DO WE BUY IT?

A supply chain investigation into living wage commitments from M&S and H&M

Do we buy it?
is a joint report by Labour Behind the Label, Cividep, SUM, Heather Stilwell and CLEC.

Labour Behind the Label (LBL) is a UK based NGO campaigning to support garment workers worldwide in demanding and defending their human rights. LBL is a member of the UK platform of the Clean Clothes Campaign.
labourbehindthelabel.org

Cividep is an NGO based in Bangalore, India, which empowers workers and communities to ensure businesses comply with human rights, labour rights, and environmental standards. Cividep educates workers, studies effects of corporate conduct, dialogues with stakeholders and advocates for policy change.
cividep.org

Stand Up Movement, is an Sri Lankan NGO, established in 2008 with a focus on raising awareness among garment workers of their rights and entitlements. Stand Up Movement carries out research and lobby work, and provides legal advice to workers in garment factories.

Center for Alliance of Labor & Human Rights (CENTRAL), based in Phnom Penh, Cambodia, empowers Cambodian working people to demand transparent and accountable governance for labor and human rights through legal aid and other appropriate means. CENTRAL organizes, protects and echoes the voices of Cambodian workers in their pursuit of workers' rights and social change.
central-cambodia.org

Heather Stilwell is a journalist who documents human rights struggles in countries across Asia through photography and reporting which connects directly with people affected and those seeking change.
heatherstilwell.com

Authors: Anna McMullen and Sanjita Majumder (India section)
Researchers: Kavya Thangam, Priyalal Sirisena, Heather Stilwell, Joel Preston

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Photo: The kitchen of a worker from an M&S supplier, in Bangladesh

Contents

1. Summary	2
2. Analysis of M&S's wage commitment	4
3. Key findings and case studies from M&S's target countries	
#1: Sri Lanka	6
#2: India	9
#3: Bangladesh	16
4. Why M&S are failing to deliver on living wage aims	18
5. Analysis of H&M's wage commitment	20
6. Key findings from H&M target country - Cambodia	22
7. H&M wages show improvement but not enough	24
8. Conclusions and recommendations	26

Summary

Marks and Spencer (M&S), the UK's most trusted supplier of pants and socks, and H&M, the UK high street's favourite low cost fashion store, have both promoted their brands as different from the rest by claiming ethics set them apart. Through paper bags, clothes recycling, eco collections, and strategic press moments, these two brands have claimed to do things differently. But do these claims have a grounding in reality for workers on the other side of the world making their goods?

Specifically, H&M and M&S have set themselves apart from the pack by making headline commitments to ensuring a living wage is possible for workers in their supply chains. Both brands have hung their ethical credentials around this key human rights issue, to great applaud, but without reporting clearly on the outcomes of the schemes. While consumers are left to trust that what was said is being done, many are left wondering about the real impact of the promises that were made.

Our research set out to unpick powerful corporate narratives about fairness and respect in business, and evaluate these two schemes. M&S's programme has now passed its deadline, and H&M's is just starting to take off. Has M&S's programme been successful in enabling a fair living wage to be paid to workers by 2015? And is H&M's fair living wage method taking root and making a difference?

This is what we found.

When we analysed wages in M&S suppliers, we found that the impact of their commitment on real wages had been minimal. At M&S suppliers in India, Sri Lanka and Bangladesh, workers continue to live in abject poverty.

In Sri Lanka, basic pay averaged Rs. 13,500 a month (£64.30) but workers estimate that a basic living wage, one which would allow their families to live with dignity, would be more like Rs. 33,000 (£153.10). Living conditions were poor, with workers sharing single room tin roof houses. 75% of workers did not have running water or access to a tap, and most were sharing an outside toilet with 10 or more others. 60% of workers were in debt of some kind. Overtime was a serious issue, and factories fiddled their books to hide the illegal 100 hours of overtime a month that workers sometimes had to work to make ends meet.

In India workers reported verbal harassment, gender discrimination, and unspecified wage deductions. 60% of workers were in debt, with some owing huge sums to friends and money lenders, and having to pay Rs. 2000 a month to cover debts and interest. Workers earned an average monthly wage of Rs. 6284 (£63.50) but when asked how much they needed to earn in order to provide a decent living for themselves and their dependants, on average, workers estimated Rs. 13,000 (£127.12).

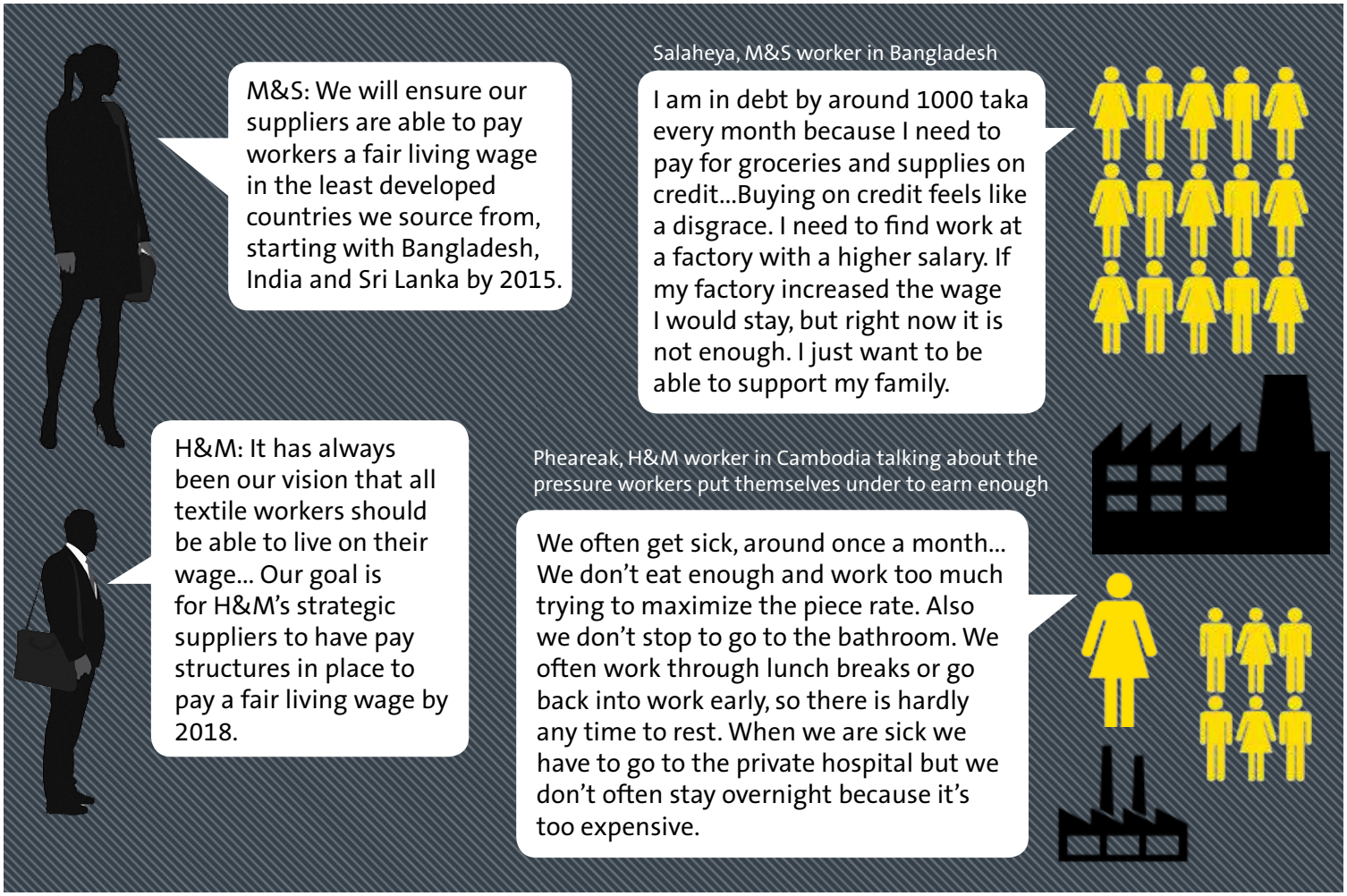
In Bangladesh, we found M&S workers living in slum housing, and in debt, having to pay for groceries on credit each month because wages were too low. Workers were earning a maximum of 8000 taka (£66.61) including long overtime hours, but estimated that a basic living wage would be around 15000 taka (£124.90).

Looking to H&M's fair living wage work, we sought out H&M strategic suppliers in Cambodia to analyse their wage levels. Wages had increased, but not enough to meet a living wage level. Workers reported issues with short term contracts limiting their rights to holiday and bonuses. In some factories, piece rate systems had been put in place causing workers to skip breaks, and leaving them exhausted and prone to regular illness. Average take home pay came in at $187.97 a month (£123.71) but workers estimated they needed $230 a month to live with dignity.

Verdict on M&S and H&M's living wage rhetoric: Fail (so far).

