

# Living Wage Now!

*Digest Edition Autumn 2015 – A Publication of the Clean Clothes Campaign*

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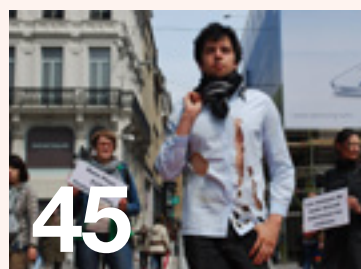
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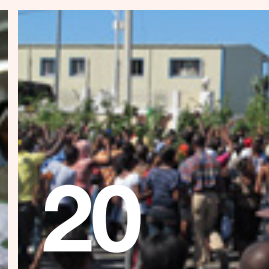
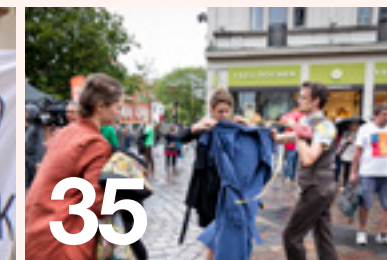




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# Living Wage Now!

**How can it be that today, in 2015, women and men who are producing clothes in workplaces all over the world are unable to cover the most basic needs for themselves and their families? Insufficient food, no secondary school for their children, no access to health care, no saving and... no possibility to buy what they produce themselves in hundreds of pieces every day. How can it be? Because they are paid poverty wages. They work 12, 14 hours every day, but they don't even earn a living wage.**

Today, in garment production countries more and more workers are fighting for their right to earn a living wage. Recently in Bangladesh and Cambodia, hundreds of thousands of young women have taken to the street demanding wage increases and denouncing the systemic abuse of their basic human rights by their employer, government and brand name companies. The Clean Clothes Campaign (CCC) has been supporting their struggles and raising awareness in Europe about the real cost of high-street clothes.

Over the past three years the CCC has focused on bringing together the voices of garment workers, strengthening worker organising and supporting the emergence of innovative Asian led strategies such as the Asia Floor Wage Alliance. The CCC also demonstrated that poverty wages are not only a reality for Asian garment workers, but for European as well.

In Europe, CCC activists have been building bridges between consumers, industry and retail workers, publishing information on company commitments, handing over common declaration to brand name companies, initiating consumer actions in shopping centers as well as training unionists to take action within workers councils. By doing so, they pushed fashion brands and policymakers to take steps to ensure a living wage is paid to garment workers.

Since the start of the CCC Living Wage Campaign and following the Rana Plaza collapse, the responsible management of the garment supply chain has become an important topic for international organisations and policymakers such as ILO, OECD, European Commission, as well as the German and Dutch governments. They all launched a debate to link the behavior and practices of brands with the respect of human rights. A number of companies have committed to paying a living wage in the future. Others have taken the first steps to ensure that workers Human rights are protected throughout their supply chain.

Yes we are getting there, but not fast and strong enough! As a result of the mobilising work a Living Wage for garment workers now is on the agenda, but we will not rest until it also becomes a reality. Companies and policy and decision makers have to move from discourse to action and to make living wage a reality for garment workers. The Living Wage Now Forum takes place at a perfect moment, to move forward the commitments of companies and European policy decision makers, opening a dialogue based on concrete and feasible proposals, closely linked to the workers' demands.

In this magazine, workers testify on the heavy impact of a poverty wage on their daily life. Unions describe their fights and mobilisation for improving wages. The Asia Floor Wage Alliance presents its innovative strategy and perspectives. Actions undertaken by some companies are put in perspective, while spaces are open to discuss with companies and policymakers the Clean Clothes Campaign proposals to move forward paying a living wage to garment workers.

