

# Precarious Work in the Walmart Global Value Chain





Asia Floor Wage Alliance (AFWA) was officially formed in 2006 and includes up to 71 organizations, which constitute a network from 17 countries across Asia, Europe and North America to represent garment industry trade unions, NGOs, consumer groups and research institutes.



Sedane Labour Resource Centre/ Lembaga Informasi Perburuhan Sedane (LIPS) is a non governmental organization in labor studies. LIPS works to strengthen the labor movement by documenting knowledge through participatory research and developing methods of popular education in labor groups and unions.



Bangladesh Nari Progati Sangha (BNPS) is an activist women's organization, working since 1986 to establish equality for women from the family to the state level. BNPS has been working at the national level for policy and legal reforms and at the community level for organizing and mobilizing grassroots people through a variety of programs.



SLD is a Delhi-based labour rights organisation, that believes in equitable development through social and economic well-being of labour, migrants, and women workers; and through cultural renewal among disenfranchised people. SLD is a national organisation that originated with a focus on the National Capital Region and works with partners in Uttar Pradesh, Bihar, Jharkhand, and Kerala.



The Center for Alliance of Labor & Human Rights (CENTRAL) is a local Cambodian NGO. The organization empowers Cambodian working people to demand transparent and accountable governance for labor and human rights through legal aid and other appropriate means.



The National Centre for Development Cooperation, or CNCD-11.11.11, includes nearly 80 development NGOs, trade unions and associations engaged in continuing education for international solidarity in the French Community and Community of Belgium.



Jobs With Justice believes that all workers should have collective bargaining rights, employment security and a decent standard of living within an economy that works for everyone. We bring together labor, community, student, and faith voices at the national and local levels to win improvements in people's lives and shape the public discourse on workers' rights and the economy.



The United Workers Congress (UWC) is a strategic alliance of workers that are either by law or by practice excluded from the right to organize in the United States. This national network represents a base of workers, and also regional networks and individual organizations in industries where there is no national network.

On April 24, 2013, the Rana Plaza, an eight-story commercial building, collapsed in Savar sub-district in the Greater Area of Dhaka, Bangladesh. The Rana Plaza industrial factory fire that killed 1,139 workers and injured 2,500 more is considered the most serious fatal accident to have occurred in a textile factory in modern history.

*Following the devastating collapse of Rana Plaza, 200 brands signed the 2013 Accord on Fire and Building Safety in Bangladesh—Walmart refused.*

Following the devastating collapse of Rana Plaza, 200 brands signed the 2013 Accord on Fire and Building Safety in Bangladesh—Walmart refused. The Accord is a legally binding agreement that commits signatory brands and retailers to work with their suppliers and local and international trade unions to ensure that repairs are made and workers have the right to refuse dangerous work. Instead of signing the Accord, Walmart, together with Gap, founded the Alliance for Bangladesh Worker Safety. The Alliance for Bangladesh Worker Safety is a voluntary measure rather than a contractual commitment. To date, Walmart has refused to make a contractual commitment to ensuring safe working conditions for Bangladeshi workers.

*Information was collected through interviews and focus group discussions including 344 workers engaged in Walmart supply chains in*

*Bangladesh, Cambodia and India; and an in-depth case study, spanning 8 months, of working conditions in an Indonesian Walmart supplier employing 3,800 Indonesian contract workers.*

This report presents new research on violations of international labour standards in Walmart garment supplier factories. Information was collected through interviews and focus group discussions including 344 workers engaged in Walmart supply chains in Bangladesh, Cambodia and India; and an in-depth case study, spanning 8 months, of working conditions in an Indonesian Walmart supplier employing 3,800 Indonesian contract workers.

These recent findings, collected between December 2012 and May 2016, are situated in context of both previous studies on Walmart supply chains and the broader context of the global production network.

Section one provides a brief overview of global production networks in general and the garment global production network in particular. It outlines key shifts in employment relationships as production processes evolve to include several companies across multiple countries. This section also traces the concentration and distribution of control over production processes across various actors in the garment global production network.

Section two reviews Walmart's public commitments to promoting decent work in their supply chains and the efficacy of these initiatives to date.

Section three provides a brief overview of the market share of Asian garment value chains and more focused country profiles on the Bangladeshi, Cambodian, Indian and Indonesian garment industries. These sections aim to contextualize empirical findings on working conditions presented in the final section of the report.

Section four discusses, in detail, the intensive labour exploitation and abuse faced by workers in Walmart supply chains in Bangladesh, Cambodia, India and Indonesia. Recent empirical findings are supplemented with evidence of rights violations drawn from existing studies. In this section the human rights violations and consequences of precarious work in the Walmart supply chain are articulated thematically in order to surface the pattern of rights violations across Cambodia and India.

## Recommendations for the ILO at the International Labour Conference, 2016

As detailed in this report on the garment global production network (GPN), due to the scale of global trade accounted for by GVCs, there is an urgent need for global mechanisms to monitor and regulate GVCs and GPNs. The ILO—the only global tripartite institution—has a unique role to play in setting standards for all of the actors that impact fundamental principles and rights at work.

TNCs and their suppliers have a duty to obey national laws and respect international standards—especially those pertaining to realization of the fundamental principles and rights at work. A number of ILO core

labor standards, such as the Forced Labour Convention, 1930 (No. 29), Protocol to the Forced Labour Convention, 2014 and accompanying Recommendation, already protect workers in value chains. However, as this report details, changes in the modern workplace and globalization of value chains has opened up new gaps in the protection of fundamental principles and rights at work. In addition to clarifying the application of existing standards in global value chains, the ILO should set new standards and enforcement mechanisms and encourage national governments to do the same.

The ILO Tripartite declaration of principles concerning multinational enterprises and social policy (MNE Declaration), 2006 provides a good starting point. However, within the MNE Declaration, MNE refers only to subsidiaries or franchises. Accordingly, GVCs and GPNs in their current form are not covered by this Declaration. The need of the hour is for the ILO to clarify and update its standards and mechanisms to protect workers employed by transnational corporations (TNCs) across vast GPNs.

The following recommendations emerge from our experience promoting rights at work in global value chains.

**1. Given the well-documented and rampant exploitation of workers and resources by MNEs operating through GVCs, and noting the limits on regulation under national legal regimes, the ILO should move towards a binding legal convention regulating GVCs.**

- 1.1. Standards under this convention must be at least as effective and comprehensive as the UN Guiding Principle on Business and Human Rights and existing OECD mechanisms, including the 2011 OECD Guidelines for Multinational Enterprises.

1.2. The Convention should include the following components, among others:

- 1.2.1. Imposition of liability and sustainable contracting, capitalization and/or other requirements on lead firms to ensure accountability throughout the GVC.
- 1.2.2. Establishment of a Global Labour Inspectorate with monitoring and enforcement powers.
- 1.2.3. Publicly accessible transparency and traceability provisions.
- 1.2.4. Specific provisions that address the special vulnerability of migrant workers on GVCs.
- 1.2.5. Specific provisions that address the special vulnerability of women workers on GVCs.
- 1.2.6. Limits on the use of temporary, outsourced, self-employed, or other forms of contract labor that limit employer liability for worker protections.

**2. Pursue a Recommendation on human rights due diligence that takes into account and builds upon existing due diligence provisions that are evolving under the United Nations Guiding Principles on Business and Human Rights and the 2011 OECD Guidelines for Multinational Enterprises.**

**3. Take the following complementary measures to protect workers employed in global value chains:**

- 3.1. Recognize the right to living wage as a human right and establish living wage criteria and mechanisms.
- 3.2. Promote sector-based and transnational collective bargaining and urge countries to remove national legal barriers to these forms of collective action.
- 3.3. Expand work towards the elimination of forced labour, including promoting ratification and implementation of the Forced

Labour Convention, 1930 (No. 29), Protocol to the Forced Labour Convention 1930 and accompanying Recommendation, 2014.

3.4. Continue programs to ensure social protection, fair wages and health and safety at every level of GVCs.

**4. Convene research to inform ILO global supply chain programming, including:**

- 4.1. Research on adverse impacts of TNC purchasing practices upon
  - 4.1.1. Core labour standards for all categories of workers across value chains.
  - 4.1.2. Wages and benefits for all categories of value chain workers. This research should aim to satisfy basic needs of workers and their families.
  - 4.1.3. Access to fundamental rights to food, housing, and education for all categories of value chain workers and their families.
- 4.2. Research into the range of global actors that may have leverage over GVCs including investors, hedge funds, pension funds and GVC networks that define industry standards such as Free on Board (FOB) prices.
- 4.3. Research into the types of technical advice needed by OECD government participants taking a multi-stakeholder approach to address risks of adverse impacts associated with products.
- 4.4. Research into mechanisms deployed by authoritative actors within GVCs that contribute to violations of fundamental principles and rights at work, including but not limited to attacks on freedom of association, collective bargaining, forced overtime, wage theft and forced labour.
- 4.5. Since women represent the greatest majority of garment workers, the situation of women should be urgently included in monitoring programmes to assess the spectrum of their clinical, social and personal risks.
- 4.6. Require an urgent, epidemiological study

into deaths and disabilities resulting from conditions of work and life of garment workers. This information should be made available publicly and to international agencies.

**5. Organize a Tripartite Conference on the adverse impact of contracting and purchasing practices upon migrant workers rights. This conference should focus on:**

- 5.1. Protection of migrant rights as conferred under the UN International Convention on the Protection of the Rights of all Migrant Workers and Members of their Families.
- 5.2. The intersection of migrant rights and ILO initiatives to promote Decent Work in Global Supply Chains.

This report is one in of a series of reports, entitled Workers Voices from the Global Supply Chain: A Report to the ILO 2016. Investigation of production conditions in Walmart factories in Bangladesh, Cambodia, India and Indonesia was coordinated by the Society for Labour and Development (SLD).

This report was edited and compiled by Shikha Silliman Bhattacharjee, JD. Desk research, writing and data analysis was contributed by Shikha Silliman Bhattacharjee, Afroza Akter, Debashree Dey, Jakir Hossain, Monower Mostafa, Sam Nelson, Joel Preston, Chhorn Sokha, Heather Stillwell and Brandais York. Primary data collection was undertaken by CENTRAL, in Cambodia;

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This report was edited by Anannya Bhattacharjee. Recommendations for the ILO at the International Labour Conference, 2016 were formulated by a group of organizations, including the international Asia Floor Wage Alliance, Jobs with Justice (USA), National Guestworkers Alliance (USA), and Society for Labour and Development (India).

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## ABBREVIATIONS AND ACRONYMS

<b>AFWA</b>	Asia Floor Wage Alliance
<b>AFWA-C</b>	Asia Floor Wage Cambodia
<b>AFWA-I</b>	Asia Floor Wage Indonesia
<b>BGMEA</b>	Bangladesh Garments Manufacturers and Exporters Association
<b>BKMEA</b>	Bangladesh Knitwear Manufacturers and Exporters Association
<b>BLA</b>	Bangladesh Labour Act
<b>CBA</b>	Collective Bargaining Agent
<b>CCAWDU</b>	Coalition of Cambodian Apparel Workers Democratic Union
<b>CCC</b>	Clean Clothes Campaign
<b>CEDAW</b>	Convention on Elimination of All Forms of Discrimination against Women
<b>CENTRAL</b>	Center for Alliance of Labor and Human Rights
<b>CRC</b>	Convention on the Rights of the Child
<b>DIFE</b>	Department of Inspection of Factory and Establishment
<b>DIR</b>	Department of Industrial Relations
<b>DoL</b>	Department of Labour
<b>EPZ</b>	Export Processing Zones
<b>EWAIRA</b>	EPZ Workers Association and Industrial Relations Act
<b>FoA</b>	Freedom of Association
<b>GDP</b>	Gross Domestic Product
<b>GMAC</b>	Garment Manufacturers Association in Cambodia
<b>GSP</b>	Generalized System of Preference
<b>HRW</b>	Human Rights Watch
<b>ICCPR</b>	International Covenant on Civil and Political Rights
<b>ICESR</b>	International Covenant on Economic, Social and Cultural Rights

<b>ILC</b>	International Labour Conference
<b>ILO</b>	International Labour Organization
<b>ILRF</b>	International Labour Rights Forum
<b>MFA</b>	Multi-Fiber Agreement
<b>MoLE</b>	Ministry of Labor and Employment
<b>MLVT</b>	Ministry of Labour and Vocational Training
<b>NCEUS</b>	National Commission on Enterprises in the Unorganized Sector
<b>NCR</b>	National Capital Region
<b>RMG</b>	Ready Made Garment
<b>SLD</b>	Society for Labour and Development
<b>TATA</b>	Textiles and Apparel Trade Agreement
<b>TCLF</b>	Textile, Clothing, Leather and Footwear
<b>USAS</b>	United Students Against Sweatshops
<b>WRC</b>	Worker Rights Consortium

## METHODOLOGY

This report is based upon research on violations of international labour standards in Walmart garment production factories conducted between December 2012 and May 2016 in Dhaka, Gazipur and Narayan Ganj, Bangladesh; Phnom Penh, Cambodia; Jakarta, Indonesia; and the Delhi, National Capital Region (NCR), India.

*Documenting rights violations in Walmart factories is particularly challenging because Walmart refuses to disclose basic information about its suppliers. In a context where rampant rights abuse are structurally embedded within supply*

*chains, the importance of full public disclosure cannot be underestimated.*

Information was collected through interviews and focus group discussions including 344 workers engaged in Walmart supply chains in Bangladesh, Cambodia and India; and an in-depth case study, spanning 8 months, of working conditions in an Indonesian Walmart supplier employing 3,800 Indonesian contract workers.

Interviews lasted between 45 and 90 minutes. All worker interviews were conducted in person with full consent from workers. In order to protect the identity of workers who participated in this study, all individual names have been changed.

*This sample includes data collection and analysis on working conditions in 80 Walmart supplier factories across Bangladesh, Cambodia, India and Indonesia.*

Interviews and investigative research were conducted by BNPS in Bangladesh; the Center for Alliance of Labor and Human Rights (CENTRAL) in Cambodia; the Delhi-based Society for Labour and Development (SLD) in India and LIPS Sedane in Indonesia.

Analysis of structured interviews aimed to identify violations of rights at work protected under International Labour Organization standards and relevant national laws. These findings have been situated in context of the global garment production networks and previous research on Walmart supply chains. Secondary sources included reports on production conditions in the garment industry, academic articles and newspaper reports.

## Bangladesh

In Bangladesh, research included investigation into work and working conditions of 121 workers employed in Walmart supplier factories (Table 1). These workers were selected randomly from 47 factories from the list of 280 factories discovered to be Walmart suppliers after extensive field investigations. Respondents were from Dhaka (50 %) and other major districts in Bangladesh where ready-made garments are produced, including Gazipur (42 %), and Narayanganj (8 %). For each factory surveyed, respondents included garment workers from different grades (helper, operator, senior operator) and from different sections (sewing, cutting, and packing). The mean working period in the present factory of employment for all respondents was 4.5 years.

Reflecting the high representation of young women with low education levels in Bangladeshi garment manufacturing, including the Walmart garment supply chain, two thirds of the workers interviewed (68.6%) were female and the rest were male (31.5%). 35.5 % of respondents were between 20 and 25 years old; 31.4% of respondents were between 25 and 35 years old; 24.1% were between 35 and 40 years old; and 9% of respondents were above 40 years old.

Sl. No	District	Name of Factory	Address	Number of Respondents
1	Dhaka	Adhonik Poshak Shilpo	Civil Engr. Tower, Shilpo Plot-1, Avenue-1, Sec-11, Mirpur	4
2	Dhaka	Alliance Knit Composite Ltd.	Zirabo, Ashula, Savar, Dhaka	4
3	Dhaka	Ananta Garments Ltd.	Nishchintapur, Ashulia, DEPZ Road, Savar.	2
4	Dhaka	Arunima Sports Wear	Jirabo, taibpur, Savar, Dhaka	2
5	Dhaka	Ayesha Clothing Company Ltd.	Jamgora, Ashulia, Dhaka	4
6	Dhaka	CPL-Cosmopiton Inds.LTD	Khejurbagan, Boro Ashulia, Savar	4
7	Dhaka	Creative Woolwear Ltd.	3/B, Darussalem Road, Section #1, Mirpur	2
8	Dhaka	Dipta Garments Ltd.	Nagarchar, Raj Fulbaria, Savar	3
9	Dhaka	Everbright Sweater Ltd.	Kathgora bazar, Zirabo, Ashulia	3
10	Dhaka	Hypoid Composite Knit Ltd	176 South Krishnapur, Savar, Dhaka	3
11	Dhaka	Kazipur Fashions Ltd.	Civil Engr. Tower, Shilpo Plot-1, Avenue-1, Sec-11, Mirpur, Pallabi	2
12	Dhaka	Mascot Fashions Ltd.	146, Zirabo, Dewan Idris Road, Yerpur, Ashulia	3
13	Dhaka	Mehnaz Styles And Craft Ltd.	Bangabandu Road, Tongabari, Ashulia, Savar	2
14	Dhaka	Nassa Apparels Ltd	123/1, North Begunbari, Tejgaon	1
15	Dhaka	Neo Fashion Ltd.	Varari, Rajfulbaria, Tetuljhora,Savar	3
16	Dhaka	Nipa Fashion Wear Industry Ltd.	Selina Tower (Grng-2Nd Fl), Islambag, Holan Road, Dhakhinkhan,Uttara	1
17	Dhaka	P.K.G Kandi	Beilapur Hemaithpur, Savar	3
18	Dhaka	Rio Design Ltd.	Plot-3, Milk Vita Road, Mirpur-7	1
19	Dhaka	Rio Fashion Wear Ltd.	Plot-3, Milk Vita Road, Mirpur-7	3
20	Dhaka	Shade Fashion Ltd.	Riom Complex, 157, Berun, Jamgora, Ashula	3
21	Dhaka	Sterling Styles Ltd.	Beron Earpur union, Ashuli	3
22	Dhaka	The Rose Dresses Ltd.	Diyakhali, Earpur, Jamgora, Ashulia,	2
23	Dhaka	Tip Top Fashion Ltd.	Civil Engr. Tower, Shilpo Plot-1, Avenue-1, Sec-11, Mirpur	3
24	Gazipur	Jinnat Apparels Ltd.	Sadarganj, Kashimpur, Gazipur	3

Sl. No	District	Name of Factory	Address	Number of Respondents
25	Gazipur	Unique Washing & Dyeing Ltd	Kalameshar K.B. Bazar, Gulshan, Gazipur, Dhaka, Bangladesh	3
26	Gazipur	Waltz Fashions Ltd.	Badsha Miah School Road, kaliakair	3
27	Gazipur	Zaber & Zubair Fabrics Ltd.	Pagar, Tongi	3
28	Gazipur	Jinnat Fashions Ltd.	Sadarganj, Kashimpur, Gazipur, Dhaka	3
29	Gazipur	Color City	Nayapara, Kashimpur, Gazipur	3
30	Gazipur	Dody Exportwear Ltd.	Sattar Tower , Kunia (Boro Bari), National University, Gazipur	3
31	Gazipur	Flamingo Fashions Limited	Sarodagonj, Kasimpur, Gazipur	3
32	Gazipur	Ehsan-Moonlight Garments Ltd	Kunia Pachar (Targach), K.B.Bazar, Tongi, Gazipur Tongi, Gazipur	3
33	Gazipur	Interlink Apparels Ltd.	Vogra, Gazipur Sadar	3
34	Gazipur	Islam Dresses Ltd.	Diyapur, Earpur, Ashulia	1
35	Gazipur	Jinnat Knit Wears Ltd.	Sadarganj, Kashimpur, Gazipur,	3
36	Gazipur	Liz Group	Building-2, Holding-1,Block-C, Shaheed Mosharraf Hossain Road, Purba Chandora, Sofipur, Kaliakoir, Gazipur	2
37	Gazipur	Matrix Sweater Limited	Choydana, Gazipur	3
38	Gazipur	Mymoon Textile LTD	Nayapara, Kashimpur, Gazipur	1
39	Gazipur	Noman Fashion Fabrics Ltd.	Pagar, Monnunagar.Tongi	2
40	Gazipur	Panasia Sweater Limited	Vogra, National University, Board Bazar, Gazipur	3
41	Gazipur	Rabab Fashion Ind. Ltd.	565/566, Kalmeshar, National University,Board Bazar, Gazipur	3
42	Gazipur	Rupa Knitwear (Pvt) Ltd.	Kuniya, Borobari, Boardbazar, Gazipur	3
43	Narayanganj	Shore to shore textile	AEPZ, Narayanganj	1
44	Narayanganj	Fariha Knit Textiles Ltd.	Baroibhog, Enayetnagar, Fatulla, Narayanganj	3
45	Narayanganj	N.K.K. Knitwear Ltd.	Kutubail, Futullah,Narayanganj	3
46	Narayanganj	Prime Jeans Culture Ltd.	32/1, Isha Khan Road, Fatulla, Narayanganj	2
			<b>TOTAL</b>	<b>121</b>

**Table 1: Bangladeshi Walmart supplier factories investigated for this study, including factory address and number of respondents.**

## Cambodia

In Cambodia, research was conducted in Phnom Penh and surrounding areas and included focus group discussions with 118 workers employed in 14 confirmed Walmart supplier factories (Table 2). CENTRAL used shipping data to track Cambodian factories that supply to Walmart. Focus group discussions (FGDs) were held in April and May 2014. FGD discussion participants were randomly selected. FGDs were conducted in Khmer. Reports from FGDs were manually coded and analyzed by researchers from CENTRAL.