Rhetoric vs. Reality

Figure 1. What M&S and H&M say about wages at their supplier factories compared to workers

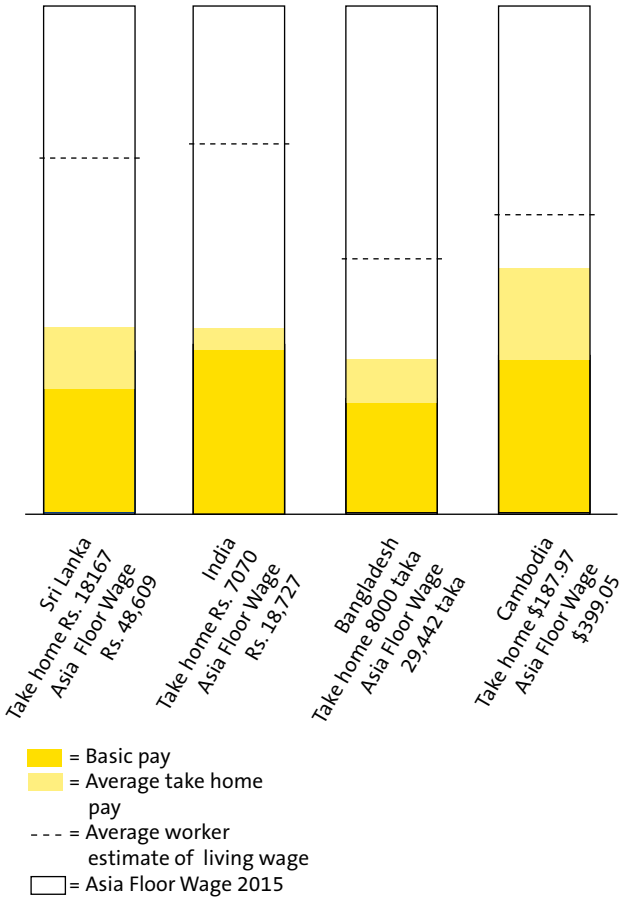


Recommendations

Labour Behind the Label calls on M&S and H&M to:

1. Set and publish living wage benchmarks that provide a level of dignity for a family, and use these when costing payments to suppliers to ensure that purchasing practices do not preclude payment of a living wage
2. Implement programmes, using these benchmarks as a target, that actually increase wages while not impacting on workers' health,
3. Engage in negotiating and signing Enforceable Brand Agreements (EBAs) [Definition: EBAs are agreements made which empower workers and their organisations to address the root causes of workers' rights violations, are applicable across a number of workplaces, have mechanisms to ensure signatories take action stated, and are signed between brands and local trade unions, ideally supported by global federations and other global alliances],
4. Work transparently, including publishing data on progress towards measurable goals, publishing social audit reports, disclosing the names and addresses of supplier and subcontractor facilities in a spreadsheet format, and other key data about production facilities,
5. Investigate the rights violations listed in this report and take steps to remedy violations where appropriate.

Figure 2. Pay vs. living wage estimates and benchmarks from our study



Marks & Spencer's commitment

"A fair living wage enabled in Bangladesh, India and Sri Lanka by 2015"

A public, time-bound commitment to a living wage is an important step for any company serious about improving the economic position of workers in its supply chain. It ensures that this vital commitment is clearly communicated and accepted by everyone at all levels of the business, and is connected to all aspects of how the business operates. So in 2010, when M&S included a time-bound commitment to a living wage in its sustainability programme Plan A[1], it was warmly welcomed by many living wage campaigners. Notably it stated that M&S would:

> *"Implement a process to ensure our suppliers are able to pay workers a fair living wage in the least developed countries we source from, starting with Bangladesh, India and Sri Lanka by 2015. We will achieve this by ensuring that the cost prices we pay to our suppliers are adequate to pay a fair living wage and by rolling out our ethical model factory programme to ensure the cost price benefits are paid to workers."*[2]

The commitment received praise in development and corporate communities alike, including from ETI, ActionAid[3] and others. In Labour Behind the Label's 2011 Let's Clean Up Fashion brand survey[4] M&S was given the highest mark allocated that year. M&S has received 100+ awards since it launched Plan A, including Ethical Consumer's 'Most Ethical High Street Clothing Retailer' in 2014.[5]

Plan A commitments have underpinned M&S's public facing messaging from 2010 to date, including in-store advertising and press. This has translated into significant financial gain for the firm. Mike Barry, director of Plan A said in April 2015: "Plan A proves that an effective sustainable business plan ultimately delivers value for shareholders. Last financial year, it delivered a net benefit of £145 million."[6]

Wording fails to ensure workers get increased pay

Let's turn more closely to the commitment itself. Due to a clever corporate slight of hand, the commitment falls short of ensuring workers themselves actually receive any wage increase. Rather M&S says it will ensure it is possible for suppliers to increase wages should they wish to do so. It delivers an internal process to evaluate costs and work with suppliers on a programme enabling wage improvement. This, while not unwelcome, does not commit to a measurable change for workers directly.

Evaluation impossible

The achievement of the goal is difficult if not impossible to evaluate or quantify from the outside. As the commitment is based on an internal process about which no data or costs are available, it precludes the possibility of anyone outside the company measuring one way or the other if the target has been met. This not only applies to the process, but also to the figure that M&S are using to define their fair living wage. As we have remarked in our previous reports[8], M&S have failed to publicly define their fair living wage with any figure, and the mechanism for ensuring it is passed on to workers is far from water tight. By keeping their commitment vague and failing to provide any verifiable data on its progress, everyone is simply left to trust M&S is actually doing what they say.

No commitment to pay more

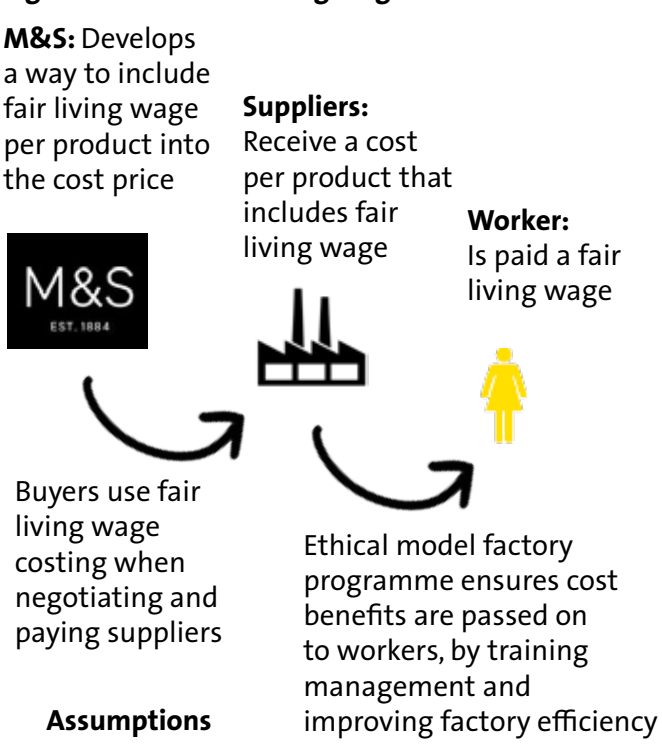
Despite an implication in the commitment that an increase in cost prices is on the cards, there is no firm wording tying M&S to putting up costs paid to suppliers to ensure the improvement of wages. The emphasis of the scheme rather seems to be on increasing factory efficiency – an approach often favoured by corporates, but which has yet to prove it actually leads to any significant increase

"M&S is at the forefront of ethical sourcing and its new Plan A commitments to implement mechanisms to achieve a living wage for the workers who make its products across Bangladesh, India and Sri Lanka are fantastic and sector-leading."[7]

Dan Rees, Director of the Ethical Trading Initiative in 2010

in wages for workers – and on ensuring suppliers take less profit from the cost. In a meeting between ActionAid and M&S staff in 2010, M&S stated they were confident that in the majority of cases, prices already paid to suppliers were adequate to cover a fair living wage, and that factory inefficiency or owners taking too great a share of the value was at the root of low wages[9]. This concern was further underlined when M&S refused to sign a statement issued by other global brands in September 2014 saying they would pay more if the minimum wage in Cambodia were to increase.[10]

Figure 3. M&S's fair living wage model



Assumptions

- M&S's Fair Living Wage is calculated fairly and is enough to live on
- Suppliers are able to factor in the increased wage cost into wages, despite M&S being one of many buyers in a factory
- The Ethical Model Factory Programme is able to reach out to all M&S suppliers in India, Sri Lanka and Bangladesh, encourage supplier engagement, and that the programme is successful in transferring gains to workers

The Ethical Model Factory Programme
What is it?

Through the Ethical Model Factory programme, M&S works with their suppliers in Bangladesh, India and Sri Lanka to offer a combination of training and intervention to improve management processes and factory efficiency. Three elements are covered: workers' rights training; human resource systems and industrial relations management training; and productivity training for industrial engineers and production line management. Gains from productivity improvements (factories functioning better with less time and resources wasted) are supposed to save suppliers money and increase wages for workers. M&S say this training programme has helped suppliers improve in a number of areas including overall productivity, wage levels, lower absenteeism, and increased skill levels.[11] The initial 3 trial factories in Bangladesh reported average total monthly wage increases of up to 5.3%. Roll out of the scheme across the supply chain reportedly saw wages increase by up to 42% in some participating factories in Bangladesh, although a significant minimum wage increase (80% increase) also happened during this period which may account for the majority of this success.[12]

What M&S say about their living wage commitment

The 2014 Plan A report showing progress against goals noted that the commitment on supply chain living wage had been "Achieved":

"We developed and used a buying tool that allowed us to take into account a fair living wage when we set the cost price for products made in Bangladesh, India, Sri Lanka and other locations. However, this didn't automatically result in factories paying a fair living wage, so we're involved in a number of collaborative programmes to address this issue."[13]

Our method

For reasons already explained, there is no way to measure whether M&S really has achieved what it claims to have done in its Plan A living wage commitment. However, given the significant praise M&S has received for the commitment, along with the fact M&S appears to have now dropped the living wage as a key priority for its work, we felt it was worth seeing if this five year programme had made a difference to wages on the ground. Focusing on the three production countries that M&S focused its commitments on, we visited eight factories and asked 150 workers a number of detailed questions on issues ranging from monthly income to housing, debt, food costs, savings, family dependants, and hours. This enabled us to gather data to check what figure M&S may have been using to assess living wages (based on a formula they provided), and to check if this was being paid to workers. 90% of the survey respondents were women, to reflect the average gender ratio of the factories. M&S has not yet published a supplier list or detailed which suppliers were used to pilot its ethical factory programme so the factories selected are a snapshot of those M&S suppliers we were able to identify via our contacts in each country.