**We hope it's intense, innovative and inspiring!**



# Not Much Change in Living Wage Brands' Policies



**After three years of coordinated campaigning about the living wage, how much change has there been in the policies of the companies that Clean Clothes Campaigners have been talking to? It has been a hectic three years!**

text Anna McMullen & Bettina Musiolek illustration Juan Pablo Baene

After workers in factories in Cambodia started fainting from exhaustion and malnutrition in 2012/13, H&M was the target of multiple shop actions, where activists fainted on shop doorsteps around Europe and thousands signed a petition to call for living wages. Adidas's failure to pay their workers enough to live on was called into question in summer 2014 when campaigners during the world cup held events and demonstrations and Adidas workers from Cambodia came to the Europe to talk about their struggle. Inditex, parent company of Zara and other major fashion brands, had working

conditions in its supply chain uncovered when Clean Clothes released the Stitched Up report which found garment workers in Eastern Europe and Turkey paid below the poverty line, and relying on subsistence agriculture or second jobs just to survive. And Hugo Boss came under fire in 2015 for failing to pay a living wage to workers in Turkey, when over 75,000 people signed a petition calling for Hugo to be a real boss and pay the living wage. Not to mention the more than 120,000 signatures of citizens across Europe calling for a living wage for garment workers making the clothes we buy.

## H&M, so what has changed?

**After campaign pressure on H&M to act on living wages mounted, in December 2013 it launched its roadmap to a living wage, which committed the brand to paying a "fair living wage" to 850,000 textile workers by 2018.**

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

H&M's fair living wage strategy aims to address its own buying practices, but also provide training for workers to encourage workplace representation, call on governments to adopt regular and better minimum wage setting mechanisms, and work with suppliers to get them to set up improved pay systems. Initially this process is being tested in three role model factories, two in Bangladesh and one in Cambodia. H&M has 100% buying share at these factories (they are the only brand making products there for the time being) in order to give stability to the project. Through training and support, workers and management are

agreeing a wage structure that more fairly rewards skill, seniority, performance and other things. H&M says productivity is being improved in the factories, and worker negotiation systems established. H&M also says it is changing its approach to negotiating prices with the suppliers to make sure it doesn't have a negative impact on wages.

One of the main criticisms of H&M's fair living wage roadmap has been that the company is not willing to put a real figure to what a fair living wage is. Instead the company says that "The textile workers own opinion of what a decent living wage is, serves as our definition."

Although CCC agrees that wages must be negotiated, we feel that there is a big hole as the brand has not defined the wage that they are aiming to pay – essential in order to enable measurable and rapid change. The problem with H&M's approach is that, in countries like Bangladesh for example, where the starting point of negotiations is a minimum wage of only 19% of the amount needed to support a family of four, asking for a 400% wage increase is simply not feasible and workers won't ask for it.

Average wages at H&M Gold and Platinum suppliers in Cambodia, US\$, July 2015

All figures are per month and in US\$	Basic wage	Overtime pay	Holiday and Sunday pay	Bonuses*	Average total take home pay
Gladpeer, Gold supplier	128.00	20.03	-	24.00	172.03
Perfect, Gold supplier	128.00	15.64	-	26.38	170.02
M&V International, Gold supplier	Workers paid on piece rate at an average of \$6.87/day	18.22	19.70	32.67	219.11
Eastex, Platinum supplier	126.33	31.66	38.42	24.96	221.38
Seduno, Platinum supplier	124.06	23.08	0.99	23.55	171.68
Vanco, Platinum supplier	128.00	15.80	-	29.8	173.60

\* Including transport, attendance, health, seniority, meal (where provided), and performance (where provided).

### Is it making any difference to wages for workers on the ground?

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

The results show that workers at a few H&M suppliers are getting significantly more than the minimum wage, but not necessarily in a sustainable way. Some workers at H&M suppliers are able to top up their pay from 128 US\$ by working lots of overtime, and choosing to work on national holidays and Sundays. Workers from Eastex for example were working 6 days a week (8 hour shifts), plus average overtime of 34 hours a month (1.3 hours a day), plus 2 Sundays a month, plus 2 public holidays. This would have added up to only 2 days off in a whole month of 9 hour+ days.