Information from focus group discussions was contextualized through interviews with union leaders and other stakeholders, including: Jason Judd, Technical Specialist for Better Factories Cambodia; Yang Sophorn, President of the Cambodian Alliance of Trade Unions (CATU); Pav Sina, President of Collective Union Movement of Workers (CUMW); and Rath Minea, Secretary General of National Independent Federation Textile Union of Cambodia (NIFTUC).

Desk research on identified Walmart suppliers—including export yield, size and other significant information—was collected through a triangular process: analysis of media sources, investigation of company history and in-depth analysis of shipping data.

**Table 2:** Cambodian Walmart producing factories and number of focus group discussion participants by factory.

Factory	Number of participants	Date of interview
Berry Apparel	15	8 May 2014
Blossom Century	5	16 May 2014

Factory	Number of participants	Date of interview
Cambo Handsome	10	3-4 May 2014
Dongdu Textile	4	21 May 2014
Ghimli Cambodia	10	2-3 May 2014
Heart Enterprise	10	27-28 April 2014
JK Forever	10	18-19 April 2014
Makalot Garment	10	3-4 May 2014
Miaw Shun	4	26 May 2014
New Mingda	10	27 May 2014
Quicksew	10	26-27 April 2014
Sing Lan Ho	7	10 May 2014
Unipros	3	26 May 2014
Yakjin	10	26-27 April 2014

## India

In India, field research included interviews with 105 workers producing garments in Walmart supplier factories. Workers were employed in 24 Walmart supplier factories across three garment manufacturing regions: Vapi, Gujarat; Tiripur Tamil Nadu and Noida, Uttar Pradesh (Table 3).

**Table 3:** Indian Walmart supplier factories investigated for this study, including region and number of respondents

Factory	Workers interviewed
<b>Noida, Uttar Pradesh</b>	
Jayanita Exports	27

Factory	Workers interviewed
<b>Vapi, Gujarat</b>	
Adam Exports	2
Aditya Apparels	2
Ananya Fashions	3
Arsh Fashions	2
Chicklit Fashions	2
Club 3	2
Creative Mills	3
Dishaa Exports	1
GHCL Ltd.	3
Karishma Garments	2
Laxmi Creations	2
Mahavir Textiles	
MR Hosiery	1
Olive Impex Ltd.	1
Opera Clothing Pvt. Ltd.	4
Parmeshwar Creations Pvt. Ltd.	2
Pooja Garments	1
Puneet Creations	2
R&G Advani Super Pvt. Ltd.	3
Universal Fashions	
<b>Tiripur, Tamil Nadu</b>	
Algendra Exports	11
East Man Exports	16
Shri Hari Knittes	13

## Indonesia

Due to lack of transparency about Walmart suppliers in Indonesia researchers faced significant challenges in identifying Walmart supplier factories. Researchers contacted the Ministry of Industry, the Badan Koordinasi Penanaman Modal (BKPM)[Investment Coordination Board] and Better Work Indonesia with requests for information. None of these parties responded. Unable to access reliable information on the range of Walmart supplier factories in Indonesia, researchers adapted the methodology for this research to focus upon one case study of a large Walmart supplier.

Information on working conditions for Walmart supply chain workers in Indonesia is based upon an in depth case study of Walmart supplier factory PT Ghim Li, employing 3,800 contract workers.

This in depth case study includes details of employer practices, over a duration of eight months—between December 2012 and July 2013.

# Part 1

## Global garment production

This section aims to situate new empirical findings on working conditions in Walmart factories in Bangladesh, Cambodia, India and Indonesia within the broader context of global production networks in general and the garment global production network in particular. This basic overview outlines key shifts in employment relationships as production processes evolve to include several companies across multiple countries. It also identifies trends in concentration of control over production processes across various actors in the garment global production network.

### Global production networks

The Global Production Network (GPN) is a term that describes contemporary production systems, characterized by production processes that involve several companies across multiple countries. Companies linked through GPNs are related through various legal forms, with exchanges between firms structured so that transnational corporations (TNCs) do not legally own overseas subsidiaries or franchisees but only outsource production to them. The UNCTAD World Investment Report 2013 notes the structure and prevalence of this mode of production:

Today's global economy is characterized by global value chains (GVCs), in which intermediate goods and services are traded in fragmented and internationally dispersed production processes. GVCs are typically coordinated by TNCs, with cross-border trade of inputs and outputs taking place within their networks of affiliates, contractual partners and arm's-length suppliers. TNC-coordinated GVCs account for some 80 per cent of global trade. (UNCTAD 2013)

As described by UNCTAD, GPNs shift market relationships between firms from trade relationships to quasi-production relationships without the risks of ownership. Within this model, TNCs drive coordinated production of goods while disbursing risk associated with market fluctuations across global value chains.

### Garment global production networks

As described by the International Labour Organization (ILO), the Textile, Clothing, Leather and Footwear (TCLF) is characterized by geographically dispersed production and rapid market-driven changes (ILO 2016). Brands engage in high value market research, design, sales, marketing and financial services. They typically outsource garment production to Tier 1 companies. Tier 1 companies may, in turn, subcontract some or all of the garment production process to manufacturing companies known as suppliers. This production structure allows brands and retailers to drive coordinated production of goods by capitalizing upon new technology, relaxed regulatory frameworks and a supply of low wage labour in developing countries (Ghosh 2015). While brands and retailers do not carry out production, they drive sourcing and production patterns overseas. This production model has been characterized as a buyer-driven value chain (Barria 2014).

According to this model, the structure of garment value chains can be divided into five main segments:

- **Segment 1:** raw material supply, including natural and synthetic fibers;
- **Segment 2:** component supply, including yarn and fabrics;

- **Segment 3:** production networks, including domestic and overseas subcontractors;
- **Segment 4:** export channels established by trade intermediaries;
- **Segment 5:** marketing networks at the retail level. (Ghosh 2015)

Firms that control design, branding and marketing (segment 5) also control sourcing decisions. Production costs are one significant factor in determining sourcing preferences. Decisions regarding how value addition activities and profits are distributed along the value chain, in turn, have a significant impact upon employers, workers and markets in producing countries. Profit generation by capitalizing upon price differentials between markets has been referred to as “global labour arbitrage”(Roach 2004).

Assembly (segment 3) is typically separated organizationally and geographically from other value generating aspects of the value chain. Product suppliers and their workers (segment 3) depend upon orders from marketing networks, firms and brands (segment 5). Tier 1 companies holding primary contracts with brands often subcontract production to smaller suppliers. At this level of the value chain, Tier 1 companies compete for contracts with buyers. In a parallel process, subcontractors compete for contracts with Tier 1 companies (Ghosh 2015).

Brands typically draw a distinction between their liability for authorized and unauthorized subcontracts. Unauthorized subcontractors may also be unregistered and therefore outside the purview of government regulation. Due to diminished government and brand accountability—especially among unregistered suppliers, working conditions among garment subcontractors have been found to deteriorate (Kashyap 2015). Within this structure, employers

and workers engaged in assembly operations, including primary stitching and embellishment, have comparatively little negotiating power (Ghosh 2015).

*Rise in employment of contract workers has been attributed to buyer purchasing practices: downward pressure on the prices paid to suppliers combined with increasingly unpredictable and extreme seasonal variation in production, together, require garment suppliers to reduce production costs.*

Since 2010, garment brand and retail members of the UK Ethical Trading Initiative (ETI) have reported an increasing reliance on contract labour within garment value chains, marked by a growth in the proportion of the workforce that consists of contract workers. Contract work is particularly widespread in Bangladesh, India, Pakistan and Turkey. These trends have been associated with the onset of the global financial crisis in 2007-2008. Rise in employment of contract workers has been attributed to buyer purchasing practices: downward pressure on the prices paid to suppliers combined with increasingly unpredictable and extreme seasonal variation in production, together, require garment suppliers to reduce production costs. Contract workers cost less to employ per unit because they often receive lower wages and rarely receive non-wage benefits, including paid leave and social security benefits.

These terms of employment leave contract workers particularly vulnerable to exploitation, with poorer working conditions and a higher risk of serious abuse when compared to directly employed workers (Chan 2013).

*Industrial uncertainty caused by buyer purchasing practices is displaced upon workers through the use of flexible job contracts, unemployment during fluctuations in production and downward pressure on wages.*

Due to the structure of garment value chains, workers bear the brunt of global uncertainties within the industry. Industrial uncertainty caused by buyer purchasing practices is displaced upon workers through the use of flexible job contracts, unemployment during fluctuations in production and downward pressure on wages. Obstacles to freedom of association and collective bargaining further undermine workers’ negotiation power.

Low prices.  
Every day.  
On everything.

Walmart  
Save Money. Live Better.

Find a lower  
advertised price?  
We'll match it.

See registers or Customer Service for details.

## Part 2

Overview of Walmart initiatives to  
promote decent work

Brand and retail codes of conduct establishing social and environmental principles have developed in response to anti-sweatshop and consumer-driven accountability movements in Europe and the United States (Barria 2014).

Walmart's stated commitments to social and environmental responsibility are set out in the Global Responsibility Report, 2016. In September 2015, Walmart introduced a Responsible Sourcing Team tasked with overseeing Walmart supply chain practices. According to Walmart, their responsibilities include managing risk, setting standards for suppliers, conducting sourcing audits and promoting supply chain safety.

Unlike other leading brands, including H&M, Walmart has no clear initiatives aimed at ensuring living wages, defending freedom of association and publicly disclosing production units to facilitate accountability.

This section reviews Walmart's public commitments to promoting decent work in their supply chains. Where possible, it includes discussions and research on the efficacy of these initiatives to date.

### Managing risk in the Walmart supply chain

Under the 2015 Responsible Sourcing initiative, Walmart promotes their use of a data driven approach to assess supply chains. However, the only factor Walmart considers is Country Governance under the World Bank Worldwide Governance Indicators. These indicators include government effectiveness, rule of law, control of corruption and government sustainability (Walmart 2016a).

*Walmart explicitly excludes industry-related risks and supplier-related risks in their risk assessment calculus.*

Walmart explicitly excludes industry-related risks and supplier-related risks in their risk assessment calculus. Put another way—in assessing supply chain risk, Walmart considers only the country where they will produce and neither assesses particular risks associated with the industry; nor risks associated with particular suppliers.

This approach violates the principles of due diligence articulated in the UN Guiding Principles on Business and Human Rights establishing that the responsibility to respect human rights requires business enterprises to:

- Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur;
- Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts (Article 13).

Walmart's failure to assess industry and supplier related risks in their supply chain prevents Walmart from taking any measures to avoid adverse human rights impacts among their producers. Further, by failing to make these critical assessments, Walmart turns a blind eye to adverse human rights impacts directly linked to their products.

## Standards for suppliers

Walmart sets out expectations for suppliers in their Standards for Suppliers and Standards for Suppliers Manual. These standards apply to all suppliers and their facilities—including subcontracting and packaging facilities. Factories are required to designate employees responsible for facility compliance.

*Walmart advertises factory visibility and disclosure—terminology that typically refers to public disclosure of production facilities. However, Walmart does not publicly disclose facilities.*

Walmart’s standards, however, are misleading. For instance, Walmart advertises factory visibility and disclosure—terminology that typically refers to public disclosure of production facilities. However, Walmart does not publicly disclose facilities. Instead, Walmart’s reference to visibility and disclosure strictly refers to internal disclosure: “All facilities within the scope of Walmart’s Responsible Sourcing program must be disclosed to us and available for a Responsible Sourcing audit.”

In a production context where rampant rights abuse are structurally embedded within supply chains, the importance of full public disclosure cannot be underestimated. Public disclosure of suppliers provides a step toward accountability by allowing labour rights groups, the government and other parties to monitor labour rights in their direct supplier and subcontractor factories.

Further, Walmart notes that “approved

brands”—suppliers or product brands that have sufficient brand equity and market presence – may be exempted entirely from the disclosure requirement. It is significant to note that exemptions are made on the basis of market presence, rather than responsible labour and environmental practices.

*It is not surprising that Walmart supplier standards do not prioritize responsible labour practices. In 2007, Walmart admitted in California US District Court that workers were not in fact the intended beneficiaries of its code of conduct.*

It is not surprising that Walmart supplier standards do not prioritize responsible labour practices. In 2007, Walmart admitted in California US District Court that workers were not in fact the intended beneficiaries of its code of conduct. In a suit brought by the International Labor Rights Forum on behalf of Walmart supply chain workers from China, Bangladesh, Indonesia, Swaziland and Nicaragua, workers claimed that Walmart’s code of conduct created a contractual obligation between Walmart and the employees of its global factory suppliers who agreed to comply with the code of conduct. Under California law, workers would have been parties to the contract and could bring suit as intended beneficiaries. Rather than operating under a legally binding code of conduct, however, Walmart told the court that its code of conduct was intended to protect Walmart from reputational harm and not to benefit workers (ILRF 2015).

Part 4 of this report, a detailed analysis of the rights violations in Walmart garment supply chains, includes further analysis of Walmart’s Standards for Suppliers and Standards for Suppliers Manual. Features of Walmart standards are discussed in relationship to international standards, national laws and industry standards.

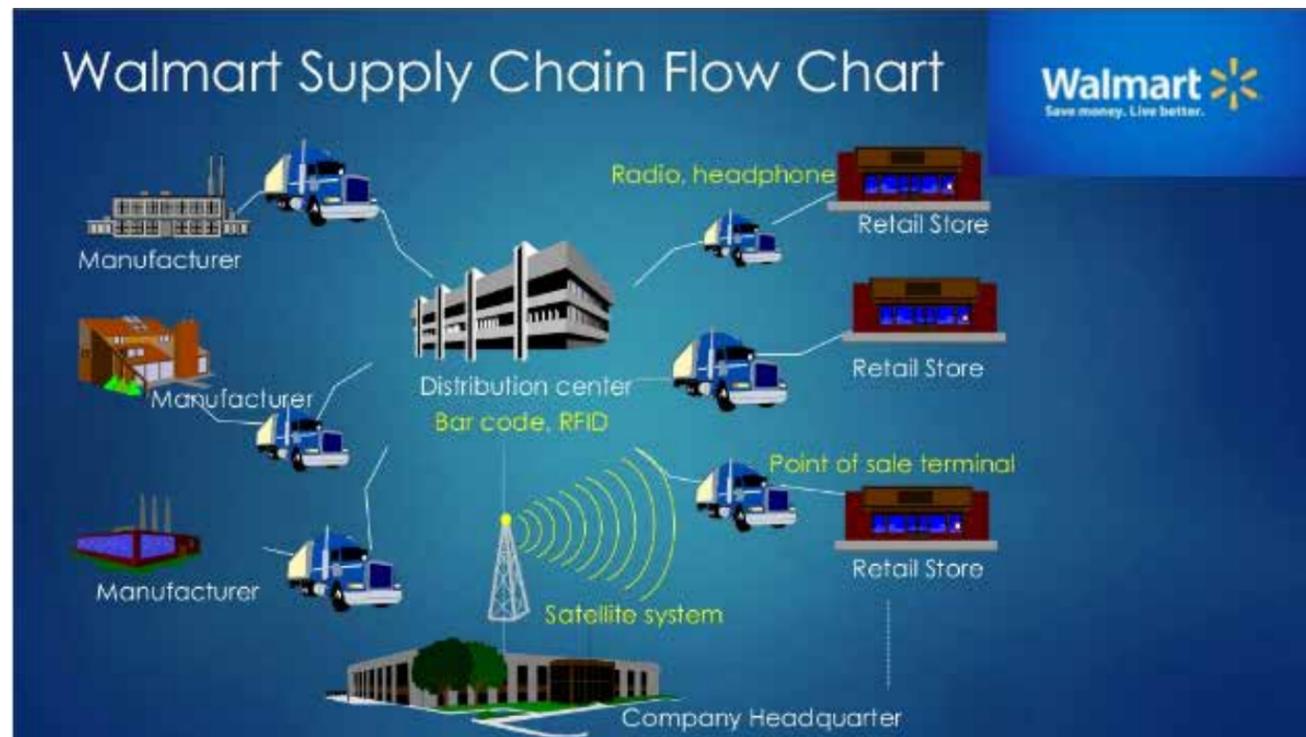
## Worker helpline

Walmart claims to require suppliers to display a toll-free number, e-mail address and website where workers can anonymously report concerns in local languages. However, none of the 344 workers who participated in this study—across 80 factories in Bangladesh, Cambodia, India and Indonesia—reported knowing about or using the worker helpline.

## Audit Process

Walmart claims to use a detailed social, safety and environmental audit compliance process to evaluate whether a factory meets Standards for Suppliers. These include: ensuring that workers are properly paid for all labour hours, all labour is voluntary, all producers comply with all child labour laws and standards, working hours are not excessive and consistent with laws and regulations and factories meet health and safety standards.

The Walmart Responsible Sourcing audit process includes document review of licenses, permits and records relating to labour, employment and pay practices; visual inspection of the premises; and confidential worker interviews. According to Walmart, audits are unannounced and conducted at facilities by third-party audit firms—including Accordia, Bureau Veritas, Elevate, Intertek, UL, SGS and TUV. However, since audit reports are



not publicly available, it is not possible to verify audit standards or the impact of any follow up measures that may be taken.

*Exemplifying the problematic structure of global supply chain production, risks and costs are passed from Walmart to the supplier. These costs are ultimately absorbed by workers in the form of low wages, extended working hours, flexible terms of employment and unsafe working conditions.*

Walmart does not, however, take responsibility for remediating violations. According to Walmart, facility audit results are passed on to suppliers and it is the supplier's responsibility to work with facilities to remediate audit findings. Exemplifying the problematic structure of global supply chain production, risks and costs are passed from Walmart to the supplier. These costs are ultimately absorbed by workers in the form of low wages, extended working hours, flexible terms of employment and unsafe working conditions.

For instance, Walmart's Ethical Sourcing Assessor gave Tazreen Fashions, near Dhaka, Bangladesh an orange rating—indicating that the factory had violations and/or conditions that were deemed to be “high risk.” In November 24, 2012, a fire at Tazreen Fashions took the lives of 112 workers and injured at least 150 other workers (ILRF 2015). Although Walmart claims that they discontinued business with Tazreen prior to the fire, factory

records and evidence recovered on site proved that at least six Walmart suppliers were sourcing Walmart goods from Tazreen in 2012 and that Walmart was the biggest producer in the months leading up to the fire.

Severe rights violations in a facility may trigger a higher re-audit frequency—but does not immediately lead to any further action by Walmart. Findings of forced labour, child labour or worker abuse would result in a “first strike.” The consequence of a first strike is a two-year mark on the suppliers record and the option for Walmart to cancel current and future orders. It is only after receiving three strikes within a two-year period that Walmart may terminate a business relationship with a supplier.

*Walmart makes no commitments to remediating rights violations or addressing the needs of abused or exploited workers.*

Walmart makes no commitments to remediating rights violations or addressing the needs of abused or exploited workers. For instance, despite being the biggest producer at Tazreen Fashions, Walmart still has not paid a penny in compensation to the families of the 112 workers who died. Nor has the company contributed any assistance, financial or otherwise, to the more than 200 workers who were injured in the fire.