Sri Lanka: low wages, slum housing

The first of M&S's stated programme countries is Sri Lanka. Around 283,000 people are employed in the garment industry in Sri Lanka, a large proportion of it centred around Colombo city in Katunayake Industrial Zone. Over 80% of these workers are young migrant women from rural parts of Sri Lanka who have come to the city for work. The minimum wage for garment workers in Sri Lanka is just Rs. 9,325 (£44.80) a month.[14] Wages in the private industrial sector remain low relative to the rising cost of living in the country, despite annual wage revisions. A study using the Colombo Consumer Price Index in 2014 showed that the cost of a basic consumption basket for the average household in Colombo is now Rs. 51000 a month yet take home pay in the private sector per capita averages only Rs.17262.[15]

We interviewed workers from three factories in the Katunayake Industrial Zone, each employing 1500 – 2000 workers. All were producing for M&S, alongside other brands including Adidas, Asda George, and Tesco, making sports polo shirts, t-shirts and other casual wear.

Low wages

Average basic wages for workers were marginally above the minimum wage, with helpers and quality controllers receiving a monthly salary of between Rs.9,500 and 14,000, and machine operators Rs. 10,500 – Rs.14,500. The few supervisors we interviewed were getting considerably more – Rs. 38,000 a month. Overtime was received on top of this, and social security contributions were also provided by the employer as per law. In all three of the factories workers reported that deductions were taken from their salaries if they arrived late to work, sometimes only by a few minutes. Take home pay averaged Rs. 18,167 a month (£87.18). This meant workers were paid an average of £3.23 a day, including overtime, for an average ten hour day.

30% of workers we spoke with were the only wage earner supporting their family unit, and average family sizes were 3+. Many others were the main breadwinner with secondary incomes supplementing this, with 1.53 as the average number of wage earners in each family. As such wages from the factories were vital in providing for more than one person's wellbeing. When we asked workers how much they would need as a minimum salary to live a decent life and support their families, all quoted figures between Rs. 30,000 and 40,000. Average household incomes were Rs. 27,567, showing that even with supplementary jobs and overtime, wages were below the level needed for workers to live with dignity. Many workers said they currently have to borrow money from pawn brokers or from their friends as their wages consistently fail to provide for the basic needs of their families. 60% reported being in debt of some kind.

Factory conditions

There were no trade unions in any of the factories. Interviewed workers said that they had not heard of any attempts to form trade unions although they were aware of other external worker movements who were raising issues about labour rights. Workers reported that all of the factories were clean with good toilet facilities, water, and some medical provision. All three provided lunch

for workers, although some said that the quality of the food was poor. Most workers we spoke to were on permanent contracts, which were offered to them after a six month probation period.

High, illegal, levels of overtime

2 hours a day of overtime work was generally expected of workers per day, including Saturdays and occasional Sundays. This is on top of the regular 8 hour day, excluding a 30 minute lunch break and two tea breaks. Workers spoke about fluctuating levels of overtime at the factories. In some months with high production targets workers said that they had to work around 100 overtime hours a month (I.e a 12 hour day), 40 hours over the legal limit. They said that when this happened, only 60 hours were added to their salary sheet, and the other overtime hours were noted in a book and paid separately. We were told that management ask employees to put their fingerprints on the fingerprint attendance machine, officially 'ending the working day', and then to carry on working their overtime. At the time of interviewing, 20% of workers were illegally being asked to do more than 60 hours overtime and the highest reported overtime level was 110 hours.

Small shared rooms; 15 workers to a toilet

Workers we spoke to were living in rented rooms a few kilometers from the factories where they worked. These rooms were described as less than 3x3m (9sqm), shared by two or more workers. They are used for sleeping on mats, and for cooking. 75% of workers said their rooms did not have running water or a tap, and they had either to use a well or collect water from elsewhere. Other workers said water was only available at certain times. In almost all the housing, a room for washing and a toilet were located centrally, and shared by 10 to 15 people living nearby. One of the factories had hostel facilities for the factory specifically, but workers said that only new-comers stayed in these packed hostels, before finding their own accommodation elsewhere.

A toll on family life

23% of the workers we spoke to had children but due to economic and childcare pressures, had had to leave them behind with husbands or parents. Workers rarely got to travel home to see children and family. The vast majority - 80% - only visited their families once every three months or less, as they said travel was expensive and leave difficult to get. In a number of cases the workers we spoke with were the only wage earner in their family, meaning a lot of pressure was on their shoulders to support parents and siblings. Workers said that, due to 10-12 hour days, 6+ days a week, they did not have enough leisure time, and this has had a negative impact on their personal and family relationships. Only a few workers, whose homes are located close to the industrial zone were able to stay with their families.

Photo: Mallika collects water from the well as there is no tap.

REAL LIVES: SRI LANKA

"Sometimes I have to borrow money – at this moment I am in debt"
Name: Mallika Jayasuriya, 43, works in quality control for an M&S supplier
Family: Came from a farming family, with five siblings. Married at 23, but her husband died, leaving her with a one year old child. She went to work in the factory to earn enough to get by.

"In 1997, I joined a factory as a helper. At that time my monthly salary was Rs. 3,300. My present position is Quality Control Supervisor and my salary has increased up to Rs.22,000 recently. I have found it difficult to meet my expenses out of this salary. Apart from the small income from paddy cultivation, the only income my family have had is my salary. Apart from my own expenses, I have to spend for the needs of my child. I also have helped my brother and sister in their expenses for education. When they got married, I had to contribute to the expenses of marriage ceremonies. When my father suffered losses in his paddy cultivation, then I had to help him. Sometimes I have to borrow money - at this moment, I am in debt for Rs.150,000 (£720) after mortgaging my gold jewellery. I visit my family once a month. My parents take care of my child while I am in the city for work. Now he is 19 years old.

I have to pay a sum of Rs. 2,200 monthly for my boarding place, which is 2km from the factory. There are about 10 workers at my place, and we share a common wash room situated outside the rooms. We do not have tap water facility and we use a common well. There is a factory transport bus. I leave my boarding place for work early in the morning, and some days I have to work till 10pm. Even though only 60 overtime hours are reflected in my salary slip, in some months I work 110 overtime hours. In such months I earn a considerable salary of about Rs. 45,000. I have worked for about 18 years in this factory but I have so far failed to plan any activity that will generate an additional source of income. I am building a small house, and I have not been able to finish the construction works. I want to buy a lorry and engage in some business."

India: debt, harassment, no dignity

India, the second of M&S's target programme countries, continues to be a major player in the Asian garment industry. Nationally 8 million people are employed in the sector, around 60% of whom are women.[16] Minimum wages remain low at around 6500 Indian Rupees per month (£64) [17]. Issues such as systematic avoidance of payment of legally mandated benefits, prevalence of the informal sector leading to precarious employment, discrimination based on caste and gender, and bonded and child labour, continue to impact on workers' rights and lives.

The Industrial district around Bangalore is a key centre for the garment industry in India, and hosts a number of factories supplying M&S. In June 2015, we interviewed workers from three factories, across a range of grades, in and around Bangalore City, Karnataka. South of Bangalore in Hulimavu, Factory 1 had roughly 2000 workers making men's drawstring jogging pants and polyester running shorts for M&S and brands including Nike and Superdry. Factory 2 employed around 3000 workers in the Peenya Industrial area of Bangalore, and was producing high fashion women's dresses and tops for M&S, Walmart and C&A. Factory 3, located in the Doddaballapur district, employing 800 – 1500 workers, was a newer factory, producing for Indian brands including Raymond and Blackberry, as well as M&S. It was producing men's polo shirts and formal shirts.

Wages not enough to live with dignity

Workers lead a hand to mouth existence. Income earned at the factories was not enough to support basic expenditure and workers relied heavily on second incomes within the family in order to make ends meet. The strain on income started to show for the workers who were either divorced or widowed, with dependants, and without family support. Workers earned an average monthly wage of Rs. 6900 (£67.96) at factory 1, Rs. 7250 (£71.09) at factory 2, and Rs. 7070 (£69.33) at factory 3, including overtime and after deductions. When workers were asked how much they needed to earn in order to provide a decent living for themselves and their dependants, on average, workers said Rs. 13,000.

The majority of workers interviewed were living in small family units, where the average number of family members in each house was 3.7 (and where 1.4 were children under 18). Second incomes from husbands of garment workers propped up household expenditure, with many working as labourers, salesmen or security guards. Average household income was Rs. 13266. 46% of workers were sending money to relatives elsewhere, and of those, they were sending an average of Rs. 2357 a month – a significant proportion of their wages.

Only 23% of workers interviewed said they were able to make any monthly savings, and these were only small – an average of Rs. 810 a month. 60% of the workers were currently in debt, having taken loans from pawnbrokers, banks, neighbours and relatives, for significant expenditures like operations, school admission fees, or weddings. Servicing this debt was also a monthly expense, with many making repayments of Rs. 2000 per month.

Figure 3. Average monthly household expenditure

Housing: 2490	Entertainment: 210
Food: 3417	Healthcare 697
Transport 891	Savings: 810
Education: 1222	Money to relatives: 1100
Clothes: 816	Other: 155

Total: Rs. 11808

Most workers reported that food and education expenses were difficult to meet with their present wages. One worker said: "My husband and I were not able to get an education so we work very hard to give education to our children." Every day she wakes up at 5.am to cook breakfast and lunch for her husband and children. However, her family cannot afford a gas cylinder and they use liquid fuel (kerosene) in a stove which takes a long time to cook food. She said, "Our income is not enough. We don't buy eggs, meat, fish or fruits because of high costs. We only buy once in a month or in festival season."

Many single or separated workers had other part-time jobs to compensate for low wages, as the monthly wage of a single earning member of the family is not enough to sustain two or three children or elderly parents back in their villages. Garment workers holding part-time jobs usually worked up to 13 hours everyday including weekends. The male migrant workers found jobs such as cashiers and the women as domestic helpers after their shift at the factory. Workers said that if they got a decent living wage, they would invest in household appliances like refrigerators, washing machines and television sets.