Although long hours were a feature of suppliers like Eastex, H&M supplier M&V International was trialling a different wage system with interesting results. Researchers found that M&V International had switched wage systems from a basic daily wage to a piece rate wage that was rewarding workers who were able to work faster, resulting in average take home pay of 219.11 US\$ a month.

Workers were paid for the number of pieces they processed within the working day, while at the same time reducing overtime hours quite significantly. However, workers also reported that because the wage system was pushing worker productivity, many workers were exhausting themselves trying to maximise their wage within the hours they were allowed.

One worker from M&V reported: "We get sick too easily. We often get sick, around once a month. The most common sickness is stomach problems. We don't eat enough and work too much trying to maximize the piece rate. Also we don't stop to go to the bathroom. We often work through lunch breaks or go back into work early, so there is hardly any time to rest. When we are sick we have to go to the private hospital but we don't often stay overnight because it's too expensive. We just got there, get a check-up, buy medicine or get serum injections. Each time we go it costs at least 50,000 Riel (12.50 US\$)."

When workers were asked how much they needed to earn in order to provide a decent living for themselves and their dependants, workers gave figures anywhere between 170 US\$ and 300 US\$, but on average, they estimated a decent minimum living wage was 230 US\$. The Asia Floor Wage for Cambodia (calculated using a formula for decent diet and living conditions for a family), puts the living wage at 394 US\$. None of the workers interviewed said that their current earnings or lifestyle were enough to allow them to live with dignity.

**Clean Clothes Campaign is interested to see further outcomes from H&M's fair living wage approach. Given the above snapshot, we hope that wages going up will not come at the cost of worker health and worker exhaustion.**

## Adidas, so what has changed?

**Despite lobbying Adidas to define what a fair wage means for the making of their products, and asking them to factor this into costs, Adidas has not changed its policy or come out with any new statements on living wages.**

In November 2014, Clean Clothes Campaign met with a senior figure from Adidas in Phnom Penh, accompanied by Athit Kong from the Cambodian garment workers' union C.CADWU. At the meeting we discussed Adidas' approach to wage and the possibility of it signing a wage agreement with the national union caucus to negotiate for better pay. Adidas agreed that this would be a good idea, and could bring its suppliers to the table, although didn't commit to Adidas signing itself.

In August 2015 Adidas also agreed to re-open discussions with unions in Indonesia over issues with short term contracts, and said that a discussion about wages could also be on the cards. This promising news is only rumour so far, but could result in negotiations towards better wages.

### Is it making any difference to wages for workers on the ground?

So far, no.

## Inditex, so what has changed?

**Inditex, along with a number of other brands including Tesco, Tchibo, C&A, Primark, Next and H&M, has signed an agreement with the global union for garment workers, IndustriALL, to work together on improving wages in their supply chains.**

The brands, who have called themselves as a group 'ACT', have agreed to work on measures to establish industry collective bargaining in key garment and textile sourcing countries. This is also backed up by work with suppliers on Human Resource and wage systems, and on responsible purchasing practices.

Outside of the ACT process, Inditex has not engaged with any new living wage work.

### Is it making any difference to wages for workers on the ground?

Currently, no. Although the ACT brands have collectively lobbied the Cambodian government in support of an increase in the minimum wage, which may or may not have helped achieve a 28 US\$ increase in 2014.

## Hugo Boss, so what has changed?

**We are unfortunately unable to report any progress on demands to Hugo Boss about respecting workers' human rights and paying a living wage.**

Initial engagement with the brand was unfruitful. In 2013 when Clean Clothes Campaign activists asked the brand to provide an update on its living wage work, Hugo Boss refused to even fill in the questionnaire. In 2013/14 we interviewed workers at four production sites in Croatia and Turkey where Hugo Boss clothes were produced in order to find out information for ourselves. The research revealed that the wages of workers producing Hugo Boss goods were far below the estimated basic living wage. Researchers found factories producing Hugo Boss garments where issues included denial of freedom of association and the right to collective bargaining, active union busting and mobbing of unionists, forcing and bribing workers to resign from the union, outsourcing and re-hiring of workers in sister companies on lower terms, sexual harassment, shouting, and intimidation. Workers also reported that overtime and overtime bonus were not paid according to the law and that women's reproductive rights were denied (e.g. threatening women with job losses were they to get pregnant).