## Walmart support for the California Transparency in Supply Chains Act

Walmart publicly supports the California Transparency in Supply Chains Act. The Act seeks to abolish child, bonded labour and human trafficking in global supply chains. It requires companies to publicly disclose the steps they are taking to identify and eradicate forced labour in their supply chains.

To uphold the clauses in the Act, Walmart references the Responsible Sourcing Program and audit procedures discussed above. The shortcomings in these programs—including failure to assess industry and supplier related risks; suspension of disclosure requirements for approved brands; an audit process that shifts complete responsibility to suppliers; and a three strike policy that permits ongoing engagement with factories that employ forced and child labourers—undermines the efficacy of Walmart's articulated commitments to identify and eradicate forced labour in their supply chains. Since audit reports are not public, there is no way to confirm whether Walmart has in fact made progress on this commitment to eliminate child and forced labour.

## Accord on Fire and Building Safety in Bangladesh

On April 24, 2013, the Rana Plaza, an eight-story commercial building, collapsed in Savar sub-district in the Greater Area of Dhaka, Bangladesh. The Rana Plaza industrial factory fire that killed 1,139 workers and injured 2,500 more is considered the most serious fatal accident to have occurred in a textile factory in modern history.

Following the devastating collapse of Rana Plaza, 200 brands signed the 2013 Accord on Fire and Building Safety in Bangladesh—Walmart refused. The Accord is a legally-binding agreement that commits signatory brands and retailers to require their factories to undergo essential safety renovation, provide financial assistance to factories to conduct renovations as needed and stop doing business with factories that fail to undertake renovations according to deadlines established by the Accord's independent inspectorate. Accord inspections are undertaken by qualified safety engineers with in-depth expertise in fire, building and electrical safety.

*To date, Walmart has refused to make a contractual commitment to work with their suppliers and local and international trade unions to ensure that repairs are made and workers have the right to refuse dangerous work.*



Figure 1: Basic needs included in Asia Floor Wage calculations

Instead of signing the Accord, Walmart together with Gap, founded the Alliance for Bangladesh Worker Safety. Unlike the legally binding 2013 Accord on Fire and Building Safety, the Alliance for Bangladesh Worker Safety is a voluntary measure rather than a contractual commitment—including 28 North American retailers and brands as of March 2016. To date, Walmart has refused to make a contractual commitment to work with their suppliers and local and international trade unions to ensure that repairs are made and workers have the right to refuse dangerous work.

Walmart has, however, worked with Bureau Veritas (BV) for assessment and certification services, to complete four phases of inspections for factories in Bangladesh that produce ready-made garments directly for Walmart. The results of these inspections have been harmonized with Alliance activity, and these factories are now part of the Alliance process.

## Wage standards

While Walmart has recently made explicit commitments to raising wages for U.S. workers, this commitment does not extend to establishing living wages for garment workers in overseas production hubs

The flagship Walmart 2015 Global Responsibility Report makes brief mention of wages. In fact, the term “wages” appears only three times in the entire report:

- once in context of Walmart, together with factory owners, providing wages for 1,000 displaced workers in Bangladesh;
- one reference to living wages in context of Walmart involvement with the Ethical Trading Initiative (ETI); and
- one mention of wage increases for U.S. based Walmart associates.



Figure 2: Asia Floor Wage calculations consider financial dependents and corresponding responsibility of workers

While Walmart mentions living wages in context of engagement with the Ethical Trading Initiative (ETI), Walmart has not released a formula or methodology for determining living wage rates.

Filling this conceptual gap, the Asia Floor Wage Alliance (AFWA), a global coalition of trade unions, workers’ rights and human rights organizations, provides a detailed formula for calculating living wages across national contexts. The AFWA definition of a living wage specifies that living wage calculations must include support for all family members, basic nutritional needs of a worker and other basic needs, including housing, healthcare, education and some basic savings.

The Asia Floor Wage Alliance bases their calculations on the following considerations:

- A worker needs to support themselves and two other consumption units. [One consumption unit supports either one adult or two children.] (Figure 1)
- An adult requires 3000 calories a day in order to carry out physically demanding work in good health.
- Within Asia, food costs amount for half of a worker’s monthly expenditure.

Based upon these assumptions, the Asia Floor Wage is calculated in Purchasing Power Parity \$

(PPP\$). This fictitious World Bank currency is built upon consumption of goods and services, allowing standard of living between countries to be compared regardless of the national currency. In order to calculate annual Asia Floor Wage figures, the AFWA carries out regular and ongoing food basket research (AFWA 2016a).

Accounting for high inflation, Asia Floor Wage figures are calculated annually. As explained by AFWA Coordinator, Anannya Bhattacharjee:

*The gap between the minimum wage and the cost of living has widened in recent years. High inflation has sent the cost of living soaring in many Asian countries, but starting salaries remain unchanged—often for several years. (Pasariello 2013)*

AFW annual PPP\$ wage figures are therefore calculated annually based upon up to date national food basket research. For instance, the 2015 Asia Floor Wage figure is PPP\$ 1021. These wage figures are then converted into local currency (Table 3)(AFWA 2016b).

**Table 4:** 2015 Asia Floor Wage Figure in local currencies

Country	Asia Floor Wage in local currency
Cambodia	1,630,045 Riel
India	18,727 Rupees (INR)
Indonesia	4,684,570 Rupiah
Sri Lanka	48,608 Rupees (SLR)

The AFW wage calculation method provides an instructive model for Walmart and other brands in setting living wages that correspond to workers needs and consider rising costs of living.



*Garment workers in Cambodia travel to work by CENTRAL for AFWA*

# Part 3

## Asian garment value chains

	2000	2003	2008	2013
<b>TOTAL (in billion US\$)</b>	<b>197.64</b>	<b>233.23</b>	<b>363.87</b>	<b>460.27</b>
China	18.25	22.32	33.09	38.55
Bangladesh	2.56	2.42	3.21	5.11
Hong Kong, China	12.25	9.93	7.67	4.77
Viet Nam	0.92	1.49	2.40	3.74
India	3.02	2.71	3.01	3.66
Indonesia	2.40	1.74	1.73	1.67
Cambodia	0.49	0.69	0.83	1.11
Malasia	1.14	0.88	1.00	1.00
Pakistan	1.08	1.16	1.07	0.99

**Table 5:** Asian countries' share of global apparel exports, 2000-2013

Globally, Asia tops apparel exports worldwide. In 2013, more than 60% of the 460.27 billion dollars in global apparel exports originated from 10 Asian countries, including—in order of market share: China, Bangladesh, Hong Kong, Viet Nam, India, Indonesia, Cambodia, Malaysia, Pakistan and Sri Lanka (Table 4).

*Concentration of garment production in Asia can be attributed to a range of factors. Low wages, government policies, trade practices, transaction time, currency appreciation and infrastructure availability all influence the location of global production network activities.*

Due to a range of factors—including poor capacity, limited resources, infrastructural needs and, in some cases, adverse disposition towards protective labour standards—national labour standards in producing countries remain weak. Proclivity toward driving down labour standards, furthermore, is often linked to dominant global policy frameworks that prescribe labour deregulation as a prerequisite to attracting investment capital (Ghosh 2015).

The following sections provide an overview of garment value chains in Bangladesh, Cambodia, India and Indonesia. These country-level overviews provide basic information on market structure and workforce demographics.

## Bangladesh

Bangladesh is the second largest exporter of Ready Made Garments (RMGs) in the world—second only to China. Today, the RMG sector is

one of the key contributors to the Bangladesh economy in terms of employment, production, export, and foreign exchange earnings. The RMG currently contributes 17% of the Bangladeshi GDP and accounts for 81% of Bangladeshi export earnings. In 2014-2015, export earnings from RMGs alone amounted to USD 25,941 million (BGMEA 2016). The Bangladeshi RMG industry exports mainly t-shirts, trousers, jackets and sweater to 37 countries worldwide. In 2014-2015, Bangladesh exported 61% of RMG products to EU countries and 21% to the US.

According to information from the Department of Inspection of Factory and Establishment (DIFE), about 4,765 garment factories currently operate in Bangladesh (DIFE 2016). RMG factories are mainly concentrated in two divisions of the country— Dhaka (86.4%) and Chittagong (13.5%). According to government figures another 144 garments factories operate in the export processing zones (BEPZA 2013). According to a June 2015 report by the New York University Stern Center for Business and Human Rights, however, there are more than 7,000 factories producing for the garment export market (Labowitz 2015).

The RMG sector is also the largest formal sector industrial employer in Bangladesh, generating 59 percent of total formal sector employment in the country (Hossain 2010). According to DIFE estimates the Bangladeshi RMG industry presently employs around 2.2 million workers (DIFE 2016). The Bangladesh Garment Manufacturers Association (BGMEA), however, places the number of RMG employees higher, at 4 million workers. According to DIFE, workers are 52% female and 48% male—however, researchers, labour unions and activists in Bangladesh estimate that over 80% of Bangladeshi garment workers are female.

### *Discrepancy between government and other estimates regarding the number of factories and workers engaged in the RMG industry in Bangladesh can be explained by the significant presence of informal, unregistered and unregulated factories.*

This discrepancy between government and other estimates regarding the number of factories and workers engaged in the RMG industry in Bangladesh can be explained by the significant presence of informal, unregistered and unregulated factories. In a June 2015 survey of two sub-districts of Dhaka, researchers found that 32% of the 479 factories surveyed were informal subcontractors. 91% of informal factories surveyed produced for export. Informal factories are entirely outside the ambit of regulation. They do not register with the government, national trade associations of apparel manufacturers or foreign brands.

Informal sector workers are particularly vulnerable to abuse because they fall outside the ambit of regulation. They also work for employers that often operate on such slim margins that they cannot invest in even basic safety precautions. Unauthorized subcontracting also contributes to artificially depressing prices by failing to account for the full cost of production in accordance with minimum labour standards (Labowitz 2015).

### *Informal sector workers are particularly vulnerable to abuse because they fall outside the ambit of regulation. They also work for employers that often operate on such slim margins that they cannot invest in even basic safety precautions.*

#### Labour Protections

The Bangladeshi Constitution protects rights to freedom of association, reasonable wages, equal opportunity in employment and social security; and prohibits forced labour (Articles 7, 14 and 20).

The Bangladesh Labour Act (BLA), 2006 is the most significant legislation governing labour conditions in Bangladesh. In 2006, when it was passed, BLA 2006 consolidated 25 separate acts into single labour code. BLA 2006 has been amended three times since its formulation, with the latest amendment in 2013.

The BLA 2006 regulates trade unions, working hours, minimum wages, employment conditions and industrial relations. It sets occupational safety and health standards, compensation for injury and accidents in the workplace, maternity benefits, factory inspection procedures and restrictions on child labour. The BLA 2006 provides a framework for freedom of association and collective bargaining, incorporating sections dealing with the right to form associations; the scope of freedom of association and collective bargaining; and procedures related to collective bargaining and settling industrial disputes.

The BLA 2006 also establishes the Minimum Wage Board, the Labour Court, the National Council for Industrial Health and Safety, Participation Committee, Canteen Management Committee and Environmental Safety and Health Committee. These formal mechanisms are charged with a range of responsibilities, including solving industrial disputes such as strikes and lockouts.

In addition to the BLA 2006, Bangladesh has a raft of labour legislation. Regulations related to enterprises in export processing zones (EPZs) are set forth in the EPZ Workers Association and Industrial Relations Act, 2010 (EWAIRA 2010). Other laws and provisions relevant to the RMG industry include the Factory Rules, 2015; Fire Prevention and Extinguishing Act, 2003; Bangladesh National Building Code, 2006; Bangladesh Labour Welfare Foundation Act, 2006; National Labour Policy; National Child Labour Elimination Policy; Industrial Policy and Children Policy.

The Bangladeshi Ministry of Labour and Employment (MoLE) is responsible for formulation and implementation of Bangladeshi labour policy. The Department of Labour (DoL), an implementing agency of the MoLE is responsible for implementation and administration of policies and programs. The DoL also functions as a conciliation forum for handling labour disputes, including strikes and lockouts.

Responsibility for inspecting factories and prosecuting labour law violations is the prerogative of the Department of Inspection for Factories and Establishments (DIFE). All factories and establishments, except those located in export processing zones, are under the purview of DIFE. The Department of Industrial Relations (DIR) is charged with monitoring factories and enforcing labour laws in export processing zones.

## Aftermath of Rana Plaza

In the aftermath of Rana Plaza, governments, development organizations, philanthropists and brands announced significant commitments to worker safety and relief for Rana Plaza survivors. However, by December 2015, only 15% of the financial assistance deposited into the Prime Minister’s Relief and Welfare Fund for the survivors of the building has been distributed (Kabir 2015).

Programs like the Bangladesh Accord for Fire and Building Safety (Accord) and the Alliance for Bangladesh Workers Safety (Alliance)—factory safety programs backed by more than 2000 foreign brands—have garnered significant public attention and announced a collective commitment to spend USD 100 million within five years to improve factory safety (Labowitz 2015).

The Accord and Alliance, however, are narrowly focused on a subset of direct suppliers. As a result, they encompass a mere 27% of factories in Bangladesh and almost 3 million workers are not covered by these programs (Labowitz 2015).

*In December 2015, the Accord, Alliance and ILO collectively reported 3,425 inspections. Only 8 factories passed final inspection.*

Furthermore, while the Accord, Alliance and International Labour Organizations (ILO) report thousands of inspections, these inspections have not precipitated remedial action. In December 2015, the Accord, Alliance and ILO collectively reported 3,425 inspections. Only 8 factories passed final inspection.

## Walmart in Bangladesh

Walmart has been purchasing Ready Made Garments (RMGs) from Bangladesh for nearly a quarter of a century. 2016 investigative field research found that Walmart sources its production from at least 280 factories in Bangladesh. Since Walmart does not disclose supplier factories, the exact number of suppliers that produce for Walmart remains unknown. Furthermore, the 280 factories identified by researchers do not include subcontracts to informal, unregulated garment production units—a common practice in Bangladesh.

The RMG industry in Bangladesh routinely suffers significant industrial accidents, leaving workers dead and injured. The 2012 factory fire at Tazreen Fashions; and the 2013 collapse of the Rana Plaza building, which housed five factories, directed the attention of the global community to working conditions in the Bangladeshi RMG sector. Walmart purchased from both Tazreen Fashions and factories housed within the Rana Plaza building.

*Despite acknowledging that “very extensive and costly” repairs and renovations were needed in many factories, Walmart said it had no intention of paying for any improvements, insisting that it was “not financially feasible for the brands to make such investments.”*

The risk to workers in these and other factories

producing for Walmart were well known. In an April 2011 meeting in Bangladesh, labour rights organizations implored Walmart and other buyers to make a commitment to pay for urgently needed renovations to improve fire and building safety. Walmart rejected the proposed initiative. Despite acknowledging that “very extensive and costly” repairs and renovations were needed in many factories, Walmart said it had no intention of paying for any improvements, insisting that it was “not financially feasible for the brands to make such investments.”

On May 14, 2013, immediately after the collapse of Rana Plaza building killing 1136 and leaving thousands more injured, Walmart finally announced that it would conduct in-depth safety inspections at all of its Bangladesh facilities. However, despite promises to disclose the list of factories, no factories have been disclosed.

## Cambodia

Cambodia entered the export-oriented global garment and textile industry in the 1990s with the passage of the 1993 Constitution of the Kingdom of Cambodia which established a free market in Cambodia (CCC 2016a; CCHR 2014). Between 1995 and 2006, bilateral trade agreements with the United States, the European Union and Canada spurred growth in the garment industry. With the exception of a downturn in 2008 during the global economic crisis, the industry has show consistent growth (Kashyap 2015). Between 1995 and 2014, the sector grew 200-fold (ILO 2015).

Today, garment and textile exports are critical to the Cambodian economy. In 2013, garments accounted for 13% of the Cambodian GDP (CCC 2016a). Cambodian global exports amounted to roughly USD 6.48 billion, of which garment and

textile exports accounted for USD 4.96 billion. By 2014, garment exports totaled USD 5.7 billion. The US, EU, Canada and Japan are the largest importers of Cambodian garments, textiles and shoes (Kashyap 2015). At the time of writing, top brands sourcing from Cambodia include H&M, GAP, Levi Strauss & Co., Adidas and Target (CCC 2016a).

The Cambodian garment industry is largely foreign-owned, with Cambodians owning less than 10% of factories (Kashyap 2015). An estimated 85% of garment factories located in Cambodia are foreign controlled, predominantly by investors from China, Hong Kong, Malaysia, Singapore, South Korea and Taiwan (Kashyap 2015; CCC 2016). Foreign owned companies have kept the production processes within Cambodia limited. The majority of factories undertake “cut-make-trim” production functions—manufacturing clothes from imported textiles based upon designs provided by international buyers. This exclusive focus on producing garments circumscribes the range of employment available to firms and workers in Cambodia (Ghosh 2015).

Phnom Penh is a hub for garment factories. However, garment production has expanded to other areas, including the adjoining Kandal province. In these areas, factories vary in size and operations, ranging from export licensed factories with up to 8,000 workers to small, unmarked factories employing fewer than 100 workers. These smaller factories largely fill subcontracts for larger suppliers. Outsourcing of production to smaller factories may be either authorized or unauthorized by apparel brands (Kashyap 2015). Women between the ages of 18 and 35 dominate the Cambodian garment production sector, comprising an estimated 90-95% of the industry’s estimated 700,000 workers (Barria 2014; Kashyap 2015). These numbers do not, however, include

women engaged in seasonal, home-based garment work (Finster 2015; Kashyap 2015).

The garment industry has been a major source of employment for young women from rural areas who migrate for employment to garment production hubs (McMullen 2013). In a February 2012 hearing before the Permanent People's Tribunal held in Phnom Penh Cambodia, Asia Floor Wage Alliance-Cambodia (AFWA-C) reported that these internal migrants work far from their families and communities and are thereby cut off from traditional support networks. Despite their numerical majority within the garment sector, they remain within low skill level employment and rarely reach leadership positions in their unions (Barria 2014).

Malnutrition is also prevalent among Cambodian garment workers. Data gathered by tracking monthly food purchases by 95 workers employed in a range of garment factories in Cambodia, compared with recommended amounts and workers' Body Mass Index (BMI), revealed that workers were found to intake an average of 1598 calories per day, around half the recommended amount for a woman working in an industrial context (McMullen 2013).

Sexual harassment is a significant concern for women workers but due to lack of legal awareness, women rarely if ever seek access to justice in cases of abuse (Barria 2014).

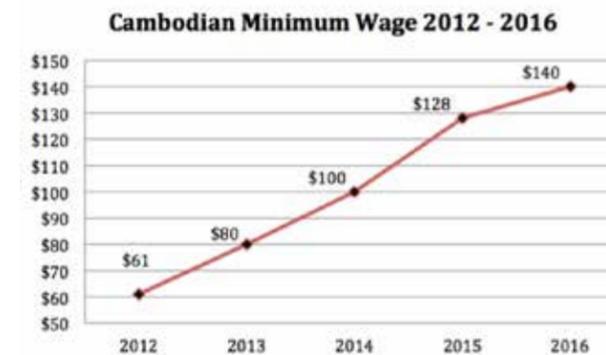
## Labour protections

Article 36 of the 1993 Constitution of Cambodia provides for basic labour rights, including the right to freely chose employment, equal pay for equal work, recognition of household work, the right to obtain social security and other social benefits and the right to form and to be members of trade unions.

The Cambodian Labour Ministry is responsible for establishing policy standards and engaging in monitoring and compliance. The 1997 Cambodian Labour Law governs all garment factories, irrespective of their size. Provisions of the 1997 law regulate working conditions in factories, including protection against discrimination, wages, overtime work, minimum age, pregnancy entitlements, leave and occupational health and safety standards. The Labour Ministry has also issued model internal factory regulations. Despite these protective measures, enforcement of these standards is weak. This is due in part to inefficient labour inspections, corruption and rapid expansion of the number of factories in Cambodia (Kashyap 2015).

A 2011 government regulation outlines a set of permissions and notifications for suppliers engaged in subcontracting. The government also set up an inter-ministerial commission comprising members drawn from Labour, Commerce and Interior Ministries to trace unregistered subcontractor factories and ensure labour compliance. Under these guidelines, factories with export licenses subcontracting to unregistered factories can face temporary suspension of their export licenses and repeat offenders may have their licenses evoked (Kashyap 2015).