In debt

Across all the workers we spoke to, 60% reported being in debt of some sort. Some had long term debts and others had borrowed in the last month. On average, each owed around Rs. 49,000 to moneylenders, banks and neighbours. Workers mostly said they had had to borrow for health or eduction reasons. One worker said that she had to borrow a huge sum of Rs. 100,000 (£988) from neighbours and relatives for her husband's heart operation. She has already paid back Rs. 25,000 at an interest rate of 3% per month and continues Rs. 5000 every month. Many workers said they had to borrow to pay school admission fees for their children, and in emergencies to cover hospital bills, and this debt had added up. Only a few workers had to borrow on a regular basis for basic items like kerosene or household expenditure, but some did. Workers were paying back these loans at an average interest rate of 4%, or approximately Rs. 2000 a month. This is quite a significant dent in small incomes – more than 1/4 of monthly pay in most cases.

Unfair wage deductions and unpaid overtime

Researchers found that wages workers did receive were docked or unpaid for various reasons in two factories. Workers at factory 1 said that if they were just 10 minutes late for the start of their shift they had Rs. 70 or more (twice the hourly wage) deducted each day. Female workers in factory 1 complained they were not paid for overtime work while their male colleagues were, because management informally 'requested' that the women workers do additional work, while male colleagues were able to refuse. At factory 2, workers said that they did 15-20 minutes of work without pay almost every day, and that where overtime did get paid, it was only ever up to 20 hours a month. If they did more than 20 hours the extra money was deducted on their wage slips for miscellaneous expenditure. One worker said:

"There are many mysterious deductions from the wages and if we question these we don't get the proper response."

Factory 2 workers also said that they had excessive amounts deducted for transport to travel the 10km into the factory. Rs. 300-400 is deducted per month (6% of their salary) to use the bus that is made to hold 25 workers, but 50-60 workers are loaded in. Workers who commuted using factory transport complained of experiencing nausea and breathlessness. At factory 1 another pay avoidance scheme was also in operation. Workers said it was very difficult to get annual leave. If workers needed to take long amounts of leave, they were asked to resign and join again when they returned, with new provident account numbers. This meant workers who had been at the factory over five years were denied gratuity and other bonuses owed to long serving employees. Workers at factory 3 said improper wage deductions were not an issue.

Poor housing, shared toilets, limited running water

Overall the quality of housing for all workers was low. Few workers had the comfort of toilets inside their houses. Most workers' families were using common toilets located outside their houses, which (near factories 1 and 2) at any time were shared by no less than 15-20 people. Shared communal toilets were said to be in deplorable conditions with no one to clean them regularly, no electricity or running water. The toilets are usually makeshift constructions built out of plastic sheets and a wooden frame. Most houses rented by the workers had a small washing area cordoned off in one corner, which was used for cleaning utensils, clothes and bathing. Very few houses had taps or running water. The women carry 10-15 litres of water every day from the common taps to store in their houses for cooking and cleaning purposes. Drinking water is purchased separately from a clean drinking water tank, as the water available on the regular community taps is not fit for consumption. Near factory 3, common toilets were shared by slightly fewer people – two or more families.

40% of the workers in this housing area did not have running water in their houses.

There were two communal taps in the neighbourhood, one with saltwater and one with drinking water. The water flow of the salt water tap was intermittent and available for only few

Photo: Workers from factory 2 leave for the day.

hours in a day. Drinking water was available only once every two days. Workers paid an average of Rs. 3500 per month in rent, and an initial security deposit of Rs. 22,000 – which sometimes put workers into debt.

Single migrant workers tended to live initially in hostels provided by the factory, while more seasoned workers moved into rented shared houses in neighbouring areas. In factory hostels, workers shared a bathroom between 10-15 girls, and slept on plastic mats spread on the floor. There was one stove top and a few utensils provided for all 15 girls to share.

Basic factory conditions

All three factories were well-lit and mostly clean, with drinking water, and had some crèche facilities. They all had medical facilities available for workers, including access to a doctor, in house nurse, and some medicines. Each also had a factory canteen, which mostly workers distrusted. In factory 1 workers said that, for the same price, food was available from the much better street side stalls outside the factory.

Similarly at factory 2, workers were not pleased with the food: "The food in the factory is very bad and very expensive. They charge Rs. 25 for a meal in which they provide less than 250 gms of rice, some lentils in a broth and some curd, they never have any vegetables. They charge Rs. 15 just for 2 pieces of bread! No one eats at the canteen. At any time out of 3000 workers only about 100 people (mostly the management) use the canteen facilities the rest of them bring their own food." At factory 3 similarly workers described the food as "not good or edible, and the quantity is also too less to be satisfactory. So I am usually hungry by the end of the day."

In factory 2 workers reported that the bathrooms were extremely unhygienic. One girl said:

"It is difficult to go to the bathrooms in the factory without covering our faces because of the horrible smell. They never clean the toilets except during buyers visit. Sometimes the garbage in the bathroom is left there for 3-4 weeks and the menstrual pads that girls throw away remain in the bathrooms."

Harassment a norm

Workers at factory 1 said sexual harassment was common. One worker employed for five years spoke to our researcher about the unnecessary staring and unwanted touching in the factory: "While some speak up, most workers choose to ignore it or even accept it as the way of life", she said. At Factory 1, there is an Anti-Sexual Harassment Committee. Workers informed us that anti-sexual harassment awareness programs had been conducted but only for members of the management and supervisors - workers were

excluded.

At factory 1, daily production targets were around 670 pieces per day for tailors and 1000 pieces per day for ironing, quality checking, and finishing departments. Workers said that daily production targets were completely unrealistic and added a lot of pressure, leading to verbal harassment by supervisors constantly trying to improve the efficiency of their batches. Workers from the tailoring unit said producing 400 pieces a day was nearly impossible unless one took no breaks and worked without stopping for 9-10 hours. A majority of the female workers complained of verbal harassment in case of incomplete production targets.

The daily production target for workers at Factory 2 is 120 pieces per hour and about 1000 finished pieces per day. Workers are given a 30 minute lunch break but most said that they take 10-15 minutes for lunch because of high targets and verbal harassment by supervisors. Some younger migrant workers said they were consistently threatened with deportation and wage deductions for the slightest error.

Older employees at Factory 2 complained they were forced to make difficult embroidered womens tops for Marks & Spencer during over time. Because these were expensive products this complicated work came with a lot of verbal harassment from supervisors. One worker said, "They shout and ask us to hurry up. Sometimes it is impossible to make 60 in one hour but we keep trying till our hands go numb." Workers said that they could not refuse to do overtime when asked because it would mean wage deductions and no extra work in the future.

The daily production target at Factory 3 is 800 pieces per day. Workers said that on an average they are able to stitch no more than 640, which leads to different forms of verbal harassment by supervisors. One worker said,

"Supervisors shout at us a lot when there are pending pieces from the hourly target, he begins to move around the pieces to other workers and finishes the production targets for the hour at any cost."

Gender discrimination limiting wages

In all three factories some forms of gender discrimination were highlighted. Aside from the general levels of harassment to women more than men, gender discrimination was also reflected in pay and overtime. In describing paid overtime work at factory 1, male and female workers spoke very differently. The women workers regularly expressed that they were not free to refuse overtime and any refusal could result in bad consequences such as bullying by male supervisors. However, male workers interviewed seemed to have a different experience of overtime and breaks. One male worker said, "We are free to take break and refuse overtime, no one can stop us. The management is not very strict unlike other factories. The supervisors and managers are our friends, they let us off easily. Most days they even come and sit with us to smoke a cigarette or drink a tea." In factories 2 and 3 workers also said that there was gender discrimination in the wages with male workers receiving more than women workers, on an average gap of Rs. 1000 a month for the same work.

Audit coaching a "bag of lies"

Worker training before audits was common in all factories. In factory 1 workers said 6 monthly visits from buyers were preceded by painstaking cleaning of the factory and visits announced on microphones throughout the factory, where workers were strictly instructed to maintain silence and not discuss their problems . One worker exclaimed that, "I wish the factory would be clean every day and that the bathrooms would have soap and towels, as it would make work so much more pleasant. Instead we have clothes thrown on our faces and supervisors shouting at us to hurry up on a regular day." Another worker said, "No worker will complain about a supervisor when he is standing right next to you? Those who are called into the cabins to speak with Buyers are selected in advance by the management on the basis they will speak in favour of the management." Workers also said they were threatened by the supervisors to not complain to Buyers, because buyers will stop giving orders to factories in which workers show any sign of trouble.

Workers in factory 2 similarly described the buyers' visits as an 'entertaining drama': "During buyer's visits, the premise is cleaned up and everyone is silent. Even supervisors who usually shout are quiet and speak to workers politely." When asked about instructions given to workers before the buyers' visits one worker said, "the supervisor announces the visits on the microphone before the buyers come, he tells to keep your work place clean, wear your ID cards, chappals (slippers) and the masks, be silent. He asks us to stay at our table and not to loiter

Photo: A worker in the housing area near factory 1 washes clothes on the street.

around the work floor and not keep any pending pieces on the machine". Workers also said they are instructed by the management never to tell buyers during audits that they are made to do work without pay or that they have complaints. Workers said supervisors teach them a "bag of lies" that needs to be learnt word for word and narrated to buyers about their working conditions.

Factory 3 gave a similar story. Buyer's visits happen twice a month but all workers are strictly instructed by management not to discuss any problems with Buyers. One worker said,

"We are not getting our salaries at the correct time every month, the management told us that we shouldn't say anything to the buyers about this when they ask about our wages and whether we are receiving them on time."

No unions, opaque worker committees

There was no union in any of the factories, with mixed responses as to why this was the case. Workers in factory 1 said, "Some of us are ready to build union in the factory but only a small number of workers will join us and large numbers of workers are always in favour of management." Although these workers saw it as necessary to form a union in order to ask for higher wages they said that any attempt to build workers' unions are 'debilitated at an early stage and viewed as a grave threat by management'. The factory has no hotlines or grievance mechanisms in place. Workers said in 2011 an NGO conducted a pilot project in Bangalore to test mobile phone surveys and hotlines but this plan was never implemented.