When the research was launched, and a campaign across Europe took place, Hugo Boss did take some steps. It joined the Fair Labour Association and increased the number of CSR staff working for the brand. However, 2015 research to check up on factories and workers reports in support of this revealed non-payment of legal minimum wages in Poland and continued union busting and intimidation of union members in Turkey.

**Is it making any difference to wages for workers on the ground?**

Between 2005 and 2013 the company's profit tripled, but no difference has been made to wages for workers on the ground. Clean Clothes Campaign is continuing to call upon Hugo Boss to seriously tackle its human rights due diligence, to increase the prices it pays to suppliers, and improve working conditions and rights at suppliers and production sites. A benchmark for working on this would be to ensure at least 60% of the national average wage in all European production countries is paid to workers making its goods.



## Who Runs the World? Girls!

**Who Runs the World? Girls! (freely adapted from Beyoncé's song), a project run by the Dutch Schone Kleren Campagne, illustrates the power of nine tough Cambodian and Bangladeshi women. They are the ones who make our clothes that we regularly grab from the clothing racks – and they've turned to using their muscle power to improve their labour situations and that of their colleagues as well.**

*Discover their motivation for standing up for better working conditions, how this has changed their own lives and how you can help. These are two of their stories.*

text *Schone Kleren Campagne* photography *Marieke van der Velden/ Hollandse Hoogte*

## The story of Shahnaz Akter

# “Do you also have to work so hard? Do you also earn so little?”

*“I get up at five in the morning, I wash myself, brush my teeth, and get dressed. I make something to eat for the rest of my day. I take that with me to the factory. I leave for work at 7:30.” Luckily, the factory is right around the corner; it’s just a few meters walk from her house. “I always walk with Shuli, my friend at the factory. Shuli admires me; she stays by my side as much as she can. Her mother is dead and so my mother is also kind of her mother. When Shuli has something to eat, she always wants to share it with me. We never know whether we’ll see each other after work because sometimes one of us has to work longer hours.”*

Shahnaz works 6 days a week from 8 a.m. to 9 p.m. as a seamstress in a garment factory that produces clothing for various Dutch brands. She sews the collars to the shirts at a rate of 100 per hour. *“I don’t think it’s so bad to work. I take care of myself and I can do anything.”* She does find it annoying however that she doesn’t even have enough time to go to the bathroom. *“You run to the bathroom and you’re watching the clock the whole time you’re in there.”*

Her basic monthly salary is 45 EUR and with overtime, it might end up at somewhere between 60 EUR to 67 EUR. *“I’m not married; I can’t get married, which I find pretty awful. Even though I have three brothers and three sisters, there’s nobody else who can take care of my parents. I can’t just abandon them, you know.”*

Although she’s a role model for her best friend Shuli, she also has her own role model. *“That was another woman who was a little bit older than me. The only reason I was able to do what I did was because she was*

*always there for me. Ten years ago, I was just an assistant. I cut thousands of loose threads per day – ‘snip, snip, snip, snip, snip.’ Little by little I began to understand that I couldn’t remain subservient any longer and that I wasn’t going to let anyone walk all over me. I wanted to be part of a group, a union”.*

A couple of years later she, together with her friend Shuli, set up a committee in her factory, of which she is now the leader. *“I am currently the leader of 10 people. We went to meetings, tried to convince people to join the union and told them all about wages and safety”. Her union activities don’t make it any easier for her. “After I joined the union, they tried to get rid of me. They considered me difficult, but I can be pretty strong, just like all those people in the union who do such good things”.*

*“I want the workers to receive what they have a right to: adequate breaks, a weekend off and I don’t want anybody absconding with the rights of the women I work with”.* Shahnaz notices a lot of things she cannot wait to change: *“Too many hours, annoying behaviour by management toward my female colleagues and our low wages. That is what I’d like to tackle most of all. I would really like to raise the minimum wage to 75 EUR per month, which the union already proposed earlier. The minimum wage is currently just 50 EUR. That is really not enough to make ends meet”.*