In October 2015, the Cambodian government announced a revised minimum wage of USD 140 per month. This marked increase from the minimum wage of USD 66 in November 2011 is the result of significant wage protests in recent years that succeeded in gaining progressive minimum wage increases between 2011 and 2015 (Figure 3). Wages are also increased through the addition of bonuses, including transport, attendance, health and seniority bonuses (McMullen 2016). Current minimum wages, however, still fall short of the USD 177 per month called for by garment workers and unions.



**Figure 3:** Progressive increase in Cambodian minimum wages, 2012-2016

## Better Factories Cambodia

In 1999, Cambodia signed the Textiles and Apparel Trade Agreement (TATA) with the United States, under which the United States imposed quotas to imports from Cambodia. Under TATA, Cambodia's import quotes were to be increased annually in exchange for a gradual improvement in working conditions in the factories, in compliance with domestic and international labour laws and standards. In 2001, in order to monitor compliance with TATA, the International Labour Organization (ILO) created Better Factories Cambodia (BFC). BFC, a third-party monitor, is tasked with monitoring factories with an export license. Although TATA expired in 2004, the BFC continues to monitor compliance with labour laws and standards within the garment industry. Participation in the BFC monitoring programme is required in order to hold a government export license (CCHR 2014). According to January 2015 data, BFC monitors 536 garment and 12 footwear factories (Kashyap 2014).

BFC publishes an overview of working conditions within factories through synthesis reports. Factory-level monitoring reports are made available to factories free of cost and international

brands for a cost. Third parties, including labour unions and NGOs are unable to access monitoring reports unless the factory authorizes access. Labour rights groups have called for greater transparency in BFC monitoring and reporting. In March 2014, BFC launched a Transparency Database that publicly names 10 low compliance factories every three months.

Brands can participate in BFC by endorsing BFC, purchasing monitoring reports, employing BFC training and advisory services and joining the BFC buyers forum—a platform that brings together buyers, government authorities, factories and unions to discuss key concerns and possible ways forward.

BFC has been upheld as a model for the IFC-ILO Better Work Programme that operates in other garment producing countries, including Vietnam, Indonesia, Bangladesh and Haiti. Although BFC monitors some subcontractors that supply to export licensed factories, mandatory monitoring is limited to export-oriented factories (Kashyap 2015).

## Garment Manufacturers Association in Cambodia

In 1999, the Garment Manufacturers Association in Cambodia (GMAC) was established with the expressed purpose of increasing collaboration between all stakeholders, including the Cambodian government, to create a better business environment. GMAC was officially registered with the Ministry of Social Affairs, Labour, Veteran and Youth Affairs as an employer organization. In 2014, GMAC members included 593 different garment and footwear factories operating across Cambodia. In practice, GMAC acts as a powerful lobby for garment

manufacturers to influence the Cambodian government to implement business friendly policies and legislation (CCHR 2014).

## Walmart in Cambodia

In 2014, Walmart sourced garments from at least 31 confirmed Cambodian factories, located primarily in Phnom Penh and Kandal Provinces. This figure does not, however, account for factories that receive subcontracts from Tier 1 Walmart supplier factories. Accordingly, there is a broad consensus among labour experts interviewed for this study that Walmart most likely produces garments in many more factories than the 31 factories confirmed by CENTRAL researchers.

Based upon analysis of 2013 shipping data, Walmart shipments by weight accounted for 2.9% of total Cambodian exports to the United States and close to 2% of all garment exports from Cambodia. Export data and field research suggests that in 2013 and 2014, Walmart production in Cambodia consisted primarily of simple cut and sew t-shirts, sleepwear and ladies undergarments produced from inexpensive fabrics including cottons and synthetic textiles. Other items produced by Walmart in Cambodia include men's sleepwear, simple tank tops and ladies' cardigans, pants and skirts.

*This study found that the majority of Cambodians working in Walmart supplier factories are employed under highly exploitative Fixed Duration Contracts (FDCs).*

This study found that the majority of Cambodians working in Walmart supplier factories are employed under highly exploitative Fixed Duration Contracts (FDCs). These employment contracts leave them susceptible to unsafe working conditions, low wages, denial of benefits and harsh penalties for engaging in union activity—including termination of employment.

## India

*In 2014, the Indian textile and garment industry employed 45 million workers.*

Since the adoption of liberalized economic policies during the economic reforms of 1991, the Indian export garment industry has emerged as one of the leading industrial segments in the Indian economy. Export earnings of the apparel industry alone were valued at USD 15.7 billion in 2014 and combined textile and apparel export earnings were valued at USD 40 billion. In 2013, textiles and clothing contributed 4% to the gross domestic product. In 2014, the Indian textile and garment industry employed 45 million workers. Despite the significant segment of Indian workers employed in the garment industry, national level data on economic and social profile of the garment workforce remain alarmingly thin (Kane 2015).

*Today, the major hubs of garment manufacturing are located in Delhi-National Capital Region (NCR), Bangalore in Karnataka, Ludhiana in Punjab, Mumbai*



*Garment factory in Tiripur, South India  
by Fabrics for Freedom licensed under CC 2.0*

*in Maharashtra, Jaipur in Rajasthan, Kolkata in West Bengal and Tirupur in Tamil Nadu.*

Today, the major hubs of garment manufacturing are located in the industrial clusters of the Delhi-National Capital Region (NCR), Bangalore in Karnataka, Ludhiana in Punjab, Mumbai in Maharashtra, Jaipur in Rajasthan, Kolkata in West Bengal and Tirupur in Tamil Nadu (Roy 2015).

A majority of workers are migrants who migrate to the industrial clusters from Andhra Pradesh, Bihar, Jharkhand, Karnataka, Madhya Pradesh,

Maharashtra, Tamil Nadu, Uttar Pradesh and West Bengal (ICN 2016). For instance, up to 80% of garment workers in Bangalore are believed to be migrant workers (Bain 2016). Despite the staggering presence of low wage migrant workers in the unorganized sector and their significant economic contributions, there are large gaps in government and civil society services to protect their rights. For instance, India's Inter-State Migrant Workmen Act, 1979, aims to regulate working conditions but is inadequate and unimplemented, with no gender perspective (Roy 2015).

Modernization of the Indian textile industry has been pursued vigorously since the mid-1980s with

the elimination of the licensing regime, quotas, and quantitative restrictions in an attempt to attract state-of-the-art machinery and technology, know-how and skill sets from abroad. The massive drive towards modernizing the textile industry has gone hand-in-hand with firms resorting to widespread informalization of the workforce. Within the textile industry, this trend has been most apparent in the ready-made garment industry, which has become a leading outsourcing destination for TNCs over the past two decades (Sridhar 2014).

*Long working hours, hazardous working conditions, lack of basic services such as first aid, drinking water and sanitation affect women workers more severely than men.*

Approximately 60% of garment workers in India are women, although workplace demographics shift depending upon the region (Kane 2015). Long working hours, hazardous working conditions, lack of basic services such as first aid, drinking water and sanitation affect women workers more severely than men (Chen 2007). Women workers are also particularly vulnerable to lewd comments, sexist taunts and other forms of harassment from supervisors and male employees. Extended hours in the informal garment sector also places women workers in extremely unsafe and precarious scenarios. They must travel at night through poorly lit areas where they face growing incidences of rape, sexual assault and physical violence. Women workers are also rarely given sick leave and denied pay during maternity leave in violation of the Maternity Benefit Act, 1961.

The vulnerability of unorganized sector women garment workers is heightened since most are from socially weaker or marginalized sections of the society. Their ability to bargain collectively is further undermined by high levels of labour mobility within the garment sector.

### Labour protections

Proliferation of unorganized work within India's garment sector has led to a sharp increase in the number of precarious workers engaged in work that was once protected. Common employment practices to transform protected work into precarious work include use of short-term contracts, casualization, use of labour supply agencies and employment of foreign and domestic migrant workers. These employment strategies are also used to restrict collective bargaining and reduce the bargaining power of unions. As a result, jobs that were once associated with regulated wages and labour standards governing paid leave, maternity benefits, workplace safety, retirement and other non-wage benefits are now uncertain, unpredictable and risky for workers.

In 2015, the Indian government proposed a series of labour laws changes that would further weaken protection for workers in the garment industry. The proposed 2015 Draft Code on Wages dilutes protective standards, including minimum wages standards, prohibitions on gender-based discrimination in remuneration and protected bonuses; opens the door to rights abuses, including arbitrary and illegal wage deductions and forced labour; and undermines accountability by dismantling labour law inspection and accountability mechanisms, restricting the functioning of workers organizations and trade unions and systematically undermining access to justice (Bhattacharjee 2016).

The proposed 2015 Draft Code on Industrial Relations undermines the rights of trade unions by creating barriers to registration, imposing restrictions on union governance structures, reducing obstacles to canceling union registration and prohibiting strikes and lockouts. Workers are also increasingly vulnerable to retrenchment and changes in service without prior notice. The 2015 Draft Code on Industrial Relations simultaneously weakens accountability for upholding labour standards by diluting government inspection authority, removing existing arbitration forums and appeals mechanisms and lowering incentives to speedily resolve industrial disputes. Finally, standing orders—establishing conditions and regulations—no longer apply to establishments with less than 100 workers. Standing orders, moreover, can now be established without workers' input as previously required under the principle act (Bhattacharjee 2016).

### Indonesia

Encompassing production of fabric, apparel and leather goods, the Indonesian textile and clothing industry accounted for almost 2% of national GDP and more than 7% of the total exports in 2013 (GBG 2016). More than 170 foreign brands and companies are active in Indonesia's garment industry. In 2014, Indonesia accounted for 2.9% of the world market for garment export, placing Indonesia among the top ten garment supplier companies globally (CCC 2015a). While the industry is projected to remain slow through 2016, forecasts predict that by 2030, textiles will emerge as Indonesia's largest export sector (GBG 2016).

Indonesia's garment industry exemplifies regional integration. Indonesia sources cotton, exports yarn, imports fabrics and exports garments. Indonesia is ranked 9th for global cotton consumption but produces less than 2% of the

domestic cotton demand. This deficit is filled through raw cotton imports from Brazil, the US and Australia that is then spun in Indonesia and either exported as yarn or further processed into cloth and garments (GBG 2016). The principle buyers of yarn from Indonesia are China and Japan. Indonesia sources the majority of fabric used in garment production from China and South Korea (CCC 2015a). This integrated textile manufacturing base is a draw for brands and investors (GBG 2016).

In 2014, the Indonesian garment, footwear and textile productions industries employed an estimated 2 million workers (AFWI-2015). Due to an economic slowdown in Indonesia in 2015, many smaller garment producers closed down or fired considerable portions of workers. In September 2015, the jobs of around 36,000 textile and garment employees were under threat from weak sales—adding to the 45,000 workers who had already been let go from factories.

90% of garment production is concentrated on Java Island, with 55% in the western end of Java Island. Central and eastern Java, however, are increasingly significant production hubs. The Ministry of Industry plans greater onshore warehousing of cotton and is promoting the Central Java province as a new textile hub, with a dedicated industrial estate planned on its northern coast. In order to promote the industry, the Economic Ministry is overseeing policy changes to promote special economic zones, new tax holidays, lower nighttime electricity costs, and incentives to buy new machinery (GBG 2016).

According to the Better Work Indonesia Report, 2013, garment, textile and footwear industries have very low levels of compliance with ILO core conventions and national laws. Better work Indonesia also reports an industry-wide low level

of compliance with laws governing overtime pay, provision of social security benefits, short-term contractual employment relationships.

### Labour law changes

On October 23, 2015, the Indonesian Government issued Government Regulation No. 78 of 2015 (hereinafter “PP78”). PP78 is applicable for at least 40 million formal workers. It regulated a range of wages, including minimum wage, overtime wage, taxes and wage fines. While some articles codify existing wage regulations—including overtime, piece rate and casual worker remuneration; others introduce a new wage system—including a new minimum wage formulation and a new mandatory wage scale structure.

At the same time, the Indonesian Government issued a range of services and amenities for investors and businesses. These include a Special Desk for Textile and Footwear Investments and Economic Policy Package Volume 6. This economic package encourages the operation of Special Economic Zones (SEZs) through income tax reductions for 15-25 years, tax allowances for 6 years and compensation for losses for 5 to 10 years, freedom from paying import and export taxes and authority to issue land use permits and building rights. Within SEZs, labour unions are restricted and only labour union forums are allowed.

*Labour unions in Indonesia have rejected PP78 on the grounds that it facilitates flexible employment, institutes a minimum wage formula that erases workers’*

*needs and eliminates the opportunity to negotiate before the Minimum Wage Council.*

Labour unions in Indonesia have rejected PP78 on the grounds that it facilitates flexible employment, institutes a minimum wage formula that erases workers’ needs and eliminates the opportunity to negotiate before the Minimum Wage Council. In protest, labour unions held demonstrations and strikes in front of administrative centers and industrial estates. They mobilized international support, including through a petition signed by 1 million people rejecting PP78. They also submitted a call for judicial review to the Constitutional Court of the Republic of Indonesia.

On October 30, 2015, demonstrations against PP78 were violently repressed by security forces. Labour union officials were beaten, kicked and dragged. 23 labour union officials and 2 public attorneys were detained for resisting the state (AFWA-I 2015).



*Indonesian garment workers protest violations of rights at work  
by LIPS-Sedane for Asia Floor Wage Alliance*

# Part 4

## Precarious work in Walmart garment supply chains

Walmart uses its mammoth purchasing power to shape supplier behaviour and drive down costs. Purchasing managers pursue contracts with supply chain producers on the basis of demand forecasts—a purchasing practice that requires suppliers to adjust their workforce in response to supply and demand conditions. Suppliers, in turn, manage risk by employing contingent, precarious workers who face, low wages, excessive hours, unsafe working conditions and other forms of workplace violence.

The term precarious work refers to employment that is uncertain, unpredictable and risky from the perspective of the worker (Kalleberg 2009). Proliferation of precarious work has a far-reaching impact upon the nature of work and workplaces and the gender-based distribution of work. Consequences of precarious work include greater economic inequality, insecurity and instability among workers. These forces have severe impacts on workers lives and their roles within their families and communities (Kalleberg 2009).

This study identifies persistent rights violations faced by precarious Walmart supply chain workers in Bangladesh, Cambodia, India and Indonesia. It draws upon evidence of rights violations collected through focus group discussions and structured interviews including 344 workers from 80 Walmart supplier factories. Field research was conducted between December 2012 and May 2016 with garment workers in Dhaka, Gazipur and Narayanganj, Bangladesh; Phnom Penh, Cambodia; the Delhi, National Capital Region (NCR); and Jakarta Indonesia. The information from these interviews is supplemented by evidence of rights violations documented in recent studies and news reports.

*Despite the significant rights violations documented in this section, Walmart remains one of the few large brands that do not provide local representation for compliance issues. Accordingly, among union representatives, Walmart is notoriously one of the most difficult brands with which to negotiate.*

Within this section, human rights violations and violations of rights at work are articulated thematically in order to surface the pattern of rights violations across Cambodia and India. As the *lex specialis* or specialized law in this area, this study uses ILO labour standards protecting workers as a primary benchmark to identify rights violations.

### Forced Labour

The ILO Forced Labour Convention (No. 29) and the ILO Abolition of Forced Labour Convention (No. 105) obligate ratifying States to suppress the use of forced or compulsory labour in all its forms within the shortest possible period (No. 29, A1; No. 105, A2). The Forced Labour Convention defines forced labour as “all work or service extracted from any person under the menace of penalty and for which the said person has not offered himself voluntarily” (No. 29, A2(1)). The Convention applies to forced or compulsory labour for the benefit of individuals, companies or associations. This definition has two components: involuntary entry and menace of penalty.

The Walmart Standards for Suppliers Manual requires that all labour in supplier factories be voluntary and accordingly, prohibits all forms of slave, child, underage, forced, bonded and indentured labour. The Manual contains provisions requiring that workers be able to leave employment at will and prohibits human trafficking and employment of underage workers.

These standards do not, however, adequately cover the range of forced labour practices workers face in garment global supply chains. Involuntary entry may include instances in which workers are subjected to fundamental changes in the nature or conditions of work or made to work involuntarily. As clarified by the ILO supervisory body, the penalty structure that binds workers in forced labour situations does not need to be in the form of penal sanction and may take the form of loss of rights or privileges (ILC 2009). Workers may face various penalties, including non-payment of wages, verbal, physical and sexual abuse or threats of deportation. Forced labour cannot, however, be equated with low wages or particular working conditions.

*Workers who produce garments in Walmart supplier factories in Bangladesh, Cambodia, India and Indonesia face a range of coercive practices that make them particularly vulnerable to forced labour. These include: threats of termination levied against*

*temporary and contract workers for refusing to work overtime hours or for exercising their right to freedom of association. These coercive practices fall outside of the ambit of the guidelines set forth in the Walmart Standards for Suppliers Manual.*

For instance, this study found that in Cambodia, forced overtime is a characteristic management practice in all 14 Walmart supplier factories investigated for this study. Workers from all 14 factories reported that the standard workday was 10-14 hours per day—beyond the set 8-hour workday established under Cambodian law. Workers in all 14 factories reported that they could not leave the factory before overtime hours were completed and that sick leave was most often refused. Since the vast majority of workers are employed on short, fixed duration contracts, they are vulnerable to termination if they resist these practices.

Forced overtime is most common during the height of the garment high season, which overlaps with Cambodia's hottest season. From April-August, workers report being forced to work up to 14 hours a day—as well as on Sundays and national holidays—in sweltering heat, without adequate supply of clean drinking water or any breaks. These conditions have led to mass fainting episodes resulting from over exertion exacerbated by inadequate nutrition.

Such forced labour conditions are common across Walmart supplier factories in Bangladesh, India and Indonesia as well. In all four countries, contingent workers are required to work excessive hours with the threat of losing their jobs if they refuse. These forced labour conditions heighten the impact of other violations of rights at work, including low wages, occupational health and safety risks and workplace violence. Denial of fundamental rights to freedom of association and collective bargaining leave contingent workers unable to address violations of their rights at work.

The remainder of this report describes the employment conditions that leave Walmart supply chain workers vulnerable to forced labour; and the violations of rights at work that they face as a result of these vulnerabilities. The iteration of these rights violations across Bangladesh, Cambodia, India and Indonesia suggests the structural nature of these abuses, reproduced across contexts and integrally linked to the structure of the garment GVC.

## Temporary and contract workers

The ILO Termination of Employment Convention, 1982 (No. 158) and Termination of Employment Recommendation, 1982 (No. 166) govern the use of short-term contracts. These instruments call upon states to ensure that contracts for specific periods are not used to diminish protection against unfair termination. Instead, fixed term contracts should be limited to conditions where the nature of work, circumstances or interests of the worker require them. In instances where short-term contracts are renewed one or more times, or when they are not required, states are

instructed to consider fixed term contracts as contracts of indeterminate duration (R166, Art. 3).

In order to curb arbitrary dismissals, states are required to implement safeguards including written warnings followed by a reasonable period for improvement. Where an employer needs to terminate a worker due to economic, technological, structural or other like considerations, these decisions should be made according to pre-defined criteria that consider the interests of the worker as well as the employer (R166, Arts. 8, 23).

*Temporary and contract employment relations are common modes of maintaining a precarious workforce across global production networks. Short-term contracts make it easier to hire and fire workers. Precarious employment relationships with workers engaged in labour intensive processes have allowed employers within the garment GVC to ensure that labour costs are not expended during cycles when production wanes.*

Illegal use of short-term contracts is common in the Bangladeshi, Cambodian, Indian and

Indonesian garment industries—including in Walmart supply chains. Threats of non-renewal undermine workers’ ability to demand safe workplaces, exercise their rights to freedom of association and refuse overtime work. As a result, illegal use of short-term contracts undermines ILO core labour standards protected under the Declaration on Fundamental Principles and Rights at Work, including the Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87) and Right to Organize and Collective Bargaining Convention, 1949 (No. 98).

The Walmart Standards for Suppliers Manual prohibits the use of consecutive short-term contracts or apprenticeship schemes by suppliers, unless the supplier has an actual intent to impart skills or eventually provide regular employment (4(D)(2)). This intent based exception provides a loophole for suppliers to justify short-term contracts on the basis of a future intention to provide regular employment. In other words, the Standards for Suppliers Manual allows an employer to justify use of short term contracts or apprenticeships by showing that at a future date they plan to impart skills or eventually provide regular employment.