In factory 2 a few workers tried to protest for better wages in 2014 but the taboo created by management around unionising led other workers to be afraid to be seen with the workers organising protests, for fear of retaliation. One worker said, "There is no unity between the workers, if workers say let us fight for the living wage, there are always other workers who are afraid of the management. While some of them fear for their jobs because they can be fired, there are others who are promoted to supervisor and managers and become selfish and think only about their families." The factory has a few internal committees including a canteen committee, a workers' committee and a problem solving committee but most workers said that the committees were a "performance" or fake democracy for the management to show buyers.

"The committees are not helpful to us in any way. Only the committee members are allowed to attend meetings so we don't hear of any problems solved by this committee. If there is any problem in the factory, the management will not allow it to our observation. They resolve it secretly

between the worker having problem and the management."

Another worker said, "There is no use of any committees in the factory; the committees are only for the appearance, to show we are following the rule and guidelines for having committees in our factory but not for any other purposes."

In factory 3 similarly there are a variety of committees including a workers' committee and an anti-sexual harassment committee, but workers said that the committees were not very useful and workers are not aware of what they do. One worker said, "In the previous factory I worked in I knew of some attempts to make a union and solve some of the problems we workers faced. If everybody unionises here maybe we can build a union too but this is a very new factory and most workers are new garments worker."

Workplace injuries brushed under the rug

At Factory 1, equipment to keep people safe at work was not provided, gloves for workers in the ironing unit were distributed only prior to audits or buyers' visits. One worker from the ironing department recounted instances where workers in the ironing and cutting section suffered serious burns or injuries and were asked to take unpaid leave for the duration of their recovery. This meant workers had to borrow money heavily and remained in debt when they returned as no compensation was provided.

Vulnerable workers

Migrant workers in each of the three factories, comprised 20%, 20%, and 6% respectively of the workforces. The migrant population consists of workers from remote villages and districts of East India, such as Orissa, Jharkhand, Bihar, Assam and Andhra Pradesh, who come, or are recruited by agents, to work in factories, leaving behind families and security.

Researchers at factory 2 spoke to young girls recruited in Assam who said they had signed an agreement with a contractor for Rs.7882 per month. The girls were extremely depressed by the living and working conditions. Firstly, at the time of recruitment and training in their villages they were assured accommodation and utilities in the hostels would be free of charge. Having worked for 20 days in the first month the girls received a wage of only Rs. 1400, after a huge sum was deducted for every object installed in the room, including the costs of stoves, buckets, utensils for cooking, brooms and cleaning products, and plastic sleeping mats. In addition they were told that Rs.600 would be deducted every month for their accommodation leading to a wage of 6300/ month. One girl said that she was in extremely poor health and depressed after receiving a wage of Rs.1400 (£13.83) for working so many hours. She had to borrow money from relatives and other girls in order to eat for the rest of the month. She said that she had also worked 4-5 hours of OT and yet no mention was made of it while collecting her wages. One girl mentioned that management had actively discouraged her from getting a wage slip which could prove the illegal wage deductions by saying they could not locate her ID numbers or batch numbers in their files and hence couldn't provide a wage slip. Some girls also said that after they fell sick because of weakness and lack of food that month, an additional charge was deducted from their wages for medicines and doctors' visits.

Long hours leading to marital disputes, separations, domestic violence

Of the total number of female factory workers interviewed, 30% were either widowed or separated and lived with their children. This was identified as quite a high rate of divorce and separation by local organisers Garment Labour Union (GLU) who said this reflected a trend in workers migrating to Bangalore city from neighbouring rural areas. The toll of the industry on workers' families reportedly leads to marital disputes, domestic violence and informal separations, where women are blamed for not carrying out domestic tasks. Activists working at GLU often intervene on behalf of the garment workers struggling with disputes and domestic violence: "A majority of these incidents rise because women have to work long hours at the factory and neglect household tasks and their children."

One of the interviewees was a 35 year old woman whose husband left her and moved in with another woman. She continues to works in the factory because she is unwilling to go back to her village and face being ostracised from her community for her failed marriage. "Many people in my native place blamed me and advised me to go back to him, but I don't want to live like that." She lives with her son and has part-time work on top of her factory job as a domestic helper cleaning floors, utensils and washing clothes for wealthier neighbours. This allows her to earn an additional Rs. 1500. She explained that community or factory support for widowed or single women is negligible.

Photo: Worker for M&S supplier, Jayalakshmi in her one room house.

REAL LIVES: INDIA

"I will never be promoted to supervisor. Supervisors are usually men."
Name: Jayalakshmi Nair, 48, works as a tailor at an M&S supplier in Bangalore, India
Family: Both Jayalakshmi's parents were farmers in the village, and she grew up in poverty. She is married and has two children who live nearby.

"There was not much fun or enjoyment in my youth because I have been working right from my childhood. Even as a child I was always worried about earning money and getting food. I married at the age of 19, an arranged marriage with a man from the same village and we came to Bangalore city looking for work and a better life."

Jayalakshmi is a practical woman and though her husband has nostalgic thoughts about returning to their village and land in Belagodi, she holds steadfast to the life she has built for herself and her children in the city. But life isn't easy. Jayalakshmi doesn't manage to make any savings from her household income despite having three earning members in the family. She has been renting the same one bedroom house for the last 10 years with her family, which is located high uphill on the edge of the workers settlement. Her daughter has married and lives with her husband in the next house. The house has no toilet and they use a common toilet shared by 8 other families.

Jayalakshmi uses the factory buses to commute to work and pays a sum of Rs. 200 every month. As a permanent worker her monthly wage amounts to Rs. 6500. She believes herself to be one of the most experienced and skilled workers at the factory but she says she will never be promoted to become the supervisor. "Supervisors are usually men" she says.

Jayalakshmi's husband earns a monthly wage of Rs. 12000 but he is chronically ill with lung and chest problems. He has been working in a factory producing tiles for the last 10 years and he explains that prior to this he was employed at a factory producing baby powder which he believes has affected his health.

Jayalakshmi recently joined a union after attending the May Day 2015 rally organised by the Garment Labour Union in Peenya. Jayalakshmi spoke openly about the fear and discrimination that labour union members encounter from their colleagues on the work floor. "Since joining the union, the management has on a number of occasions called me to discuss the danger and futility of being associated with the labour unions. But I do not take the management's advice too seriously. I have worked in the factory for 18 years and I fear no one but God."

What workers think about M&S

The workers said M&S consignments always came with very strict instructions against making mistakes and damaging materials. The workers are told by the supervisors that M&S items cannot be damaged as the material is very expensive. The workers said such concentration during work either requires a lot of effort or a lot of experience and skill. Yet they were quick to point out they are paid the same minimum wage even for these difficult pieces. Working for M&S, they said, is no different to working for the other brands.

Workers were asked during the focus groups to estimate the value of M&S clothing when sold in stores. They guessed the cost of each item would be between Rs. 800 and 1000. Each group was shocked to hear that items can easily cost Rs. 2000-3000. One of the workers said:

"Now it makes sense why the management takes so much care about this brand and even puts more pressure on us to finish it fast and with high quality finishing."

The workers calculated that on an average the tailors at the factory each stitch about 640 pieces of clothing per day for which they are paid a daily wage of Rs. 250. Workers were outraged to realise that what they earn in a day, making so many items, is worth less than 10 % of the cost of a single item at the Marks & Spencer retail store.

Bangladesh Case Study: "I just want to be able to support my family."

Name: Salaheya Khatun, 24, works as a sewing operator for an M&S shirt supplier in Dhaka, Bangladesh
Family: Married by the time she was 12, Salaheya had a baby girl at a young age. Her husband brutally beat her as he wanted a boy and sent her back to her father's home when she was 18 after which she never saw him again. Salaheya stitched quilts as a home worker for some time, but she wasn't making enough money so she left home to find a job as a garment worker in 2011.

Salaheya sews shirts at an M&S supplier factory in Gazipur. She works six days a week from 8am-5pm, plus 3 hours of extra overtime per day, to earn around 7000 taka per month (£57.33). Salaheya shares a room in a slum area near her factory with two other garment workers. Her daughter lives with her grandmother in a village six hours away from the factory, so Salaheya only has the time and money to see her daughter for one day every two to three months.

Each month, Salaheya sends home 3000 taka of her 7000 taka salary to her daughter, mother and father. She keeps 4000 taka for herself, but says she feels so much stress and pressure living on this wage that she often loses her appetite and finds it difficult to eat properly. "I am in debt by around 1000 taka every month because I need to pay for groceries and supplies on credit. It is difficult because if I had cash I could negotiate on the price, but I cannot negotiate when paying credit. Buying on credit feels like a disgrace."

"M&S people come to the factory but they just look and leave, they don't ask questions. There is no union in the factory. In 2014, around 50 workers were fired for trying to join a union, so we are now too scared to organize. I need to find work at a factory with a higher salary. If my factory increased the wage I would stay, but right now it is not enough. I just want to be able to support my family."

Bangladesh: families struggling

M&S's final target programme country is Bangladesh. Our researchers in Bangladesh held a focus group with workers from two factories near Dhaka supplying M&S shirts, one with 4500 workers and the other with 2200. The sample size was not big enough to draw generic conclusions about the wages received by workers, although our union partners in Bangladesh say that the following anecdotal evidence is typical for workers from these two factories.

Workers in the group said that basic wages were 6000 - 6500 taka a month (£49.14 - £53.24), but that they could earn 7000 – 8000 taka (£57.30 - £65.49) with overtime of 2 or 3 hours a day, making the working day 10 or 11 hours in length. However, all the workers said that this wage wasn't enough, and that, as they had to send money home to support relatives and provide for children, the wages were too low. Workers sent 3000 – 4000 taka on average home to their families. One worker said:

"I want M&S to make more orders so there is more overtime work so I can get a higher salary. M&S should also fix the unrealistic production targets. Mostly I want M&S to raise the salary. 15,000 taka per month is a salary that I could survive decently on - not well, but decently."

All the workers described their housing as being a single room in tin shack, which was shared with others. Some workers shared together in groups of 3 or more, others had families and children living with them in these slum dwellings near the factories.

