted by the Journal.

The yellow gingham toddler's top on Amazon came from Riverside Apparels, a Chittagong factory where a supervisor, Mohammed Bahar, said conditions are definitely worse than at the safety-monitoring groups' approved factories.

“In a noncompliant factory,” he said, “you don’t get paid on time, you don’t get a bonus like other factory workers and you don’t get medical leave.”



‘In a noncompliant factory,’ says Riverside supervisor Mohammed Bahar, above, ‘you don’t get paid on time, you don’t get a bonus like other factory workers and you don’t get medical leave.’ PHOTO: KARAN DEEP SINGH FOR THE WALL STREET JOURNAL



Riverside director Rifat Bin Kibria, left, at a Dhaka factory. PHOTO: KARAN DEEP SINGH FOR THE WALL STREET JOURNAL

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bria referred questions about the factory to its director, his son Rifat Bin Kibria, who said he was aware of the problems noted in the ban—among them, columns that are too weak to hold up the building. Since joining the company within the past two years after completing a business degree in London, he said, he has been trying to shift production to a new factory.

The Journal traced the toddler top, through shipping records and interviews in Bangladesh and the U.S., to a New York City wholesaler, Trendset Originals LLC. Trendset sold the shirt to a local store, Cookie’s, which listed it on Amazon and Walmart. The Journal also found two other shirt styles from Riverside on Amazon.

Trendset spokesman Josh Nass said, “The company has always operated in good faith with the highest ethical standards. It has only dealt with the factory in question through a conduit who it faults for not having performed proper due diligence.” The company has stopped doing business with the middleman moving forward, he said.

Cookie’s Vice President Al Falack said: “Each vendor that we work with pledges to us that they only use factories that are safe and humane. The allegation that one of our vendors is using a factory known to be unsafe is appalling to us and we will be taking action on this vendor. The vendor has re-pledged to us that they will not be using any unsafe factories moving forward.”

Amazon has been expanding its efforts to encourage listings directly from suppliers in Bangladesh, some factory directors said, with company representatives attending seminars to teach factory owners how to sell on the website without middlemen.

Md. Belayet Hossain, managing director at Fabin Apparels Ltd. in the outskirts of Dhaka, said Amazon wrote in 2016—the year Accord blacklisted his factory—asking what products Fabin made and whether he would be interested in selling on the site. Mr. Hossain said he has struggled to survive since the Accord ban by trying to sell T-shirts to companies that ignore the bans. Still, he turned Amazon down: “I don’t know how to operate that kind of business.”

Faiaz Rahman, director of Urmi Group—a Bangladeshi manufacturing group with factories that aren’t blacklisted—said that when he began selling activewear in the U.S. directly on Amazon in February, Amazon didn’t ask for safety-certification information. Amazon did ask for the information, though, when he joined a separate program to sell clothing in a partnership with Amazon that gives Amazon the right to buy the brand.

“Amazon is just the platform,” he said. “Anyone can sell anything.”

—*Karan Singh, Shane Shifflett, Raffaele Huang and Sky Chadde contributed to this article.*

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