### Bangladesh

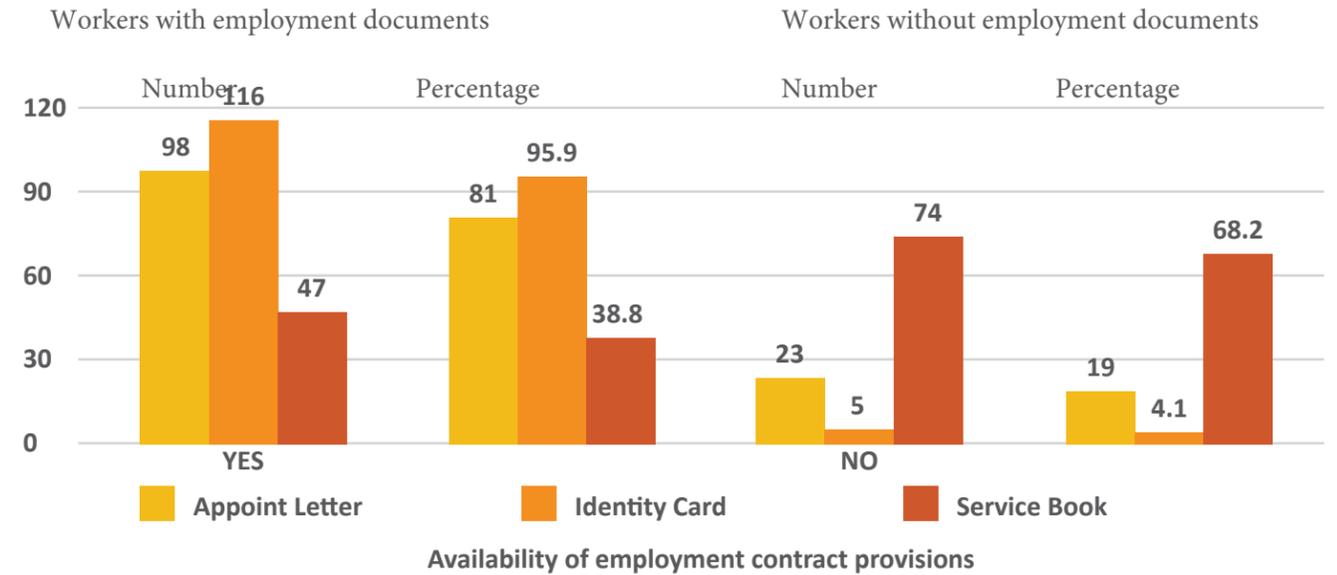
The Bangladesh Labour Act (BLA), 2006 protects all Ready Made Garment (RMG) workers in a formal employment relationship with an identifiable employer. The BLA includes numerous provisions governing contractual relationships between workers and employees, including provisions that require appointment letters and identity cards, service books, employee registers and detailed guidelines on job termination both by workers and employers.

Under the BLA 2006, every employer must

issue an appointment letter and identity card, including a photograph to all workers (Section 5) and maintain a register of workers (Section 9). The employers are also required to maintain service books for workers at their own cost—a record of duration of employment, occupation, wages, leaves and conduct that can be used by workers to establish seniority and skill level when they transition between employers (Section 6). Workers are exempt however, from providing service books to apprentices and exchange or casual workers (Section 6).

The BLA 2006 affords workers the right to resign from employment after giving notice in writing to the employer or surrendering wages equal for the variable notice period (Section 27). Upon termination of a permanent worker, an employer is required to compensate the employee for each completed year of service, or provide gratuity—whichever is higher (Section 27). Employers are also entitled to retrench, discharge or dismiss a worker. However, an employer can only legally dismiss a worker without serving prior notice if the worker is (a) convicted for any criminal offense; or (b) proved guilty of misconduct (Section 23).

The majority of workers from Walmart supplier factories interviewed for this study reported having appointment letters and identity cards. 81% of workers reported having appointment letters and 95.9% of workers reported having identity cards. Only 38.8% of workers, however, reported having service books (Figure 4). Without a clear record of their employment history, workers are vulnerable to denial of benefits associated with seniority during employment and upon termination.



**Figure 4:** Availability of appointment letters, identity cards and service books among 121 Bangladeshi workers employed in Walmart supplier factories

*Workers reported that employment termination without notice is commonplace. Among the 121 workers interviewed, 50% of respondents reported that employers expel workers without prior notice. 60% of workers also reported the employers dismissed workers without providing their due wage and benefits.*

### Cambodia

Under Cambodian labour law, factory owners can either engage workers on undetermined duration contracts (UDCs) or on fixed duration contracts (FDCs) that specify a contract end date. Factory managers can issue FDCs and renew them one

or more times for up to two years. If an FDC is extended so the total period of the contract is more than two years, then the contract will automatically turn into a UDC.

FDCs and UDCs confer workers with distinct benefits upon termination:

- An FDC terminates on a specific end date, or earlier with the agreement of both parties or in cases of serious misconduct or “acts of god.” If an employer prematurely terminates an FDC for any other reason, the employee is entitled to remuneration equal to the wages she would have received until the natural end of the contract. If the period of an FDC is more than six months, employees are entitled to notice prior to termination.
- UDCs can be terminated at will by the employer or employee, but are subjected to specific notice periods based upon the length of time the employee worked. During these prescribed notice periods, the worker is entitled to two days of leave per week, with full payment, to search for new employment. If a UDC is terminated without notice or without compliance within specified notice

periods, the employee is entitled to receive wages and benefits equal to those they would have received during the notice period.

The UDC is distinct from the FDC because it fundamentally safeguards employees against unemployment by providing supported transition to alternate employment.

According to Better Factories Cambodia (BFC), however, factories persist in using FDCs beyond the two-year duration. BFC reported a drop in factory compliance with the two-year rule on FDCs from 76% of factories surveyed in 2011 to 67% of factories surveyed in 2013-2014. Since 2011, BFC has also consistently found that nearly one third of all factories in each survey period used FDCs to avoid paying maternity and seniority benefits (BFC 2014). Employers also use threats of nonrenewal of such agreements to pressure workers into non-voluntary overtime (CCHR 2014).

Cambodian workers have challenged the abusive use of FDCs in collective disputes before the Arbitration Council. The Council has consistently ruled that according to article 67 of the 1997 Labour Law, factories cannot engage workers on FDCs beyond two years and that if they do, such workers are entitled to the same benefits and protections as workers on UDCs. The Garment Manufactureres Association in Cambodia (GMAC) has contested this interpretation of the 1997 Labour Law.

All 118 workers who participated in this study—representing workers from 14 Walmart supplier factories—reported that they began employment under a Fixed Duration Contract (FDC). Workers reported holding FDCs that typically range from 3 months to 1 year—with the majority of workers employed under a 3-6 month FDC. Workers employed at Walmart supplier, Blossom Century,

however, reported that all workers start on a 2-month FDC.

*Use of very short term contracts allows Walmart suppliers to terminate workers at the end of the contract without cause. Workers report that taking an active role in a union, refusing overtime or voicing complaints most often leads to termination.*

Use of very short term contracts allows Walmart suppliers to terminate workers at the end of the contract without cause. Workers report that taking an active role in a union, refusing overtime or voicing complaints most often leads to termination. UDCs are rare and only, if ever, offered after strict probationary periods.

For instance, in 2014, 2,000 workers were fired from Walmart supplier, Taiwanese-owned Juhui Footwear, after protesting against poor working conditions, including not being allowed to take breaks to go to the toilet and being forced to work on weekends and public holidays. In response to these conditions, 5,000 Juhui Footwear workers held a mass walkout. This peaceful demonstration met with violent police suppression that left dozens injured. 2,000 of the 5,000 workers who participated in the walkout were terminated (Kuntheur 2015).

## India

According to India's National Commission on Enterprises in the Unorganized Sector (NCEUS), within the garment industry, hiring workers on a regular contract is on decline while short-term and irregular contracts are emerging as the basis of most new recruitment in the sector. These employment trends have led NCEUS to characterize garment workers as "informal workers in the formal sector," appropriately accounting for home-based work, daily wage work and contractual labour. (Pratap 2015; Sridhar 2014).

Use of contract labour is most pervasive in Delhi-NCR with an estimated 60-80% of the garment workforce employed as contract workers. Casual and contract workers lack job security, social security benefits and freedom of association. This facilitates the sidestepping of statutory obligations by employers and creates a constant state of insecurity for workers (Chan 2013).

Casual and contract workers, hired with ambiguous terms of employment, most often cannot produce contract documents. Absent clear contracts, workers face significant challenges seeking relief in cases of abuse. Interviews with trade union leaders in the garment industry in the NCR further revealed that the practice of making workers sign on blank sheets during hiring is common. These signed sheets are later used to establish legal conditions that justify illegal termination.

*All twenty-four factories producing for Walmart that were investigated for this study employed a*

*non-standard workforce, including short-term contract workers, daily wage workers and workers who work on piece-rate.*

All twenty-four factories producing for Walmart that were investigated for this study employed a non-standard workforce, including short-term contract workers, daily wage workers and workers who work on piece-rate. Hiring non-standard workers benefits employers by facilitating flexibility between contracts. Workers, however, face periods without pay, loss of seniority that impacts their rights to receive social security benefits and the potential for retaliatory termination for exercising their right to freedom of association.

*My salary gets cut if I take even a day's holiday. All of us feel that there is no job security. We are under constant threat of being fired by our supervisors. Minor mistakes, not completing targets—anything at all and we can be asked by managers to leave the job.—Banu, Tiripur, Tamil Nadu, India*

For instance, workers from Laxmi Creations—a Walmart supplier in Vapi, Gujarat— reported that they are laid off for at least 15-20 days a year between orders. Layoffs range from half a day to

seven days at a time. During these layoff periods workers are not paid any compensation. Many report returning to work at the same company. However, since contracts are terminated upon completion of a particular order, workers lose seniority-based entitlements, including social security benefits. Use of short-term contracts also impacts workers' engagement with unions as a platform for negotiation by leaving workers vulnerable to termination for engaging in union activities.

*Workers reported that their identity cards would change regularly—issued under a different contractor each time—in order to lock them into entry-level wages.*

Workers reported that by withholding employment identification cards, employers systematically deny benefits associated with seniority—even for workers employed for extended periods of time within the same factory. In Walmart supplier, Chicklet Fashions, workers reported that their identity cards would change regularly—issued under a different contractor each time—in order to lock them into entry-level wages. Workers without identity cards reported facing harassment by police when returning home late at night from work without being able to substantiate that they were employed in the garment factories where they work. Irregular, undocumented employment status also creates significant obstacles to seeking legal redress in disputes between workers and principal employers or contractors.

Piece rate workers interviewed for this study also reported hardship associated with irregular

employment. As explained by one piece rate worker:

*When there is enough work to be done, we are able to earn above the standard minimum wage, but when there is no work for us, we are laid off without any notice or compensation.*

## Indonesia

Under Indonesia's Manpower Act, 2003, non-permanent work agreements can only be used for four types of work:

- Work that is to be performed and completed at once or that is temporary by nature;
- Work in which the estimated time for completion is no longer than three years;
- Work that is dependent or seasonal; or
- Work that is related to a new product, new activity or an additional product that is still in the experimental stage.

Under this scheme, Indonesia's garment industry has been classified as an industry that is seasonal and relates to manufacturing new products. Accordingly, garment enterprises are permitted to recruit workers under non-permanent work agreements.

This initial non-permanent work agreement, however, can be made for up to only two years—with the possibility of extension of up to one year. Following this window that can be a maximum of three years, a worker must be employed under a permanent work contract (BWI 2012).

Non-permanent work agreements facilitate termination and changes in employment status based upon employers needs and concerns—including retaliation for union activity. For instance, Walmart supplier factory, PT Ghim Li, at the time of investigation, employed 3,800 contract

workers. When workers raised grievances, management terminated all trade union officials and almost all union members—replacing them with new workers.

Workers who previously worked for Walmart supplier, PT Crystal Garment—a branch of Makalot Group—reported that in 2014 the factory closed down on the grounds that it was receiving insufficient orders to meet minimum wage requirements. Regular contract workers received 75% of the legally stipulated compensation. Non-permanent workers were terminated without any compensation at all.

## Wage related rights abuses

The ILO Protection of Wages Convention, 1949 (No. 95) aims to guarantee payment of wages in a full and timely manner, whether fixed by mutual agreement, national law or regulation; or payable under a written or unwritten employment contract. The Convention applies to all persons to whom wages are paid or payable. Workers have to be informed of the conditions of their employment with respect to wages and the conditions under which their wages are subject to change.

The ILO Minimum Wage Fixing Convention, 1970 (No. 131) and Minimum Wage Fixing Recommendation, 1970 (No. 135) call for a minimum sum payable to workers that is guaranteed by law and fixed to cover the minimum needs of workers and their families. Convention No. 131 delineates basic guidelines for determining the level of minimum wage as (a) needs of workers and their families, taking into account the general level of wages in the

country, the cost of living, social security benefits, and the relative living standards of other social groups; and (b) economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment.

Under the Minimum Wage Fixing Convention, 1970 (No. 131) minimum wages should be established for groups of wage earners in consultation with employers' and workers' organizations and enforced by law. Lack of inclusion of wage standards as ILO core or fundamental labour standards, however, constitutes a serious gap in protections.

The Walmart Standards for Suppliers Manual requires suppliers to pay all workers employed, on probation, undergoing training, or participating in an apprenticeship program. Suppliers are required to compensate all workers with wages, overtime premiums and benefits which meet or exceed the applicable legal standards or labour agreements—whichever are higher. Suppliers are required to pay overtime rates and ensure that piece rate workers receive at least the minimum wage. Wage periods cannot exceed 30 days. Suppliers are prohibited from disciplining workers through wage deductions. They are required to provide workers with written details pertaining to their employment and compensation in a language workers understand; and provide workers with proof of payment. Suppliers are required to provide legally required leave, benefits and bonuses.

In addition to the above supplier mandates, Walmart also “encourages” suppliers to provide wages that meet local industry standards; and that are sufficient to meet workers' basic needs and provide some discretionary income for workers and their families. Suppliers are also encouraged

to pay earned wages no later than 30 days from the beginning of the wage period; and refrain from making excessive deductions. Suppliers are also advised, although not mandated, to calculate wages, leaves and bonuses clearly.

The distinction between required standards and suggested standards in the Standards for Suppliers Manual creates tiered responsibilities—suggesting that the latter set of encouraged practices are discretionary rather than mandatory.

## Bangladesh

Bangladeshi labour law defines wages to include wages and other benefits and establishes procedures for fixing minimum wages (Chap. XI). According to the Bangladeshi Labour Act (BLA) 2006, the government is required to establish a Minimum Wage Board to determine and declare wage rates, including minimum wages. The Minimum Wage Board established for the Ready Made Garment (RMG) sector has declared a seven-grade wage structure for workers in this sector (Table 9).

### Minimum wages

The minimum wage board is directed to consider a range of variables in establishing wage structures.

These include:

- cost of living,
- standard of living
- cost of production
- productivity
- price of products
- business capability
- economic and social conditions of the country and locality; and
- other relevant factors.

From a perspective that considers living wage requirements, these guidelines have significant limitations:

- guidelines for wage determination do not require Minimum Wage Boards to consider the family size of the workers;
- guidelines do not give clear guidance on how Minimum Wage Boards should balance efficiency and profit with worker interests;
- timelines for reviewing wages are set at five year intervals that fail to capture regular fluctuation in the cost of living for workers;
- wage fixation guidelines do not include automatic adjustment to inflation—a figure that is high in Bangladesh and particularly high for food items and other necessary consumption items for the working poor.

The 2013 declaration by the Minimum Wage Board responsible for setting wages in the Bangladeshi RMG industry—the latest declaration at the time of writing—set minimum wages for the sector, for seventh grade level workers, at BDT 5300 [USD 67.84]; and first grade workers at BDT 13,000 [USD 166.40].

*The current minimum wage standard within the Bangladeshi Ready Made Garment Industry for a seventh grade skill level workers is more than 5 times lower than an estimated living wage; and 2.25 times lower than a living wage for a first grade skill lever worker.*

According to 2015 AFW annual PPP\$ wage figures, a living wage sufficient for workers in Bangladesh amounts to 29,442 Taka [USD 376.86] per month. The current minimum wage standard within the Bangladeshi Ready Made Garment Industry for a seventh grade skill level workers is more than 5 times lower than an estimated living wage; and 2.25 times lower than a living wage for a first grade skill lever worker.

The efficacy of minimum wage standards in the RMG is significantly undermined by a lack of awareness among garment workers about their wage rights. 25% of workers from Walmart supplier factories interviewed for this study reported that they had never heard of these minimum wage standards, 61% had heard of minimum wage standards but could not provide details on the wages they were owed. While 14%

of workers had some idea about the details of the wage structure, of the 121 workers interviewed, only 1 worker had full knowledge of the grade structure and the wages they were owed.

### Payment of wages

Bangladeshi labour law provides clear guidelines on wage payment schedule (BLA 2006, Section 123). Wages must be paid at least every 30 days and within seven working days of the last day of the specified wage period. These standards regarding payment of wages also apply in cases of termination, including through retrenchment, discharge, removal or otherwise (BLA 2006, Sections 122 and 123).

Workers reported that they received standard wages regularly—but instead of receiving them by the 7th—seven days after a monthly wage period—they received late payments, by the 10th or 12th day of the subsequent month.

### Payment of overtime wages

Under BLA 2006, workers are entitled to overtime pay at the rate of twice the ordinary rate of basic wage. They are also entitled to dearness allowance and ad-hoc or interim pay (Section108).

While workers employed in Walmart supplier factories know that the rate of overtime should be higher than the regular wage rate, the majority of workers interviewed considered overtime wage rates to be at the discretion of the employer—suggesting widespread irregularity in overtime remuneration paid.

**Table 9:** Wage grades for Bangladeshi garment workers, established December 1, 2013

Grades	Basic (BDT)	House rent	Medical Allowance	Transport Allowance	Food Allowance	Gross Salary
1	8500	3400	250	200	650	13000
2	7000	2800	250	200	650	10900
3	4075	1630	250	200	650	6805
4	3800	1520	250	200	650	6420
5	3530	1412	250	200	650	6042
6	3270	1308	250	200	650	5678
7	3000	1200	250	200	650	5300

## *Workers also reported irregularity in payment of overtime wages.*

Workers also reported irregularity in payment of overtime wages. Nearly one-fifth (18 percent) of the Walmart supplier factory workers reported at the time of interview that their overtime payments were overdue by two to three weeks. Some complained that they are paid in two installments—salary and overtime payment of two hours are paid in the first installment (within the scheduled day), and the rest of overtime payment is made in the second installment.

Workers compensated on a piece rate basis—both those who work within factory settings and those that work from home—reported that they did not receive overtime wages.

### *Arbitrary wage deductions*

Bangladeshi labour law prohibits wage deduction, except in the instance of specified cases and fines (BLA 2006, Section 25). This exception for specified cases and fines, however, opens up a significant window for abusive wage deductions exacted at the discretion of the employer.

## *Workers employed in Walmart supplier factories reported arbitrary salary deductions, including for returning late from lunch by even a few minutes.*

For instance, workers employed in Walmart supplier factories reported arbitrary salary

deductions, including for returning late from lunch by even a few minutes.

### *Cambodia*

The Cambodian Labour Law 1997 guarantees a minimum wage that will ensure workers a decent standard of living compatible with human dignity (Article 104) and equal pay for equal work (Article 106).

At the time of writing, Cambodian minimum wages were USD 140 per month—short of the USD 177 per month demanded as a statutory minimum by garment workers and their unions (AFW-Cambodia 2015; JWJ 2014a). While statutory minimum wages in Cambodia fell below workers demands, workers did earn concessions allowing them to increase their wages through addition of bonuses (McMullen 2016).

According to 2015 AFW annual PPP\$ wage figures, calculated based upon up to date national food basket research, a living wage sufficient for workers in Cambodia amounts to 1,630,045 Riel or USD 326—more than double the wages afforded workers under the current Cambodian minimum wage. This rate includes support for all family members, basic nutritional needs of a worker and other basic needs, including housing, healthcare, education and some basic savings.