REAL LIVES: BANGLADESH

Photo: Salaheya Khatun, worker for a Bangladeshi M&S supplier, in her home.

"M&S is aiming to become the world's most sustainable major retailer by 2015."

Sir Stuart Rose, M&S Executive Chairman, Plan A 2010

EVALUATION: M&S PLEDGE

M&S failing to deliver living wage

It is clear from our research that M&S workers in their three stated focus countries are not currently earning a living wage. In all incidences workers said that wages weren't enough to live on. Besides actual pay figures compared to living wage estimates, common indicators of poverty came through in all three country investigations. Debt was a common problem for all M&S workers we spoke to, with 60% across all three countries reporting some level of borrowing that had to be serviced each month. These loans or credit were not taken to buy luxury items, but rather for necessary and unavoidable items, including school fees, medical bills and, even in some cases, groceries. Another indicator of income not providing for a living wage was the housing quality reported in all three countries. 40 – 75% of workers in each country did not have access to clean running water on a regular basis; most lived in single room houses, often shared with others and affording little or no privacy; the majority reported their only bathrooms were semi-public toilet facilities used by 10+ people. The most severe economic strain was revealed when we spoke to workers who were without partners to provide a second income, and those who had families to support. So despite the recognition M&S has achieved as a more ethical company here in the UK, it seems M&S's Fair Living Wage has not made a significant impact on the workers employed to make their goods.

Where did M&S go wrong?

The Fair Living Wage method relied on three basic assumptions: that the benchmark M&S were using reflected the actual needs of workers themselves; that efficiency gains would be sufficient to ensure pay increase to workers in factories supplying multiple buyers; and that the systems set up in the "ethical factories" would be robust enough to ensure workers themselves benefited from any gains made. From our perspective, these assumptions were flawed from the start, and as such the programme was always going to struggle to actually ensure workers throughout the supply chain were able to earn a living wage

A calculation that outputs a fair living wage?

M&S has repeatedly failed to disclose the benchmarks it was using to calculate a living wage, or any specific wage data showing the impact of the scheme. However we were sent the formula they use to generate benchmarks.[27] We gathered data in India to test this formula, and found that M&S's living wage figure for India, would come out as just Rs. 8580. This is just 67% of the minimum living wage estimated by workers, and 46% of the Asia Floor Wage - a figure calculated as sufficient to support a family of four. So why is the M&S benchmark so low? One problem with the M&S formula is that it fails to take into account unpaid domestic work, such as childcare or support needed for elderly relatives. This is particularly important exclusion in an industry where the majority of workers are women, and as such expected to bear responsibility for such costs. The formula says that the needs of a family should be met by an average number of wage earners. For families living on low wages it is common for most adults

Figure 5. Basic and take home pay vs. worker estimates of living wage and AFW in M&S suppliers

	Monthly average basic pay	Monthly take home pay in local currency	Average worker living wage estimate	Asia Floor Wage 2015	Basic pay as % of living wage estimate
Sri Lanka	Rs. 13,500	Rs. 18,167 (£87.18)	Rs. 33,000 (£153.10)	Rs. 48,608	41%
India	Rs. 6,284	Rs. 7,070 (£69.33)	Rs. 13,000 (£127.12)	Rs. 18,727	48%
Bangladesh	6,500 taka	8,000 taka (£66.61)	15,000 taka (£124.90)	29,442 taka	43%

M&S's Living Wage Calculation

$$\text{Living wage} = \text{Basic Food Basket per Person} \times \frac{1}{\text{fraction of average household income spent on food}} \times \frac{\text{Household size}}{\text{Number of wage earners}} \times 1.10$$

Figures for India

Basic food basket: Rs. 1054; Fraction of average household income spent on food: 0.289; Average household size: 3.7; Average income earners: 1.73; Living wage in Bangalore according to M&S = Rs. 8580

at a working age to be in some form of low paid work with long hours, which means on average there is a comparatively high number of (low) wage earners in each family. However at the same time families are much more extended, to allow for the care of young or elderly family members. The consideration of the need for capacity within the family to support children or elderly relatives is not taken into account in M&S's formula. It is for this reason that the Clean Clothes Campaign defines a living wage as one that also covers the living costs of child caring adults and carers. If M&S's formula were adapted to take this into account by assuming only one income for a family of four, then this would output at Rs. 14,843, which is much closer to a decent living wage estimate for India.

Mechanisms for putting a living wage into workers' pockets

M&S's Fair Living Wage programme also assumes that suppliers are able to increase wages based on M&S's prices, but as repeated studies have shown[18] collective leverage from a number of brands is necessary to push through these kind of increases, and commitment to long term sourcing must be given to suppliers to ensure changes can be carried out. M&S did not pilot the programme in a factory where it was the only supplier. Some shared implementation has happened with the trainings in the Ethical Model Factory Programme, but as far as we are aware, this has not extended to a shared commitment to a fair pricing policy which ring-fences the living wage component of the production cost.

Work to achieve productivity increases has also sat at the heart of M&S's ethical model factory programme - a corporate philosophy which has been shown to, at best make small increases to wages, or at worst increase stress, harassment, reduce breaks, and fail to transfer wage gains to workers. We feel strongly that a living wage should not be achieved through increasing workload, or as a reward for reaching arbitrary target. It is a human right.

In order to check that efficiency savings are passed on to workers, brands need to involve the workers themselves as active participants in designing, implementing and monitoring productivity schemes. M&S has failed to engage with unions on this, and attempts at worker committee engagement has been a poor substitute. No workers we spoke to had heard of the ethical model factory programme or could report that they had been involved in decisions about efficiency in their factories. Involving global and local unions in solutions to wages has to be a primary focus of any sustainable solution.

Next steps for M&S

The updated Plan A for 2015 oulines a 'New Supply Chain Fair Wage' aim:

"To work collaboratively with other companies, organisations, suppliers and governments to support the payment of a fair wage to the workers in our supply chain."[19]

A programme has been set up by a number of UK brands and retailers to work collaboratively with the global union federation for garment workers, IndustriALL, on doing just this, and at the date of publication of the Plan A update, the membership of this initiative had not been disclosed. However when this went public in September 2015 we were surprised to see that M&S are not a participant. It is unclear how M&S plan to work collaboratively to achieve this aim outside of this scheme.

Looking to the wording, this new aim is vague in its parameters and is unfortunately neither measurable nor timebound. It is also clear that the ambition fails to build on the previous work carried out to ensure prices to suppliers were sufficient increase wages. Although clearly the implementation of the ethical model factory programme on actually making wages increase has not succeeded, the new piece of work should address these issues and work to fix them, rather than giving up on the scheme. This new "commitment" represents a step backward, with M&S returning to the same standardized "we are looking into it" statements that characterize most standard corporate responsibility programmes. It appears that the flagship commitment that won it so many plaudits back in 2011 has been shelved. We hope that M&S can work to build on this going forward.

H&M's commitment

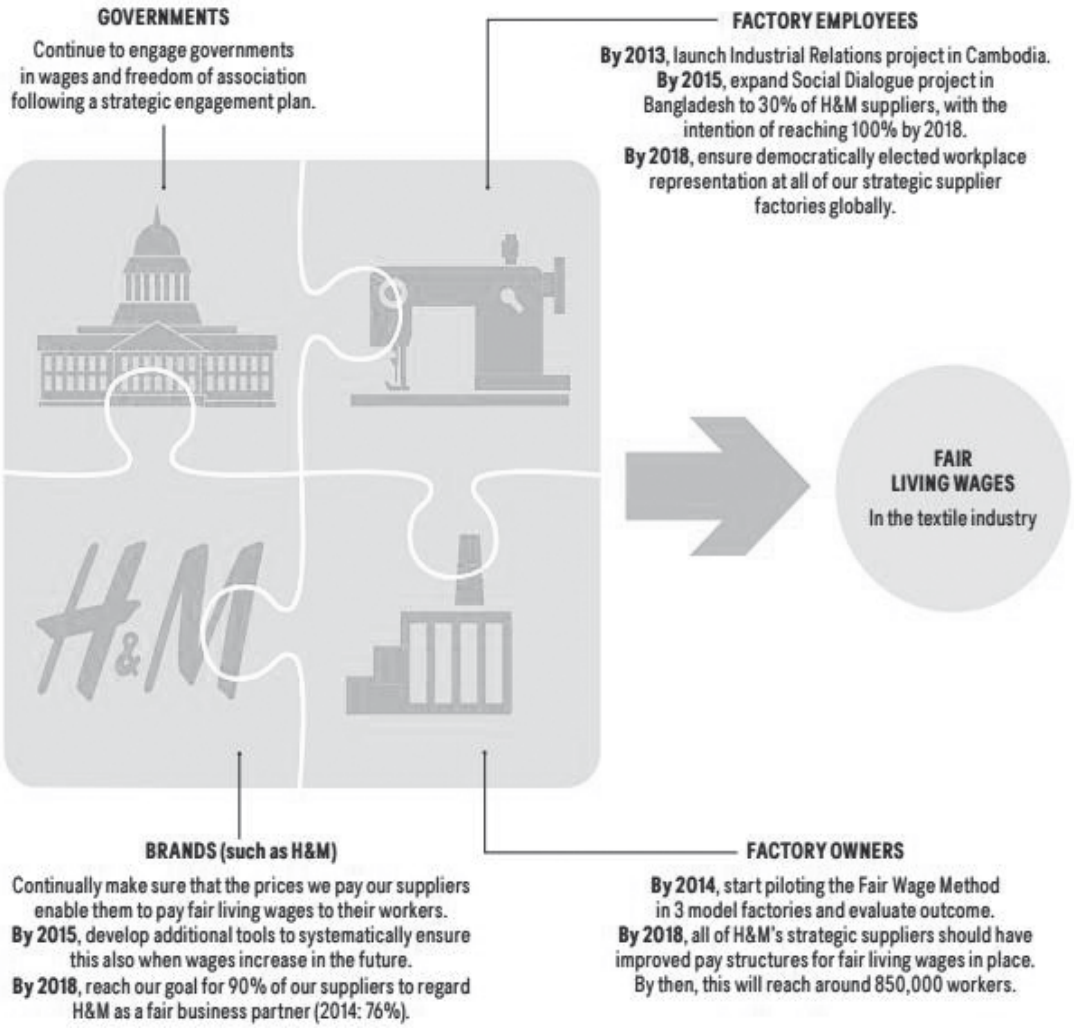
H&M, like M&S, has published a timebound commitment to act on living wages for workers. But whereas M&S's commitment stopped at enabling suppliers to pay a fair living wage, H&M's commitment goes a step further to say that its vision is for this wage to be paid into workers' pockets. H&M is working towards this goal for 2018. The following evaluation therefore is of ongoing work that is in its initial stages.