### *Wage theft*

Cambodian workers interviewed for this study reported relying upon special allowances such as “attendance bonuses” to augment their income. These bonuses are not, however, calculated fairly by the Walmart supplier factories surveyed. For instance, workers from on Walmart supplier factory New Mingda in Phnom Penh reported that the factory offers a USD 10 per month

attendance bonus that, by law, can be reduced by USD 0.40 for each day missed. Instead, management deducts USD 5 from their monthly pay for each of the first three days of work missed, with an addition USD 4 per day as a penalty for subsequent missed days. Such manipulation of legally mandated attendance bonuses penalizes workers for taking legally allowed leave—forcing workers to either forfeit leave or have their attendance bonus quickly converted into an attendance penalty that cuts into their already meagre monthly income.

### *Denial of living wage*

Despite appeals to Walmart from Cambodian labour unions and international allies to ensure living wages for Cambodian garment workers, Walmart did not intervene to secure living wages for Cambodian workers. Instead, as discussed in detail in context of freedom of association, workers who mobilized to demand a living wage met with violent suppression, including deadly use of force.

In response to these atrocities, a coalition of union federations representing 100,000 Cambodian workers appealed directly to Walmart:

*We work hard every day to create huge profits for our employers and for you as buyers and yet still do not have enough to feed our families and meet our basic needs. Many of us are forced to go to work sick and work excessive overtime hours just to make ends meet. The poverty level wages in Walmart factories in Cambodia and rampant throughout Walmart’s global production networks are completely inexcusable and in direct contradiction with Walmart’s purported commitment to improving labour standards. Although Walmart hides behind layers of subcontracting, Walmart bears*

*the ultimate responsibility for wage levels in its production network because of its tremendous power in negotiating prices with a large number of suppliers who must constantly underbid each other to stay in business. When we demand higher wages, our direct employers always threaten that they cannot increase wages because the buyers will withdraw orders and we will have no jobs.*

Despite this urgent appeal from Cambodian workers, joined in solidarity by activists across the US, Walmart has taken no action to ensure living wages (JWJ 2014).

### *Non-payment of wages*

In January 2013, former workers at Kingsland Garment Factory—a Hong Kong-based Walmart supplier company—protested outside the US Embassy in Phnom Penh. They called upon Walmart to hold Kingsland accountable for withholding more than USD 200,000 in wages promised to workers when they were abruptly terminated in September.

Workers report that in September they were told they did not have to come to work due to lack of orders, but that they would be paid 50% of their salary until work resumed in January. Instead of making payments as promised, Kingsland owners declared bankruptcy and left the country. Under the Cambodian Labour Law, 1997, garment workers are due compensation when a factory closes. Workers are owed at least one month pay, payment for annual leave accrued and compensation for failure to provide prior notice, indemnity and damages. Accordingly, Kingsland and Walmart were responsible for financial obligations to the employees of Kingsland Factory.

Rather than intervening on behalf of workers,



Garment workers protest outside a Walmart supplier factory after the owner fled without paying outstanding wages and benefits.

by Heather Stilwell

Walmart claimed that they had stopped sourcing from Kingsland in 2011. However, according to worker testimony collected by CENTRAL, Walmart production continued until September 2012 when workers were abruptly terminated (Le Coz 2013).

As the Kingsland protests gained international attention, H&M—another brand that produced garments at the Kingsland Garment Factory—publicly issued a response to the complaint. Walmart, by contrast, continued to deny responsibility for the conduct of their supplier.

In March 2012, 219 employees of Kingsland Garment Factory received notice that they would be paid a USD 235,000 wage settlement.

H&M and Walmart both paid their respective proportions of wages due. However, although Walmart's finally upheld the legal responsibility to compensate workers, Walmart took no initiative to send representatives to negotiate the case. Instead, from the date of closure through to the end of the case, workers were forced to sit on guard outside the factory 24 hours a day to ensure the owner was not able to remove equipment from the rented factory property until a settlement was reached.

## India

According to 2015 AFW annual PPP\$ wage figures, calculated based upon up to date national food basket research, a living wage sufficient for workers in India amounts to INR 18,727 [USD 282.78] per month. This rate includes support for all family members, basic nutritional needs of a worker and other basic needs, including housing, healthcare, education and some basic savings.

According to Indian workers interviewed for this study in Vapi, Gujarat; Tirupur Tamil Nadu and Noida, Uttar Pradesh, workers employed as daily wage contract workers and those who are paid by piece rate are particularly vulnerable to wage related rights abuses. Contract workers and piece rate workers, moreover, are not discrete categories of workers. Rather, it is common for workers to be employed by contractors and paid according to a piece rate.

Across the 24 Walmart producing factories surveyed in India, workers reported a range of wage theft practices, including payment of wages below their skill level, denial of legally stipulated overtime rates, illegal deductions, late payments and non-payment of wages.

Researchers found that most of the “daily-wage” workers interviewed were falsely designated. By designating workers paid biweekly or even monthly for continuous service as daily-wage workers, employers deny wages commensurate with skill level, social security, paid leave and other benefits. In Walmart supplier, Aditya Apparels in Vapi, Gujarat, contract workers reported being employed in the same factory for 10 years under the designation “daily-wage worker.”

## *Delaying wages after termination is a form of harassment.*

Contract workers employed at Jayanita Exports in Noida—a Walmart supplier —reported difficulty claiming wages from contractors after termination of services. “Delaying wages after termination is a form of harassment,” one worker reported. “We lose working days—and wages we would earn—when we have to pursue recovery of hard earned wages.” Since contract workers—including at Walmart suppliers—routinely face layoffs without notice, harassment of recovering wages becomes a regular feature of employment in the garment industry.

Workers also reported deductions from their wages, ostensibly for Provident Fund (PF) and Employee State Insurance (ESI), that were never deposited in their PF and ESI accounts. Employers are also legally mandated to match employee PF contributions but workers reported these matching funds are also routinely withheld. These practices deny workers access to critical social security benefits that precipitate cycles of debt.

## Indonesia

Under Indonesia's Manpower Act, 2003 and Government Regulation on Wages Protection, 1981, minimum wages are defined as the lowest minimum wages that consist of basic wage and fixed allowances. Within Indonesia, minimum wage rates differ across groups of workers, sectors of economic activity and by geographical location. The Manpower Act, 2003 also requires workers who are paid on piece rates to be paid at least minimum wage for ordinary hours of work (BWI 2012).

Provincial and District Wage Councils formulate regulations specifying minimum wages. While organizations of workers and employers were previously represented on these councils, Government Regulation No. 78 of 2015 (PP78) eliminates worker opportunities to negotiate before the wage council. PP78 also introduces a new minimum wage formula that stipulates a measured annual wage increase that takes into account the current fiscal year inflation. As previously mentioned, labour unions in Indonesia have rejected PP78 on the grounds that it facilitates flexible employment, institutes a minimum wage formula that erases workers' needs and eliminates the opportunity to negotiate before the Minimum Wage Council (AFWA-I).

In December 2015, the minimum wage in Greater Jakarta—including Jakarta, Bogor, Depok, Tangerang and dan Bekasi—has been determined, on average, as three million rupiahs (AFWA-I). All workers in Indonesia interviewed for this study reported receiving minimum wages.

These wages, however, are far from adequate to meet the needs of a worker and their family. Minimum wages in Indonesia have been defined based upon the needs of an individual worker and not a family. According to 2015 AFW annual PPP\$ wage figures, calculated based upon up to date national food basket research, a living wage for workers in Indonesia is 4,684,570 Rupiah.

Consistent with these figures, in a hearing before the Permanent People's Tribunal held in Colombo, Sri Lanka in December 2015, workers from Indonesia reported that living needs in greater Jakarta for a single worker reaches four million rupiahs per month. For a worker with a family, this amount can reach five-six million rupiahs a month.

In the Tribunal on Living Wage as a Fundamental Right of Indonesian Garment Workers, held from

held from June 21-24, 2014 in Jakarta, Indonesian workers reported that inadequate wages had a significant impact upon their health. Forced to work overtime to earn more, pressure to complete targets that prevent workers from taking breaks to even go to the toilet, and inability to afford health insurance together, take a long term toll on the health of workers and their families.

Garment production companies in Indonesia have strategically resisted increases in minimum wages. For instance, in response to a weeklong struggle by unions across industries, workers succeeded in winning significant minimum wage increases across sectors in 2013 (Table 8).

In response, employers across sectors sought relief from paying increased minimum wages. Under the Indonesia Manpower Ministerial Decree no. 231/2003, companies may apply to local, provincial or regional authorities for suspension of minimum wage increases on the grounds that their economic situation does not allow them to pay the increase. In 2013, 949 companies submitted applications for exemption and 669 companies, including garment-manufacturing companies, were accepted.

Companies responded to labour resistance against suspended wage increases with threats of retaliation, including threats of layoffs and relocation—both to other provinces and to other countries. When workers appealed to brands to call for enforcement of minimum wages, brands including Walmart refused to intervene on their behalf (Barria 2014).

## Hours of work

The ILO prohibits excessive hours of work and inadequate periods of rest on the grounds that

Provinces	2011	2012	% increase from previous year	2013	% from previous year	US \$ (*)
Banten	1,000,000	1,042,000	4.20%	1,1170,000	12.28%	106.36
Jakarta	1,290,000	1,529,150	18.54%	2,200,000	43.87%	200
West Java	732,000	780,000	6.56%	850,000	8.97%	77.27
Central Java	675,000	765,000	13.33%	830,000	8.50%	75.45
East Java	705,000	745,000	5.67%	866,250	16.28%	78.75
National (avg)	988,829.39	1,088,902.64	10.12%	1,296,908.48	19.10%	117.90

**Table 8:** Average minimum wage increase across sectors for selected provinces, 2010-2013

*Note: Exchange rate: 1US\$ equal to Rp. 11.00*

such conditions damage workers' health and increase the risk of workplace accidents. Long working hours also prohibit workers attending to family and participating in the community. ILO standards on working time provide a framework for regulating hours of work. Relevant standards include: the Hours of Work (Industry) Convention, 1919 (No.1); Weekly Rest (Industry) Convention, 1921 (No. 14); Holidays with Pay Convention (Revised), 1970 (No. 32); Night Work Convention, 1990 (No. 171); and Part-Time Work Convention, 1994 (No. 175).

According to the ILO Convention No. 1 regarding hours of work, working hours should not exceed eight hours in a day and forty eight hours in a week. These standards do, however, provide some flexibility in exceptional cases. However, under Convention No. 1, working hours may not exceed 56 per week except in cases of processes carried on continuously by a succession of shifts (ILO Convention1, Article 4). Additional hours, however, must be set on a case by case basis after consultation with organizations of employers and workers (ILO Convention 1 Article 6.2).

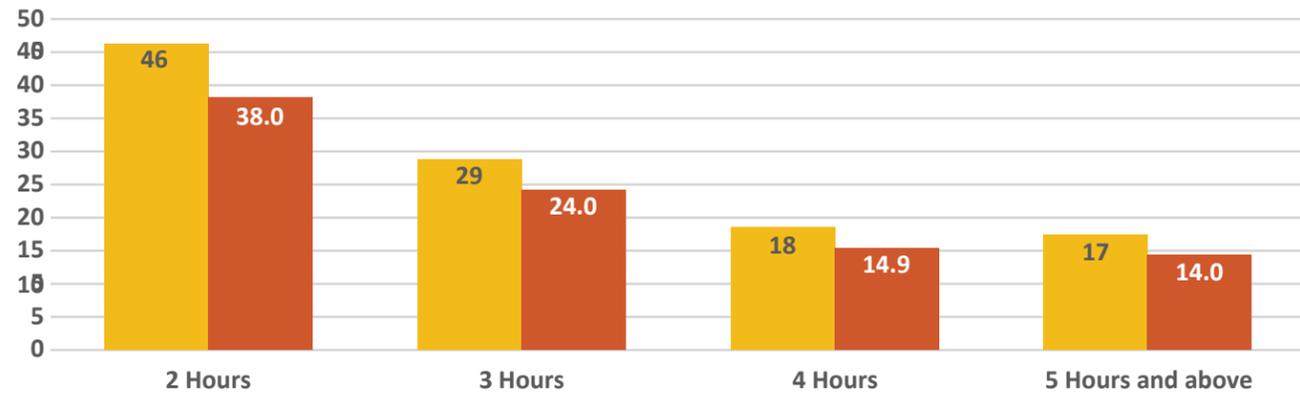
To protect women as well as adolescent from non-standard working hours, the ILO has provided specific provisions on night duty restriction.

Women without distinction of age are not to be employed during the night in any public or private industrial undertaking, other than an undertaking in which only members of the same family are employed (ILO Convention No. 89).

The Walmart Standards for Suppliers Manual requires suppliers to comply with all local laws pertaining to labour hours, including limits on hours worked. However, Walmart standards set a limit of 48 hour workweeks with 12 overtime hours permitted—this ceiling extends beyond the reasonable hours of work prescribed by ILO standard and many national laws.

Walmart also specifies that overtime work should be mandatory and that suppliers may not use coercive behavior to influence workers regarding overtime hours. Suppliers are also required to maintain accurate documentation reflecting the time worked by per-piece payment schemes. Workers must also be allowed to record their own working hours. Finally, suppliers are required to uphold laws pertaining to rest days and provide workers with at least one scheduled rest day per 7 calendar days.

While Walmart establishes standards for suppliers with regard to overtime and leave, the Walmart



**Figure 5:** Hours of overtime performed by workers in Bangladeshi supplier factories (number of workers indicated in yellow; percentages indicated in red)

Standards for Suppliers Manual also explicitly permits use of production targets.

Use of production targets and piece rate wages create sustained pressure among workers to meet targets at the expense of taking breaks to rest, using restrooms and even drinking water. Across Asian global value chains, workers in divisions ranging from sewing, trimming excess thread, quality checking and packaging are routinely assigned production targets. Many are also paid by piece rate.

Encouraging violation of international labour standards governing hours of work, production targets and piece rate systems also incentivize excessive hours of work and inadequate periods of rest. These conditions damage workers' health, increase the risk of workplace accidents and infringe on freedom of association.

## Bangladesh

According to Bangladeshi Labour Law, the general working hours for the RMG sector are 8 hours per day. These guidelines allow for up to two overtime hours—or 10 hours per day including overtime. (BLA 2006, Sec. 100).

### Forced overtime

This study found that working more than 8 hours a day is the norm in Walmart supplier factories. 91% of respondents reported regularly working overtime. 62% of workers work overtime beyond the legal limit and 29% work at least 4 to 5 hours per day overtime—more than twice the legal overtime limit (Figure 5). 66% of workers reported that overtime is mandatory.

### Night work

According to Bangladesh labour law, no female worker should be made to work without her consent between the hours of 10 pm and 6 am and no young worker should be permitted to work in any establishment between the hours of 7 pm and 7 am (BLA 2006, Sec. 109 & 41.3). However, workers in Walmart supplier factories indicated that both male and female workers are often forced to work during night shifts.

### Leave

The BLA 2006 protects workers' rights to one day weekly holiday, 10 days casual leave, 11 days of paid festival leave and annual leave—amounting to one day for each 18 days. After completing one

year of continuous service, workers are entitled to 14 days of sick leave, and for female workers 16 weeks of maternity leave.

Despite these protections, most workers in Walmart supplier factories interviewed for this study reported that they did not receive casual leave, sick leave or annual leave. Only 21% of workers received casual leave; only 33% of workers received sick leave; and only 13% of workers received annual leave.

## Cambodia

The Cambodian Labour Law, 1997 defines overtime work as work beyond the regular eight-hour day. Regulations governing overtime require that it be limited to exceptional or urgent work and limited to twelve hours per week—or approximately two hours per day. Regulations also stipulate that overtime should be voluntary and employers should not penalize workers who refuse overtime work. Required overtime rates differ based upon whether overtime is performed during the week, a weekly day off (typically Sunday) or on a public holiday (Articles 137, 139, 146, 166).

Almost all garment workers in Cambodia exceed the 48-hour work-week, often without taking paid evening breaks during overtime shifts. According to a 2015 survey of Consumption Expenditure of Garment and Footwear workers in Cambodia, prepared by the Cambodian Organization for Research and Development and the Solidarity Center, 87% of garment workers surveyed engaged in overtime work in order to meet their basic needs (Finster 2015).

*Of 118 Cambodian workers who participated in this study, 86% reported that their typical workday ranged from 10-14 hours per day—and that these overtime hours are not optional.*

*At work I'm facing stomach pain, digestion and nose problems from sitting long hours working so much overtime, and working so many days. But sometimes I just have to forget my sickness because I have no money. I have to be the rock in the family.—Thai Falla, former employee at Walmart supplier, Kingsland Garment Co.*

Workers from 4 out of the 14 Walmart supplier factories investigated report being forced to work on Sundays and National Holidays. Cambodian national holidays amount to 15-18 days of leave per year. However, nearly all workers reported that their employers preferred to pay out the holiday leave rather than allow workers to actually take the time off. Workers from only 2 of the 14 Walmart supplier factories investigated for this study reported having an annual leave package that they felt comfortable using without threat of termination.

Workers also reported being required to work when they are ill. This can be particularly damaging to their health during the hot season which lasts from March through November and overlaps with the 10-month high season in garment production.

Refusing overtime work is not an option. Workers reported that they were not allowed to leave the factory before overtime hours are over. Others reported fearing that they would lose their jobs if they did not work overtime.

## India

Under the Indian Factories Act, 1948, a worker that works in a factory for more than 9 hours a day or more than 48 hours a week is entitled to overtime pay at the rate of twice the ordinary wage rate.

Working conditions in the unorganized garment sector in India frequently amount to sweatshop conditions. Workers engaged in tailoring operations are required to complete nearly 50-60 pieces per hour on an average while piece-rate workers need to process 100-150 pieces hourly (Achanta 2015). Failure to adhere to production targets engenders verbal abuse from managers or supervisors.

For instance, workers at Walmart supplier Disha exports report compulsory overtime hours of at least two hours a day for women. Men reported that at times they were made to work 24 hours at a stretch. Workers also reported being inadequately compensated for overtime work—both by practices of under reporting and under paying workers for overtime.

Piece rate workers engaged in producing garments for Walmart, subcontracted from supplier

factories, also reported extended working hours. One worker who asked to have her name withheld recounted:

*When an order is urgent, we have to put everything aside to complete it. If we don't make it on time, the employer yells at us and threatens not to give future orders. We have to tolerate this behavior and work faster. Sometimes other members of our family must be drawn in—including young girls—in order to deliver the order on time. We do not get paid leave or holidays. We are not treated with respect.*

## Indonesia

Under Indonesia's Manpower Act, 2003, workers who work overtime—beyond 40 hours per week—are to be paid 1.5 times hourly for the first hour of overtime and 2 times the hourly pay for each additional hour worked. Workers paid by piece rate are also entitled to overtime pay rates. Forcing workers to work against their will under threat of penalty can indicate forced labour regardless of whether involuntary work is performed during regular hours or overtime. Accordingly, Indonesian law requires employees to provide written consent to all overtime work (BWI 2012).

In Indonesia, workers work well over 40 hours a week in pursuit of unrealistic performance targets. Workers also report being forced to work overtime when orders increase. Low wages, as discussed in the previous section, lead workers to prolong working hours. Others report that they do not refuse overtime assignments because refusal could cost them their jobs.

For instance, at PT Ghim Li, a Walmart supplier, workers reported that when the orders were high, all workers were forced to work overtime.

Workers reported being paid only Rp 15,000 per hour for overtime—below the overtime rate required under Indonesian law.

During high order periods workers, including women workers, are made to work the night shift. Without safe transportation options, women workers reported facing harassment, robbery and other crimes on their way home.

## Unauthorized subcontracting

Tier 1 companies routinely engage subcontractors to complete orders from brands. Subcontracting funnels work from regulated facilities to unregulated contractors where employees typically work longer, for less and usually in worse conditions.

Subcontracting practices make chains of accountability more difficult to establish. Brands typically establish contracts with Tier 1 or parent companies and list these companies exclusively when disclosing production units. In instances where brand labels are sewn in by the parent company, workers in subcontracting facilities may not even know the brand they are producing for (Finster 2015).

As explained by C.CAWDU Vice President, Athit Kong, a former garment worker: “It is the multinational brands who extract by far the largest profits from the labour of Cambodian garment workers, yet they hide behind layers of outsourcing and subcontracting to avoid responsibility” (Finster 2015).

Within supply chains in India—including those investigated in Vapi, Gujarat; Tirupur, Tamil Nadu;

and Noida, Uttar Pradesh—subcontracting is integral to the structure of the garment industry. Tier 1 suppliers have direct commercial contact with buyers, most typically international brands. These suppliers are registered by the Apparel Export Promotion Council (AEPC) as either merchants or manufacturers. Merchant exporters or buying agents do not own production facilities but instead subcontract production to garment supplier facilities.

In India, suppliers also outsource labour recruitment and management to contractors who organize groups of workers and bring them to the factory. In this way, brands, Tier 1 factories and suppliers all distance themselves from responsibility for decent work. These practices are exemplified by how suppliers discuss manufacturing capacity. For instance, in Vapi, Gujarat and Tirupur, Tamil Nadu, refer to the number of sewing machines they own rather than the number of workers they employ.

A contractor from Tirupur, Tamil Nadu who reported supplying workers to 7 production units, explained:

*The companies inform the contractor regarding the demand for work during a particular season or time. We arrange for workers—we are responsible for everything: documentation, recruitment, payment.*

In recent years, researchers have identified cases in which Walmart has not taken action to defend the rights of workers producing Walmart products in facilities that subcontract from Tier 1 companies. Instead, Walmart has been exposed for continuing to accept clothing exports from suppliers that they claim to have banned. For instance, in June 2011, Walmart claimed to ban shipments from Bangladeshi garment

manufacturer, Mars Apparel. However, shipments continued until late May 2013. Persistent receipt of shipments from suppliers Walmart has claimed to publicly ban raises significant questions about Walmart’s commitment to monitoring supply chains and ensuring decent working conditions.

## Workplace safety

The ILO addresses occupational health and safety in the Occupational Safety and Health Convention, 1981 (No. 155) and its Protocol of 2002, as well as in more than 40 standards that deal with occupational safety and health. Convention No. 155 requires each member state, in consultation with workers and employers, to formulate, implement and periodically review a coherent national policy on occupational safety, occupational health and the working environment. While neither Cambodia nor India has ratified Convention No. 155, this instrument provides meaningful guidance on international standards governing occupational health and safety.

Sexual harassment at work—including physical, verbal and non-verbal harassment—directly undermines workplace safety. Women garment workers engaged in employment relationships characterized by unequal power are particularly vulnerable to abuse.

The Walmart Standards for Suppliers Manual requires suppliers to meet industry specific standards. Suppliers are also required to provide health and safety training and personal protective equipment to workers as needed.

The Manual also calls for procedures and safeguards that include equipment maintenance, established inspection routines, facility structure

maintenance and proper fire prevention. Buildings are required to comply with local construction standards. All buildings are required to have an adequate evacuation plan, including emergency exits, evacuation route maps, protected external escape routes, doors that can be opened from inside, fire extinguishing equipment, sprinkler and fire hydrant systems and industrial emergency lights on emergency exit routes. These protections are to be maintained by fire safety committees, fire safety inspections and fire safety training.

## Bangladesh

### Building and fire safety

The BLA 2006 also contains a range of provisions related to safety equipment and safety standards for garment and the production facilities. Employers are obligated, for instance, to take measures to protect workers from dangers associated with fire. Required measures in factories that employ 50 or more workers include at least one stairway that can serve as an emergency exit, access to at least one fire extinguisher and at least one fire safety drill in a year. The BLA 2006 also requires floors, stairs, passages and gangways to be of sound construction and properly maintained. All floors and stairways should be clean, wide and clear of all obstruction (Section 72).

The RMG industry in Bangladesh routinely suffers significant industrial accidents, leaving workers dead and injured. The 2012 factory fire at Tazreen Fashions killing 124 workers; and the 2013 collapse of the Rana Plaza building, which housed five factories, directed the attention of the global community to working conditions in the Bangladeshi RMG sector. Walmart purchased from both Tazreen Fashions and factories housed within the Rana Plaza building.

The risk to workers in these and other factories producing for Walmart were well known. In a May 16, 2011 audit, Tazreen was given a high risk safety rating. A spokesperson for Walmart confirmed that the factory where the fire occurred received an orange or “high risk” assessment during May 2011 inspections and a yellow or “medium risk” assessment in August 2011. There are no indications, however, that either Walmart or Tazreen owners took action to remedy these risks to workers.

Instead, when a fire broke out on the ground floor of the Tazreen Fashions factory which was used as a warehouse and spread quickly to the upper floors, workers had no way to escape since all three staircases in the building went down to the first floor that was engulfed in flames. Had there been just one emergency exit outside the factory, casualties would have been much lower (CBC 2013).

In response to allegations of negligence, Walmart denied having an authorized production relationship with Tazreen Fashions—arguing that Tazreen had not been authorized to produce merchandise for Walmart but that a supplier subcontracted work to the factory.

Despite being the biggest producer in Tazreen Fashions, Walmart has not paid a penny in compensation to the families of the 112 workers who died. Nor has Walmart contributed any assistance, financial or otherwise, to the more than 200 workers who were injured in the fire. Walmart refused to even attend a meeting to discuss compensation for the injured and the families of the deceased (CCC 2013).

Prior to the Tazreen and Rana Plaza tragedies, in an April 2011 meeting in Bangladesh, labour rights organizations had implored Walmart and other

buyers to make a commitment to pay for urgently needed renovations to improve fire and building safety. Walmart rejected the proposed initiative. Despite acknowledging that “very extensive and costly” repairs and renovations were needed in many factories, Walmart said it had no intention of paying for any improvements, insisting that it was “not financially feasible for the brands to make such investments.”

*Despite acknowledging that “very extensive and costly” repairs and renovations were needed in many factories, Walmart said it had no intention of paying for any improvements, insisting that it was “not financially feasible for the brands to make such investments.”*

On May 14, 2013, immediately after the collapse of Rana Plaza building killing 1136 and leaving thousands more injured, Walmart finally announced that it would conduct in-depth safety inspections at all of its Bangladesh facilities. However, despite promises to disclose the list of factories, no factories have been disclosed.

According to worker reports, this study found that safety related facilities—including fire fighting instruments, alternative stairs for emergency fire exits, fire extinction drill and safety equipment—are available at varied levels across factories. Workers report that fire safety provisions have improved substantially since Rana Plaza.

91% of respondents reported that fire fighting instruments are now available in their workplaces. 81% of respondents reported that emergency exits are in place. However, only 65.3% of workers reported that routine fire drills are held.

### Workplace injuries

Garment sector workers are prone to various, routine occupational risks and accidents. The most common risks in the sector are pricked fingers and cut hands. Garments workers also frequently suffer asthma, headache, skin disease, allergy and weakness. Addressing these occupational hazards, the BLA 2006, requires provision of safety gear to protect workers' eyes (Section 75) and measures to prevent health affects associated with dangerous fumes (Section 77) and explosive or inflammable dust, and gas (Section 78). Despite these routine occupational health hazards, only 50.4% of workers in Walmart supplier factories report being given basic safety equipment.

The BLA 2006 also contains detailed provisions governing the work environment. These include provisions related to cleanliness, noise, temperature, ventilation, lighting, dust and fumes, humidity, working space, pure drinking water (Section 58), and maintenance of gender segregated toilets (Section 59). According to law, every establishment should be kept clean and free from effluvia arising out of any drain, privy or other nuisance (Section 51). Every employer is required to make effective and suitable provisions for securing and maintaining adequate ventilation, comfortable temperature, and sufficient and suitable lighting (Section 52 and 57). The workroom of an establishment should not be overcrowded (Section 56).

The vast majority of workers surveyed reported that working conditions, including with reference

to cleanliness, sound, temperature, lighting, ventilation and dust in their workplace was between moderate and excellent. 20% of workers, however, reported that sound levels were either bad or very bad. Approximately 11% of workers reported that temperature, lighting conditions and dust were either bad or very bad. Approximately 8% of workers reported that humidity was either bad or very bad.

## Cambodia

### Health risks associated with unsafe working environments

The Cambodian Labour Law 1997 incorporates standards of workplace safety, hygiene and cleanliness, with criminal sanctions for failing to implement health and safety measures in the workplace (Articles 80, 229, 230).

Working conditions in garment factories and the impact on the health of garment workers is a pressing concern within the garment industry in Cambodia. The BFC Thirtieth synthesis report on working conditions in Cambodia's garment sector (November 2012 to April 2013) reported significant health and safety concerns. 15% of the factories monitored kept emergency doors locked during work hours, putting workers at risk of death in the event of a fire. 45% failed to conduct emergency fire drills every six months and 53% had obstructed access paths (CCHR 2014)

In a February 2012 hearing before the Permanent People's Tribunal held in Phnom Penh Cambodia, Asia Floor Wage Alliance-Cambodia (AFWA-C) reported health problems associated with poor working environments. Workers and their representatives testified to working conditions described as "humid and hot, noisy, poorly lit, with scarce if any ventilation, the uncontrolled

and uninformed use of chemicals, excessive dust, lack of preventative education and little availability of personal protective equipment." These conditions, they reported, are exacerbated by poverty-level wages:

Women workers are forced to base their nutrition on food with a totally insufficient caloric content, many hours of overtime work become practically mandatory, thus making much worse the chronic exposure to the harmful environment (Barria 2014).

Due to exposure to high temperatures and high levels of chemical substances, exacerbated by poor ventilation systems and nutrition among workers, episodes of mass fainting are a regular

occurrence in Cambodian garment factories. According to the Free Trade Union of Workers of the Kingdom of Cambodia, as of November 2013, more than 700 garment workers have reportedly fainted while on factory premises throughout the year (CCHR 2014). In 2014, the Ministry of Labour recorded that more than 1,800 workers collapsed in 24 factories (CCC 2015a).

Workers from all 14 Walmart supplier factories surveyed reported incidents of fainting. Workers from 5 of these factories reported instances of mass fainting. At Walmart supplier factory, Yakjin, workers reported that 2-3 workers faint at work each day. In 2013, two workers at Yakjin died after fainting in the factory. In one case, a male worker died in the hospital after fainting in the factory. In

*Workers recover at a clinic after fainting during their shift at a Walmart supplier factory in May 2013.*



another case, a woman complained of fatigue in the morning and died in the factory at lunch time. Neither Walmart nor Yakjin owners investigated the cause of death or provided any compensation to the families.

In 2013, 60 workers fainted over two consecutive days at Walmart supplier Cambo Kotop. Som Som At, one of the workers who fainted that day recalled:

*The first day I went to work as normal, but then I felt weak and fainted. The second day I went to the factory clinic and I fainted again. I was so scared, I didn't know what to do.*

Som Som survived. 31-year old Chung Sok Nim did not. Som Som recalled:

*She was dizzy and in pain and she looked terrified. Then after lunch she passed out on the machine. They took her to the clinic and then we were informed that she was dead.*

Chung Kim, younger sister of Chung Sok Nim recall:

*She was sick but she still went to work. I took her for a checkup and the doctor gave her a prescription but she was too poor to afford the medicine. She supported our family on her salary but she did not earn enough to look after her health.*

Workers from every Walmart supplier investigated for this study voiced serious concerns about their access to clean drinking water and sanitary toilet

*Som Som At recovers at a clinic after fainting during her shift at Walmart supplier factory, Cambo Kotop.*



facilities during working hours. Some considered inability to access clean drinking water during extended working hours a significant cause of overheating, contributing to regular fainting.

*Workers were found to intake an average of 1598 calories per day, around half the recommended amount for a woman working in an industrial context.*

Investigation by the UK-based Labour Behind the Label and the CENTRAL found that malnutrition, prevalent among Cambodian garment workers, makes them more susceptible to exposure to harmful environments. Data gathered by tracking monthly food purchases by 95 workers employed in a range of garment factories in Cambodia, compared with recommended amounts and workers' Body Mass Index (BMI), revealed that workers were found to intake an average of 1598 calories per day, around half the recommended amount for a woman working in an industrial context (McMullen 2013).

While each of the Walmart supplier 14 factories investigated for this study have an on site medic available to intervene in cases of ill health, workers reported that only very serious accidents or illnesses receive any care or treatment. Headaches and overheating are not addressed or acknowledged as preliminary stages of advanced illness.

### Sexual harassment in the workplace

Cambodia's Labour Law, 1997 prohibits sexual harassment (Article 172). Cambodia does not, however, have specific legal provisions outlining

complaint procedures or promoting safe working environments.

Workers, union representatives and researchers report that sexual harassment in garment factories is common. According to some estimates, one in five garment workers experiences sexual harassment, leading to a threatening work environment. Forms of sexual harassment include sexual comments and advances, inappropriate touching, pinching and bodily contact initiated by both managers and male co-workers (Kashyap 2015).

Sexual harassment complaints, however, are much fewer. Garment industry stakeholders interviewed for this study suggest this may be attributed to workers being reluctant to complain. Consistent with this general lack of reporting, in 12 of the 14 Walmart supplier factories investigated for this study, workers reported that there had been no cases of sexual harassment to their knowledge.

However, workers interviewed at Walmart supplier, Cambo Handsome, reported sexual harassment by line leaders and direct supervisors to be frequent and persistent. Workers interviewed at Walmart supplier, Unipros Cambodia, reported that human resources and administrative personnel frequently sexually harass female workers. Workers from both Walmart suppliers reported that there were no complaint mechanisms and redress procedure available to them. At Cambo Handsome, some workers reported that allowing the harassment to continue was rewarded by allowing them to take breaks and other benefits—ultimately making long working hours easier to manage.

## Workplace violence

Workers from all 14 Walmart supplier factories investigated for this report described working under harsh conditions with strict line leaders, tough supervisors and abusive management practices. Workers reported ongoing verbal abuse and frequent threats. Workers reported that threats of termination are particularly common when they request permission to rest when they are feeling unwell. They link these abusive management practices—including denying workers breaks to drink water—to the fainting epidemic in the Cambodian garment industry.

## India

### Health risks associated with unsafe working environments

India's Factories Act, 1948 regulates conditions of work in manufacturing establishments to ensure adequate safety, sanitation, health, welfare measures, hours of work and leave parameters for workers employed in factories. The 1987 amendment to the Factories Act, 1948 gave workers the right to information about the nature and extent of workplace hazards and held directors of companies responsible for risks imposed by hazardous waste and other dangers.

Under proposed labour law changes, factories employing 10-40 workers will be governed by the Small Factories (Regulation of Employment and Conditions of Services) Bill, 2014. The 2014 Small Factories Bill suspends application of 14

labour laws to small units.<sup>1</sup> The Bill also reduces standards for health and safety established under the Factories Act, 1948. The Bill does not contain provisions relating to maintenance of cleanliness, adequate ventilation, suitable temperature, measures to contain dust and fumes, and the safety of persons working on machines. It also does not contain any provisions relating to provision of personal protective equipment, periodic medical testing of workers, reporting of work-related accidents and injuries and occupational diseases to the labour authorities. In the circumstances, the provisions relating to health and safety in the bill cannot be said to be adequate.

Defining a factory as small based only upon the number of workers employed in the factory does not adequately account for variation in capital investment, turnover and volume of output. Further, size based classification provides incentives to employers to spread manufacturing work over more than one factory to seek exemptions under the Act. It is unclear what law will apply to industrial units with 1-9 workers (Bhattacharjee 2016).

<sup>1</sup> The following labour laws are not applicable to small factories under the 2014 Bill: Factories Act, 1947; Industrial Disputes Act, 1947; Industrial Employment (Standing Orders) Act, 1946; Minimum Wages Act, 1948; Payment of Wages Act, 1936; Payment of Bonus Act, 1965; Employees State Insurance Act, 1948; Employees Provident Funds and Miscellaneous Provisions Act, 1952; Maternity Benefit Act, 1961; Employees Compensation Act, 1923; Inter-state Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979; (State) Shops and Establishments Acts, Equal Remuneration Act, 1976 and Child Labour (Prohibition and Regulation) Act, 1986.

*Health consequences faced by workers in India's garment industry include respiratory illnesses—including silicosis from sand blasting, tuberculosis, ergonomic issues such as back pain, reproductive health issues and mental health problems including depression and anxiety.*

Health consequences faced by workers in India's garment industry include respiratory illnesses—including silicosis from sand blasting, tuberculosis, ergonomic issues such as back pain, reproductive health issues (irregular period and excessive bleeding) and mental health problems including depression and anxiety. While major accidents are not common, minor incidents such as puncture wounds from needles are a daily occurrence. Other hazards include extended exposure to heat, noise, dust and chemicals; and biological vulnerability due to poor nutrition. For instance, exposure to cotton dust irritates the upper respiratory tract and bronchi. With prolonged exposure, this slowly progresses to chronic, obstructive pulmonary disease.

According to findings of a randomised survey conducted by the Employees State Insurance Corporation in 2014, 60.6% of garment workers surveyed were anemic and 80% of all tuberculosis cases registered in 2009 were from garment workers. Garment workers, largely internal migrants between the ages of 18 and 45 years with lower socioeconomic status, face particular disadvantages in dealing with health-related

challenges, including difficulties in accessing medical attention and lack of employment mobility. (Ceresna-Chaturvedi 2015).

Workers employed by Walmart suppliers reported filthy working environments. In some cases, workers reported that toilets were unusable. Some factories did not have toilets at all.

### Sexual harassment in the workplace

India's Sexual Harassment of Work Place (Prevention, Prohibition and Redressal) Act, 2013, mandates employers institute sexual harassment committees to provide clear and accessible grievance mechanisms. Most committees, however, exist only in formal records and fall short of achieving their objective of safeguarding women workers.

According to Elizabeth Khumallambam, Programme Coordinator for Nari Shakti Manch—while most factories have established sexual harassment committees on paper these committees have not materialized in practice. “The names of committee members are not posted, positions are not elected, we don't know if there is an external member and meetings are not held,” Khumallambam explained. “The composition of these committees is entirely unknown.”

Women garment workers routinely face violence in the workplace, including sexual harassment and physical and sexual violence. Among the 24 Walmart supplier factories investigated for this study, sexual harassment from supervisors is widespread. Women report enduring sexual harassment because complaints most often lead to termination.

*In Walmart supplier factory, Eastman Exports, in Tamil Nadu, a female worker reported being verbally abused and sexually harassed for allegedly spoiling a piece of fabric.*

For instance, in Walmart supplier factory, Eastman Exports, in Tamil Nadu, a female worker reported being verbally abused and sexually harassed for allegedly spoiling a piece of fabric. She was then forcefully terminated under false pretenses by the supervisor who perpetrated the abuse. At the time of termination she was not paid the wages she was due on the grounds that she had damaged the fabric on purpose. When she returned to seek the wages she had been denied, she was given only partial payment. 600 Rupees had been illegally deducted from her wages.

Women forced to work overtime hours late into the night report being vulnerable to sexual harassment and violence as they return home through poorly lit and unsafe streets.

## Freedom of Association

The ILO Declaration on Fundamental Principles and Rights at Work recognizes the right to organize as one of four fundamental rights to be upheld by ILO member states. Together, the Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87) and Right to Organize and Collective Bargaining Convention, 1949 (No.98) outline the right to join a trade union and the right to organize.

The Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87) calls upon states to prevent discrimination against trade unions; protect employers' and workers' organizations against mutual interference; and undertake measures to promote collective bargaining. The Right to Organize and Collective Bargaining Convention, 1949 (No. 98), protects workers who are exercising the right to organize; upholds the principle of non-interference between workers' and employers' organizations; and promotes voluntary collective bargaining. Freedom of association and collective bargaining are integral to the protection of other labour rights.

## Bangladesh

### Freedom of association

Bangladeshi labour law protects the right of workers to form and join a trade union of their own choice (Section 176). Worker trade unions have the corresponding right to form and join federations and both unions and federations are permitted to affiliate with any international organization and confederation of trade unions (Section 176C).

Trade unions have the authority to draw up their own constitution and rules, to elect their representatives, and organize their administration and activities and formulate their programs (Section 176D). However, Section 180(1)(b) of the BLA, 2006 undermines workers' full freedom to choose their own representatives by only allowing workers to elect officers engaged in the establishment in which the trade union is formed (Section 180(1)(b)).

Employers are prohibited from terminating workers while they are in the process of

establishing a trade union at their workplaces and selecting officials. Employers are also prohibited from transferring trade union officials—including the president and secretary of a trade union—without their consent.

The BLA 2006 also, however, requires participation from 30% of the total number of workers employed in any establishment or group of establishments in order to form a trade union. This numerical requirement, which applies only to worker organizations and not employer organizations, conflicts with ILO Convention No. 87—even though Bangladesh is a signatory of Convention No. 87.