"Improved pay structures for fair living wages in place by 2018, affecting 850,000 textile workers."

H&M announced their vision and roadmap for wages in supplier factories in November 2013.[20] The news hit international business pages, and got the company invited to speak at multiple events including the European Conference on Living wages in Berlin, Copenhagen Sustainable Fashion Summit, Business for Social Responsibility conferences, and more.

International press ran headlines from, "H&M pledges fair living wage to suppliers" [21], to, "How H&M is leading the way in sustainable fashion." [22] The main commitment on wages was as follows:

"Our vision is that all suppliers making our products should pay their workers a fair living wage, covering a family's basic needs... Our goal is for H&M's strategic suppliers to have pay structures in place to pay a fair living wage by 2018. By then, this will affect around 850,000 textile workers." [23]



"We see the cooperation as a great opportunity... ILO, with its unique tripartite composition, is the perfect partner for addressing issues such as wages and training and skills development in the textile industry," [24]

Karl-Johan Persson, CEO at H&M on the launch of a new 'partnership' between H&M and ILO

To support this commitment, H&M launched a roadmap towards a fair living wage, which looked at its own role but also the role of other supply chain actors in the achievement of living wages – an interesting and previously unarticulated approach. As in the M&S example, the strategy aims to address H&M's own buying practices, but also to provide training for workers to encourage workplace representation, call on governments to adopt better minimum wage setting processes, and work with suppliers to set up improved pay systems.

What does a Role Model Factory look like?

H&M have three role model factories [29], two in Bangladesh and one in Cambodia, where they are testing the 'fair wage' method, and also trying to increase wages by encouraging workplace negotiation. H&M have 100% buying share at these factories (they are the only brand making products there for the time being) in order to give stability to the project. Through training and support, workers and management are agreeing a wage structure that rewards skill, seniority, and performance. H&M say productivity is being improved in the factories, and negotiation systems established. H&M also say they are changing their approach to negotiating prices with the suppliers to make sure it doesn't have a negative impact on wages.

Partnership working

H&M has been actively promoting its brand by signing partnership agreements with a number of large international stakeholders, such as ILO, and now has global framework agreements with two global union federations: IndustriALL Global and UNI Global.28 On top of this H&M have formed an alliance with a number of brands, self titled as ACT, who have approached the global union IndustriALL to work towards industry level collective bargaining processes, initially in two target countries - Cambodia and Bangladesh.

Progress so far

So far the pilot projects in one factory in Cambodia and two in Bangladesh are still running. Early data released by H&M showed that overtime in the Cambodian factory was reduced to 34 hours a month, take home pay has increased, and worker satisfaction with pay systems has gone up to 94%. [25]

Changing wording on the living wage

The terminology around living wage can be difficult to unpick. Here are some definitions.

Living Wage - A Living Wage is a wage on which a worker and her family can live with dignity. It is a human right (UNDHR article 23.3). More specifically, for us, a living wage:

- Applies to all workers, which means that no salary should fall below the living-wage level
- Must be earned in a standard work week of no more than 48 hours
- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a family (three consumption units, which can comprise three adults e.g. a worker supporting elderly parents, or two adults, two children e.g. one wage earner, one child caring adult, two children)
- Includes an additional 10% of the costs of a family's basic needs as discretionary income

Fair Wage – Coined by the 'Fair Wage Network' [26], a Fair Wage refers to the wage system in a factory by which the wages are delivered. Specifically wages that a) comply with national wage regulations (such as paying the minimum wage, payment of wages on a regular basis, overtime payments, provision of paid holidays and social insurance), b) ensures proper wage structures in the company (such as appropriate wages for skill level, individual and collective performance, removing gender pay gaps) and, c) enables functioning collective bargaining.

A living wage is about the amount that allows a family to live with dignity; a fair wage is more about the structure within which an employee's wage sits. So is 'fair living wage' a combination of the two of these concepts? It depends who is saying it.

Fair Living Wage – This was first used by M&S in 2010 in their wage commitment. As M&S haven't defined it, it isn't clear if this combination of terms refers to living amounts plus wage systems, or whether 'fair' is to qualify the meaning of the term as separate to other definitions. The term is also used by H&M, who are keener to see it as a combination of amounts and fair pay systems. H&M also say that, for them, a fair living wage "should be measured as the workers' perception of receiving a wage that covers their basic needs."

Cambodia: wages remain low

In order to ascertain the effectiveness of H&M's living wage strategy to date, we attempted to locate the 'role model factory' in Cambodia – the only factory that so far has received significant input from the early stages of H&M's fair wage method. We interviewed 51 workers from six top H&M supplier factories to gather information about wages and pay structures, and get a snapshot of what is being paid as a result of the scheme.

Cambodia is unique in the Asian garment industry in that over 80% of its workers are members of a union. As a result, the industry has seen significant wage protests in successive years, which have boosted the minimum wage from $66 in November 2011, to $80 in March 2013, to $100 in December 2013, to $128 in December 2014, and now $140 in October 2015. Workers' demands were inevitably met with resistance from the employer side. As a result concessions have been made which allow part of the wage to be increased through the addition of "bonuses". This means that workers wages are made up of a basic minimum pay which is topped up with transport, attendance, health, and seniority bonuses.

Low wages boosted by overtime and bonuses

Figure 4. Average wages at H&M Gold and Platinum suppliers in Cambodia, USD, July 2015

	Basic wage	Overtime pay	Holiday and Sunday pay	Bonuses*	Average total take home pay
Gladpeer, Gold supplier	128.00	20.03		24.00	$172.03
Perfect, Gold supplier	128.00	15.64		26.38	$170.02
M&V International, Gold supplier	Workers paid on piece rate at an average of $6.87/day	18.22	19.70	32.67	$219.11
Eastex, Platinum supplier	126.33**	31.66	38.42	24.96	$221.38
Seduno, Platium supplier	124.06**	23.08	23.08	23.55	$171.68
Vanco, Platinum supplier	128.00	15.80	15.80	29.80	$173.60

* Including transport, attendance, health, seniority, meal (where provided), and performance (where provided).
** This rate is below minimum wage because it is calculated by the hours worked, and some workers were not working full time

As figure 2. shows, some workers at H&M suppliers are able to top up their pay significantly from the minimum 128 USD by working overtime, and choosing to work on national holidays and Sundays. Workers from Eastex for example were working 6 days a week (8 hour shifts), plus average overtime of 34 hours a month (1.3 hours a day), plus 2 Sundays a month, plus 2 public holidays. This would have added up to only 2 days off in a whole month of 9 hour days.

Exhaustion and overwork

Although long hours were a feature of suppliers like Eastex, at M&V International a different system was on trial with interesting results.

Researchers found that M&V International had switched wage systems from a basic daily wage to a piece rate wage that was rewarding workers who were able to work faster, resulting in average take home pay of 219.11 USD a month. This was managed while at the same time reducing overtime quite significantly. However, workers also reported that because the wage system was pushing worker productivity, many workers were exhausting themselves trying to maximise their wage within the hours they were allowed. One worker from M&V reported: "We get sick too easily. We often get sick, around once a month. The most common sickness is stomach problems. We don't eat enough and work too much trying to maximize the piece rate. Also we don't stop

Cambodia Case Study: "Now, negotiations are being conducted more often than before"
Name: Sim Sopha, 29, works in the measurement section for an H&M supplier in Phnom Penh, Cambodia

"Regarding working conditions, in 2013, it was a lot better. However, when workers' salary increased to $128.00 the working condition became more difficult because of expectation and oppression by the owner. In 2015, when the salary was increased we were loaded with overtime. Previously, we can take a rest or sit chatting after finishing our work, but now we have to stand until the end of working hours until we go home. There are 2,676 workers in the factory. About 60% of them are under unspecified duration contracts. Some have been working for less and some for many years. Some workers who have been working for many years feel exhausted and want the company to calculate and pay them their seniority because they cannot perform their job as strong as before.

I am a member of C.CAWDU. I haven't had any problems since becoming a union member. Now, negotiations are being conducted more often than before. Other workers have no problem too. There are workers whose seniority is less than two years whose contracts were terminated due to lack of orders. The reason for termination is there is no work. Protesting very often is also a reason for termination. "

to go to the bathroom. We often work through lunch breaks or go back into work early, so there is hardly any time to rest. When we are sick we have to go to the private hospital but we don't often stay overnight because it's too expensive. We just got there, get a check-up, buy medicine or get serum injections. Each time we go it costs at least 50,000 Riel (12.50 USD)."

Dependants relying on wages

The average number of dependants that workers said that their wage had to support was 2.6. A number of single workers were supporting elderly parents back in the provinces, while others were mothers with up to 5 children to support. This meant that wages had to stretch to pay for living conditions for a family, for all the workers we spoke to.

Trend towards short term contracts

A high percentage of workers were found to be on fixed duration contracts (known as FDCs, compared to permanent contracts or UDCs – unspecified duration contracts). These workers had difficulties getting holiday or sick leave, and found it difficult to refuse overtime. A worker reported, "The FDC workers are easily fired and forced to work overtime. Especially when the factory has got no orders, no work for them, they are fired right away. UDC workers were not fired." Across the H&M suppliers however some moves had been made to shift workers from FDCs to UDCs after they had been working at the factories for two years.