### *Only 4% of workers in Walmart supplier factories reported membership in any workers' organization.*

Only 4% of workers in Walmart supplier factories reported membership in any workers' organization. 77% of workers employed in Walmart supplier factories in Bangladesh reported that either their factories do not have any collective action mechanisms, including unions or workers associations (43%); or they are not aware of union or worker association presence (34%). While approximately 33% of workers interviewed reported that their was some sort of workers' collective, they were unable to distinguish between trade unions, participation committees and workers' associations—and of this 33%, only 18% reported belonging to a workers' organization.

In addition to lack of worker organizations within Walmart supplier factories, workers reported that fear of harassment and termination for participating in workers' organizations are

significant factors preventing them from joining unions and associations. Almost all workers surveyed confirmed that most employers expel workers from their jobs if they find workers engaged in any sort of trade union activities. As one worker explained:

*If we maintain contact with anyone involved in organizing workers, we run the risk of losing our jobs. Participation in workers' organizations is a punishable offense.*

### Collective bargaining

BLA 2006 protects the right to collective bargaining and delineates procedures governing collective bargaining, settling industrial disputes, the right to strike, protection during layoffs and tripartite consultation. A trade union has the right to work as a collective bargaining agent in any establishment (Section 202). Unions that do not function as collective bargaining agents can also form participation committees, including equal numbers of workers and employers. In order for a trade union to act as a bargaining unit, however—if more than one trade union exists and an election is not held—then a trade union must enlist membership of at least one-third of the total workers of the institution. In order to call a strike, a collective bargaining association must have the support of at least 75% of its membership.

The BLA 2006 also provides elaborate procedures to settle industrial disputes by the employer or collective bargaining association through processes of negotiation, conciliation and arbitration (Section 210). If industrial disputes

are raised, the CBA is required to communicate with other parties in writing. The recipient party must arrange a meeting for negotiation within fifteen days. If the negotiation fails, the dispute is forwarded to the conciliator. If the dispute is settled through conciliation within 30 days, the conciliator is required to report settlement to the government. If the conciliation fails, the conciliator must refer the dispute to an arbitrator. An arbitrator must present an award within thirty days or a period agreed upon by both parties after the dispute is received. Only then can a collective bargaining association provide a notice of strike or lock-out.

In addition to these pre-requisites to strikes and lockouts, no collective bargaining association can serve notice of a strike or lock-out unless 75% of its members support it (Section 211.1). The BLA 2006 also imposes a three year ban on strikes in newly established industries, and industries established or supported by foreigners.

64% of workers in Walmart supplier factories reported that they do not know whether there is any opportunity for collective bargaining at their workplaces. The investigation into collective bargaining rights in Walmart supplier factories, also revealed that workers hardly bargain with the employers through trade unions or any other associations. Rather, the predominant mode of bargaining is mediation.

Only a very small percentage of respondents (5%) reported bargaining through unions or associations. 29% of respondents used mediators—including supervisors and influential local personalities—to channel their demands. Another 29% of workers reported bargaining directly with employers without the support of workers unions or associations.

When asked to elaborate on the nature of dispute handling procedures in the factories where they worked, workers reported that no formal system to address grievances exists at their workplaces. Instead, workers must rely upon mid-level management for relief. While some workers reported the presence of complaint boxes within their workplaces, workers considered this avenue for relief of little use.

Only a very small proportion of workers claimed to have seen strikes at their workplaces and only a handful of workers claimed to have participated in some form of a strike. The majority of respondents reported that due to fear of retaliation they would not exercise their limited right to strike. Most workers reported that participation in a strike would lead to their termination.

## Cambodia

Cambodia's Constitution guarantees the right to strike and the right to non-violent demonstration. The 1997 Labour Law guarantees workers the right to form unions of their choice and protects workers against interference from employers and discrimination on the basis of union membership.

Although union membership is significantly higher in the garment industry than in other industries in Cambodia, with at least 37 garment union federations in existence as of 2014, many garment workers remain unrepresented. Union leaders are often targeted by factory owners, and violently beaten by law enforcement officials with striking outside the workplace. Many have faced dismissal or have been fired due to their activities (CCHR 2014).

## Barriers to unionization and collective bargaining

Of the 14 Walmart supplier factories investigated for this study, 5 Walmart suppliers did not allow unionization at all. While collective bargaining agreements are widely considered to be the most effective way of setting wages and establishing decent work within the garment industry, among the 14 Walmart supplier factories investigated, only one factory had a collective bargaining agreement.

Union leaders are often targeted by factory owners, and violently beaten by law enforcement officials while striking outside the workplace. Many have faced dismissal or have been fired due to their activities (CCHR 2014). For instance, Walmart suppliers, Quicksew and Cambo Kotop, dismissed local union activists for engaging in union activity. Despite orders from the Arbitration Council to reinstate these workers, the company refused. Despite appeals to Walmart from the Collective Union of Movement of Workers (CUMW) to intervene on behalf of workers, Walmart has not taken action.

Among the 9 Walmart supplier factories that do have unions, workers from 4 factories reported that their unions are established and run by employers.

Workers from the 4 remaining factories reported having employer and government aligned unions. Rather than facilitate articulation of worker perspectives, employer and government aligned unions restrict worker ability to voice legitimate concerns. These types of unions also do not engage in negotiations between workers and factory management.

For instance, Walmart supplier, Yakjin Cambodia, currently has two unions, an employer aligned and a pro-government union. Under this arrangement, none of the workers interviewed at Yakjin are aware of a union representative or a union office, although membership dues of 2000 Riel are deducted from their paycheck.

Similarly, Cambo Handsome has only one employer union. None of the workers at Cambo Handsome interviewed for this study were aware of a union representative or union office. However, as with Yakjin, union dues of 1000 Riel are deducted from workers' paychecks.

Deducting union fees from a paycheck without signed consent and approval is common practice among employer and government aligned unions. This practice, however, is illegal under Cambodian Labour Law, 1997.

## Tacit consent to excessive use of force in response to wage strike

In late December 2013 and early January 2014, more than 200,000 Cambodian garment workers took to the streets to demand a new minimum wage of \$160/month. The strike closed the industry for one week and cost manufacturers more than USD 200 million. In response, armed soldiers chased and attacked workers with slingshots, batons, and metal pipes in front of a garment factory in Phnom Penh. During the violence, the soldiers detained ten union leaders and protesters, severely beating some and holding them all overnight at a military base without access to adequate medical treatment. Teng Chantha, employed at Walmart supplier factory, Yakjin, at the time recalled:



*Military forces position outside Yakjin factory on January 2, 2014*  
by Heather Stilwell

*I was so scared. I felt like I couldn't move. We were told to get out of the factory and there were so many soldiers at the door. Outside I saw soldiers attack the protesters. They ran after everyone they could find. It went on for so long before they stopped. It was so violent and so cruel.*

The following day, on January 3, 2014, police and military personnel shot and killed at least five striking workers during a renewed mobilization using live ammunition at the Canadia Industrial Park, in southwest Phnom Penh. Those killed by the Cambodian security forces were employed at factories producing clothing for several major multinational corporations, including Puma and Adidas. An additional 38 people, some of whom work in the Walmart supply chain, were hospitalized during the attack, 25 suffering from bullet wounds, and 13 more were arrested.

*According to media reports, Walmart supplier, Yakjin,*

*was instrumental in this crackdown, using connections to arrange for security forces from Brigade 911—a Cambodian regiment infamous for excessive use of force and other human rights abuses.*

On January 17 and 20, 2014, Cateran Apparel, another Walmart supplier, sent hundreds of armed military personnel into the factory, threatening to shoot union representatives and workers if they did not stop protesting immediately. CUMW wrote to Walmart seeking intervention against excessive use of force but received no response from the brand.

The government has failed to thoroughly and transparently investigate the deaths, injuries and disappearances that resulted from this violent suppression. Three weeks after the shooting, the government announced that an investigation into the violence had been completed. The report, however, has not yet been made public and high-ranking officials stated that the focus of investigation was to determine responsibility for initiating the violence not to determine responsibility for causing the death and injury of protesters.

Immediately following the strike, the government instituted an interim ban on freedom of assembly prohibiting gatherings of 10 people or more which lasted around three months. Further, the government instituted an interim ban on union registration which lasted for most of the year of 2014.

Since 2012, CENTRAL has documented the illegal or illegitimate termination of more than 6,500, more than 100 cases of violence or serious injury, and more than 100 cases of independent union leaders and members being arrested or summoned to court.

## India

The regulatory framework undergirding industrial relations in present-day India was introduced during the 1920's. Significant legislation included the Trade Unions Act, 1926 and Trade Disputes Act, 1929. The Trade Unions Act, 1926, provided for registration of trade unions, gave unions legal status and extended some protection against civil and criminal liability in the course of industrial disputes. However, both the Trade Unions Act, 1926 and Trade Disputes Act, 1929 remained limited in their protection of freedom of association and collective bargaining. Unregistered unions were excluded from protection and the legislation did not obligate employers to bargain with registered unions. The Trade Disputes Act, 1929, severely limited the right to strike and required referral of industrial disputes to a conciliation board or court of enquiry—although the outcomes of a referral were not binding upon the parties.

The Industrial Disputes Act, 1947 applied conditions under which workers were allowed to strike and distinguished between legal and illegal strikes. The Act also designated no procedures to determine the representative union in a particular bargaining unit. Since employers were under no legal obligation to bargain with unions, there was no incentive for collective bargaining. Instead, privileging strong state intervention in industrial disputes, compulsory arbitration lies at the core of the Industrial Disputes Act, 1947, permitting the state to force any conflict into

compulsory arbitration and to declare any strike or lockout illegal. These provisions allowed the state to intervene in industrial disputes and direct industrial relationships through civil dispute mechanisms. For the most part, under these provisions, disputes were referred to conciliation, then to the labour commissioner—and if these mechanisms failed, disputes were settled in industrial courts, labour courts or through binding arbitration.

In context of global marketization, India's labour laws have been critiqued for facilitating the rising power of unions and protecting rights at work. In particular, criticism was leveled against inefficiency in India's state machinery for adjudicating industrial disputes and the 1982 amendments to the Industrial Disputes Act, 1947 that were seen as curtailing employers' rights and enhancing bargaining power of unions.

Such critiques have been mobilized to advocate for labour law reforms that increase workforce flexibility, decrease the bargaining authority of trade unions and diminish the reach of India's state labour regulatory apparatus. While de jure labour law reforms have been slower to materialize, over the last twenty-five years, industrial relations have been de facto restructured along these lines.

The 1991 reform climate prompted systematic downsizing of the organized workforce. Micro-level studies of this period have documented large-scale employment adjustments in response to adverse demand shocks. For instance, due to the collapse of Ahmedabad's textile factories in the 1980s and 1990s, 36,000 workers lost their jobs between 1983 and 1984. Other systematic measures to achieve labour flexibility during this period have included illegal closures, increased use of contract labour, outsourcing and

subcontracting. As a result of such systematic downsizing of the organized sector, workers were increasingly channeled into delivering flexible, labour intensive production activities at low cost and without wage, job or social security.

Reducing the bargaining power of what remains of the organized industrial sector, 2001 amendments to the Trade Unions Act, 1926 required unions to have at least 100 members or to represent at least 10 percent of the workforce in order to register under the Act—making the formation and registration of unions far more challenging than had previously been the case (Bhattacharjee 2016).

*Consistent with this systematic attack on freedom of association, none of the 24 Walmart supplier factories investigated for this study had a union.*

Consistent with this systematic attack on freedom of association, none of the 24 Walmart supplier factories investigated for this study had a union. None of the factories surveyed had a mechanism for settling disputes and none of the workers interviewed could recall any strike or collective action that had taken place in the factory where they work.

Workers interviewed in Walmart supplier, Jayanita Exports, in Noida, Uttar Pradesh, reported feeling helpless to respond to their working conditions. According to worker accounts, the company hires goons that intimidate and harass workers who assemble during their lunch breaks—preventing workers from gathering together for tea, lunch or even outside factory grounds.

In Tirupur, Tamil Nadu, however, while there are no firm level trade unions, central trade unions—including CITU, AITUC, INTUC, MLF, LPF and ATP—play a significant role at the district level in negotiating minimum wages.

## Maternity benefits

Recognizing that pregnancy and maternity can be an especially vulnerable time for working women and their families, the ILO Maternity Protection Convention, 2000 (No. 183) calls for benefits including 14 weeks of maternity leave and cash benefits to ensure that a woman can maintain herself and her child. In order to ensure that a woman can maintain proper conditions of health and a suitable standard of living, Convention No. 183 specifies that earnings shall be no less than two-thirds or her previous earnings or a comparable amount. The convention also requires states to protect women and nursing mothers from work that has been determined to be harmful to her health or the health of her child. Finally, under this convention, employers are prohibited from discriminating against women on the basis of maternity and prevented from terminating a woman's employment during pregnancy or absence on maternity leave or during a period following her return to work—except on grounds unrelated to pregnancy, childbirth and related consequences.

## Cambodia

Cambodia's Labour Law 1997 guarantees 90 calendar days of paid maternity leave that can be taken either before or after delivery (Article 182). Women are also guaranteed 50% wages during maternity leave (Article 183). However, these benefits are only applicable for women who have worked continuously for a minimum of one year

at the factory. The requirement of uninterrupted service disadvantages women hired under FDCs who are unlikely to have continuous employment. (CCHR 2014).

Since garment factory workers in Cambodia are predominantly women, lack of access to adequate reproductive and maternal health services is a significant issue. As early as 2012, workers organizations began reporting that pregnant women were regularly threatened with dismissal from garment manufacturing jobs. This led many women to terminate pregnancies in order to keep their jobs. Women also force themselves to work until the very last day before the delivery, putting their own lives at risk. Most women on FDCs do not get their contracts renewed after they go on maternity leave (CCHR 2014; Nuon 2011).

*Workers from Walmart supplier Yakjin reported that when a woman becomes pregnant, she may not even be allowed to continue on a current contract and may be terminated early.*

Several respondents interviewed for this study reported that becoming pregnant leaves workers at risk of termination. Since most workers are employed under fixed duration contracts requiring regular renewal, women who become pregnant are unlikely to have their contracts renewed at the end of a term. Workers from Walmart supplier Yakjin reported that when a woman becomes pregnant, she may not even be allowed to continue on a current contract and may be terminated early.

Factories employing more than 100 female workers are also required to set up a nursing room and day care center (Article 186). Women are also legally allowed one hour off a day, in addition to regular breaks, for breastfeeding during the first year following delivery (Article 184). However, according to BFC, 67% of factories monitored do not comply with this provision. Many women are required to choose between leaving their jobs in order to breastfeed—thereby losing their only income; or to take them to private day-care centers where they are fed with low-quality formula milk.

## India

India's Maternity Benefits Act, 1961 protects employment of women in establishments and provides for maternity and other related benefits. Female workers are entitled to a maximum of 12 weeks of maternity leave. Out of these 12 weeks, six weeks leave is post-natal leave. In case of miscarriage or medical termination of pregnancy, a worker is entitled to six weeks of paid maternity leave. Employees are also entitled to one additional month of paid leave in case of complications arising due to pregnancy, delivery, premature birth, miscarriage, medical termination or a tubectomy operation (two weeks in this case) (Sections 6-10).

The maternity leave is awarded with full pay on completion of at least 80 days in an establishment in the 12 months prior to her expected date of delivery. The maternity benefit is awarded at the rate of the average daily wage for the period of a worker's actual absence from work. Apart from 12 weeks of salary, a female worker is entitled to a medical bonus of 3,500 Indian rupees (Section 5).

A pregnant women worker is entitled to a maternity benefit (in the form of medical

bonus) of one thousand rupees if no prenatal confinement and post-natal care is provided by the employer free of charge. It can be increased to a maximum limit of twenty thousand rupees. The Central Government is authorized to increase the basic amount every three years. In August 2008, the amount of medical bonus was 2500 Indian rupees which has been later raised in 2011 to 3500 Indian rupees (Section 8).

In the 24 Walmart supplier factories investigated for this study, maternity benefits are granted inconsistently—ranging from none at all to well below statutory requirements.

## Recommendations for the ILO at the International Labour Conference, 2016

The ILO Tripartite declaration of principles concerning multinational enterprises and social policy (MNE Declaration), 2006 refers only to subsidiaries or franchises. Accordingly, GVCs and GPNs in their current form are not covered by this Declaration. The need of the hour is for the ILO to clarify and update its standards and mechanisms to protect workers employed by transnational corporations (TNCs) across vast GPNs.

TNCs and their suppliers have a duty to obey national laws and respect international standards—especially those pertaining to realization of the fundamental principles and rights at work. A number of ILO core labor standards, such as the Forced Labour Convention, 1930 (No. 29), 2014 Protocol to the Forced

Labour Convention 1930 and accompanying Recommendation, already protect workers in value chains. However, as this report details, changes in the modern workplace and globalization of value chains has opened up new gaps in the protection of fundamental principles and rights at work. In addition to clarifying the application of existing standards in global value chains, the ILO should set new standards and enforcement mechanisms and encourage national governments to do the same.

The following recommendations emerge from our experience promoting the rights of workings in global value chains.

### 1. Given the well-documented and rampant exploitation of workers and resources by MNEs operating through GVCs, and noting the limits on regulation under national legal regimes, the ILO should move towards a binding legal convention regulating GVCs.

- 1.1. Standards under this convention must be at least as effective and comprehensive as the UN Guiding Principle on Business and Human Rights and existing OECD mechanisms, including the 2011 OECD Guidelines for Multinational Enterprises.
- 1.2. The Convention should include the following components, among others:
  - 1.2.1. Imposition of liability and sustainable contracting, capitalization and/or other requirements on lead firms to ensure accountability throughout the GVC.
  - 1.2.2. Establishment of a Global Labour Inspectorate with monitoring and enforcement powers.
  - 1.2.3. Publicly accessible transparency and traceability provisions.
  - 1.2.4. Specific provisions that address the special vulnerability of migrant workers on GVCs.
  - 1.2.5. Specific provisions that address the

special vulnerability of women workers on GVCs.

1.2.6. Limits on the use of temporary, outsourced, self-employed, or other forms of contract labor that limit employer liability for worker protections.

### 2. Pursue a Recommendation on human rights due diligence that takes into account and builds upon existing due diligence provisions that are evolving under the United Nations Guiding Principles on Business and Human Rights and the 2011 OECD Guidelines for Multinational Enterprises.

### 3. Take the following complementary measures to protect workers employed in global value chains:

- 3.1. Recognize the right to living wage as a human right and establish living wage criteria and mechanisms.
- 3.2. Promote sector-based and transnational collective bargaining and urge countries to remove national legal barriers to these forms of collective action.
- 3.3. Expand work towards the elimination of forced labour, including promoting ratification and implementation of the Forced Labour Convention, 1930 (No. 29), 2014 Protocol to the Forced Labour Convention 1930 and accompanying Recommendation.
- 3.4. Continue programs to ensure social protection, fair wages and health and safety at every level of GVCs.
- 3.5.

### 4. Convene research to inform ILO global supply chain programming, including:

- 4.1. Research on adverse impacts of TNC purchasing practices upon
  - 4.1.1. Core labour standards for all categories of workers across value chains.
  - 4.1.2. Wages and benefits with for all categories of value chain workers. This

research should aim to satisfy basic needs of workers and their families.

4.1.3. Access to fundamental rights to food, housing, and education for all value chain workers and their families.

4.2. Research into the range of global actors that may have leverage over GVCs including investors, hedge funds, pension funds and GVC networks that define industry standards such as Free on Board (FOB) prices.

4.3. Research into the types of technical advice needed by OECD government participants taking a multi-stakeholder approach to address risks of adverse impacts associated with products.

4.4. Research into mechanisms deployed by authoritative actors within GVCs that contribute to violations of fundamental principles and rights at work, including attacks on freedom of association, collective bargaining, forced overtime, wage theft and forced labour.

4.5. Since women represent the greatest majority of garment workers, the situation of women should be urgently included in monitoring programmes to assess the spectrum of clinical, social and personal risks.

4.6. Require an urgent, epidemiological study into deaths and disabilities resulting from conditions of work and life of garment workers. This information should be made available publicly and to international agencies.

**5. Organize a Tripartite Conference on the adverse impact of contracting and purchasing practices upon migrant workers rights. This conference should focus on:**

5.1. Protection of migrants rights as conferred under the UN International Convention on the Protection of the Rights of all Migrant Workers, and Members of their Families.

5.2. The intersection of migrant rights and ILO initiatives to promote Decent Work in Global Supply Chains.



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