H&M wage progress still limited

The results show that workers at one H&M supplier - M&V International - are taking home significantly more than the minimum wage. We suspect this may be H&M's role model factory. But the wages being earned there are not yet living wages and workers are not earning these in a sustainable way. M&V seems to be implementing a programme to alter wage systems to reward efficiency and skill, to acknowledge seniority, and to reduce overtime, which is having an effect. However, the feedback from workers suggests that these wage gains have come at a cost to the workers themselves in the form of greater stress and exhaustion. To reinforce comments made on productivity schemes in M&S's programme, increasing wages should not be achieved on the condition that workers have to work twice as hard. As a principle, basic wages should be enough to live on, and efficiency and skill should be rewarded as a bonus. Workers should not have to risk their health and wellbeing, or need to work excessive hours, in order to earn a living wage. We hope that H&M will take steps to address this as the programme progresses.

Figure 6. Average take home pay vs. worker estimates of living wage and AFW in H&M suppliers

	Cambodia
Monthly average basic pay	$130.48
Monthly take home pay (local currency)	$187.97
Estimated minimum living wage according to workers	$230
Asia Floor Wage 2015	$399.05
% earned in take home pay of worker wage estimate	82%

Wages are still not enough. When workers were asked how much they needed to earn in order to provide a decent living, workers gave figures anywhere between 170 USD and 300 USD, but on average, they estimated a decent minimum living wage was 230 USD. It is worth noting however that most workers living in poverty underestimate the real costs needed to live, and make predictions relative to their current expenditure, so the estimate is usually quite moderate. The Asia Floor Wage - a living wage figure agreed by worker representatives from across Asia and calculated using a formula for a decent diet and living conditions for a family - for Cambodia puts the living wage at 399 USD. Moreover basic wages in H&M's suppliers before overtime and bonuses, (which should be the marker at which workers are paid a living wage) were still only 130 USD. None of the workers interviewed said that their current earnings or hours were enough to allow them to live with dignity.

Benchmarks needed to lift wage aspiration

One of the main criticisms of H&M's fair living wage roadmap has been that the company is not willing to put a real figure to what a fair living wage is - which is essential in order to enable measurable and rapid change. Instead the company says that "The textile workers own opinion of what a decent living wage is, serves as our definition." [23] In fact, a commitment to a benchmark does not need to replace workers' demands for a living wage; quite the opposite is possible. When setting their benchmarks H&M should and could engage with national level union federations to negotiate and set living wage benchmarks they intend to use. H&M are not, however, choosing to do this.

So, while this politically correct answer certainly has some merit, it masks the fact that, as previously stated, individual workers tend to estimate of a living wage relative to their current earnings and often a negotiation position, based on what they believe to be politically feasible, is very different from a wage that is enough empirically to live on. In countries like Bangladesh for example, where the starting point of negotiations is a minimum wage of only 19% of the amount needed to support a family, asking for a 400% wage increase is simply not feasible and workers won't do it.

Benchmarks are necessary for two reasons. Firstly,

Photo: A Cambodian worker in her home.

if H&M's commitment is to be measurable, so that all levels of their operations can work towards the same goal, there must be an agreed and defined figure that everyone is aiming for. Otherwise, how can the commitment be shown to have been met? Secondly, benchmarks can open up the political space to enable unions to negotiate for a real living wage. Given how far current wages lag behind a real living wage in many countries, and the resistance to any demand for a wage increase from employers, negotiations often fail to achieve the radical shift that is needed.

Benchmarks from brands, committing to pay defined sums, can lift the floor of negotiations and open up a space for collective bargaining to be effective. If H&M were to establish a living wage benchmark, in consultation with the local trade unions, it would send a signal to the industry that H&M are not going to leave the country if wages are increased to that level. We have already seen in Cambodia that brand commitments to continue sourcing from a country with higher wages are opening up the political space for local trade unions. More could be achieved if H&M were willing to publicly support a living wage benchmark as a minimum basis for negotiation.

Negotiations must involve brands

H&M have stated that they are working alongside IndustriALL to establish industry level collective bargaining in a number of countries. This is very welcome. However, for workers to have a real voice in the workplace they need to be free to organise and be represented by recognised trade union, not the management controlled worker participation committees that have been favoured by H&M so far in it's fair wage programmes.

These factory based unions, along with their national federations need to play an active role in factories where H&M is rolling out its fair wage programme. Again, these negotiations have to be backed up by measurable goals on wages by brands. Brands are the real employer in the global garment industry. Even if wage negotiations between employers and national unions are set up, without the price commitment from brands at the table, negotiations will remain a limited exercise. Work with IndustriALL is ongoing and we hope that H&M can fully commit and make this process a game changer in ensuring wages for national industries can go up steadily.

Secrecy is not the way to progress

Although H&M are, on the surface, shouting their fair wage commitments from every rooftop, the work to make outcomes a focus of agreements and sustainability reports is less forthcoming. This has led to some scepticism in regard to whether real and genuine progress is actually being made. In the same vein, while we can only welcome H&M's apparent willingness to sign agreements with global organisations, its reluctance to meet with local unions, whose members are actually experiencing the day to day reality of working in an H&M factory begs some serious questions as to H&M's intention to go beyond generalized commitments toward on the ground implementation.

When a brand is so outward in signing public commitments, for which it receives a lot of credit, the reporting on these commitments must clearly and publicly disclose results that demonstrate measurable and verifiable progress towards real change.

Conclusions

Less talk, more action

Although a lot of noise has been made by both H&M and M&S about their intention to improve wages, there has been little sign that this is actually making a difference to workers. Consumers can be forgiven for not knowing this fact given the sheer amount of ethical marketing put out by both brands; marketing that is rarely backed up by verifiable facts. Even relatively informed consumers are led to assume that all the ethical marketing must be based on some amount of genuine change. But in both cases, the scale of the communications operations in retail countries, compared to the impact or scope of the ethical initiatives they refer to, is, in our opinion, quite shockingly disproportionate.

Transparency is a must

There is a clear need for greater transparency to ensure company commitments are backed up by fact. It is not sufficient for companies to be able to make claims about key human rights issues without supplying the quantifiable data that allows these claims to be independently checked, and for workers and consumers to hold them to their promises. Companies must publish, not only supplier lists, but audit reports, and other important data such as wages paid per supplier by grade if they are to make public statements about performance on this topic. Experience from other sectors shows that providing credible information at all levels about product supply chains stimulates strong accountability and engagement from external parties. This is a vital part of ensuring change actually happens where it matters: in the lives of workers.

Increasing wages through increasing pressure?

Both M&S and H&M seem to have put increased factory efficiency front and centre of their approaches to wage increase. This is problematic for two reasons. Firstly, it is not okay to say workers can have double the pay if they work twice (or even three times) as hard. A living wage is a basic human right. A basic wage should be enough to live on, then performance rewarded on top. Secondly, this study has shown efficiency measures if managed badly can lead to exhaustion, as was the case in Cambodia, or harassment, as was exemplified in India. This has a particular impact on women workers, who tend to face more violent or sexual bullying than their male counterparts Even then there is no guarantee that efficiency savings can make up the gap between basic and living wages. Brands must look beyond efficiency and ensure other approaches are added to the mix.

Collaboration towards a living wage

While the imperative to ensure a living wage is paid must remain with each brand, the model of production in the garment industry consistently seeks to dissipate responsibility so that no one actor has the power to put up wages without the input of others. M&S's programme is a case in point. Even assuming their efforts to encourage wage increases were genuinely meant, it will always be difficult to have an identifiable impact if other buyers in each factory are not on board. H&M's collaboration with unions and brands to promote industry level collective bargaining could go some way to solving this problem, as long as brands are willing to engage and negotiate at the lowest level with local unions. M&S could learn from H&M's willingness to work with unions to ensure living wages are achieved.

Photo: A Bangladeshi worker near to an M&S supplier.

Recommendations to companies

1. Set and publish living wage benchmarks that provide a level of dignity for a family, and use these when costing payments to suppliers to ensure that purchasing practices do not preclude payment of a living wage,

2. Implement programmes, using these benchmarks as a target, that actually increase wages while not impacting on workers' health,

3. Engage in negotiating and signing Enforceable Brand Agreements (EBAs) [Definition: EBAs are agreements made which empower workers and their organisations to address the root causes of workers' rights violations, are applicable across a number of workplaces, have mechanisms to ensure signatories take action stated, and are signed between brands and local trade unions, ideally supported by global federations and other global alliances],

4. Work transparently to ensure engagement with all stakeholders in respecting human rights. This should include explicit reporting on due diligence processes to ensure a living wage is met, publishing data on: progress towards measurable goals, social audit reports, disclosing the names, addresses and other key data about supplier and subcontractor facilities in a spreadsheet format, on a twice yearly basis or more frequently,

5. Investigate the rights violations listed in this report and take steps to remedy where appropriate.

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Join the movement

Labour Behind the Label is the only UK campaign group that focuses exclusively on labour rights in the global garment industry. Founded in 2002, we over a decade of experience in awareness raising, research and lobbying in support of workers demands for improved pay and conditions. We are small but mighty in relentlessly raising the profile of the people who make our clothes who need their stories to be told.

We believe that by working together with individuals and organisations, our campaign for change in the garment industry is stronger.

Can you give a one off gift or regular donation to support our work? We suggest a minimum monthly donation of £5 or annual donation of £60.

To donate go to www.labourbehindthelabel.org/donate or send a cheque made payable to "Labour Behind the Label Trust*" to Labour Behind the Label, Easton Business Centre, Felix Road, Easton, Bristol BS5 0HE.

As a friend of the campaign you will receive our biannual Action Update in the post and regular emails giving you the chance to take direct action on our campaigns.

*The Labour Behind the Label Trust is a registered charity in England and Wales, number 1159356. The Trust funds Labour Behind the Label's charitable work.

Labour Behind the Label
Easton Business Centre
Felix Road
Bristol BS5 0HE

Tel: +44 (0)117 9415844
Email: info@labourbehindthelabel.org

www.labourbehindthelabel.org

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