*“What I’d like to ask women in the Netherlands? Do you also have to work so hard? Do you also earn so little?”* People should come here so that they can see for themselves what we do. *I would take time off and take them to my house and cook for them. I eat meat or fish once a month, most of the time right after I’ve gotten my pay check”.*



**Shahnaz Akter,  
Bangladesh**



**Thy Phalla,  
Cambodia**

### The story of Thy Phalla

## “If you see ‘Made in Cambodia’, then think how hard we worked on that garment”

Thy left the surrounding countryside for Phnom Penh about ten years ago for work. She shares a room with an acquaintance that they pay \$23 (€20) per month for. *“When I started my first job in the garment factory I didn’t know a thing. And although I wanted to work at a sewing machine I wasn’t allowed to because I didn’t have any experience yet”. She didn’t do what was expected of her and she was poorly paid. “I received rate of 50 dollar cents a piece. But one ‘piece’ consisted of 100 pairs of underwear. And per day I could only finish about 200”.*

She left for another factory where she paid \$70 to learn how to use a sewing machine. That is an enormous amount: about 70 days of employment at that time and today is still about half a month’s wages. But these days she can pretty much make anything, especially underwear and socks. *“What I really like about my work? I don’t like a single thing about it! I really want to leave the factory, but I don’t really have any other options”. Thy works 10 to 12 hours per day, 6 days a week, and when it’s busy, 7 days. “Those are boxes and boxes filled with underwear. My basic salary is \$80 per month, together with an attendance bonus, overtime and vacation pay I earn about \$120 per month”. And that’s not enough: “I’m always borrowing money and having to choose: Should I buy food or should I send some money to my family?”*

Prior to 2008, she wasn’t much interested in politics and social issues. That was until she took an English course at the Workers Information Centre, an organisation of female garment workers that offer courses, discussions and advice. *“In the beginning it was difficult, but little by little the reading became easier. And I discovered that everyone had the same problems as me”. This was a turning point in her life.*

In 2010, she took a training course on workers’ rights offered by the ILO, a UN agency. She seemed to have an affinity for this kind of work. That is why she was asked to come back to continue her work on this project. She has since become the contact person for issues concerning safety and health. *“My photo can be found hanging on the wall in some factories with hygiene instructions: wash your hands! I am a role model for others”. But there is also a downside: “Factory owners know me a little, so managers sometimes pose questions and think I’m an agitator. They prefer employees who are not associated with the ILO or have any contact with the workers in other factories. But, OK, I let people know when something is going on!” In 2005, \$3 was being withheld from her paycheck. “I asked them: Why is it only me who is having money withheld from my paycheck? And that got me fired”. She is also a union member, but has yet to become really active. “Whenever the union organises any activities I always go”.*

Thy’s dream is to work for a civil society organisation so she can help other people. *“I don’t really like Phnom Penh; I like the mountains and fresh air. Other things that make me happy include seeing my family and not having debts any more. Yes, that’s what makes me happy!” About the photo shoot she says: “I am proud that you have chosen me. Yes, that makes me happy! I am the one who gets to share her story with you. And maybe my photo will end up being seen all over the city! I would like to tell people in the Netherlands that before you put your clothes on, look at the label. If you see ‘Made in Cambodia’, then think how hard we worked on that garment”.*



# Made in Europe

## Big brands profit from human rights violations

text *Bettina Musiolek* infography CCC

**In 2014, the Clean Clothes Campaign launched a report which has shed light garment production in Europe. In “STITCHED UP - Poverty wages for garment workers in Eastern Europe and Turkey” CCC and partner organisations investigated the wage and living situations of garment workers and their families in this region.**

The report showed that three million garment workers are toiling away in Turkey, the Balkans, Slovakia, Moldova and Ukraine and that well-known brands are profiting from the impoverishment in these production countries. CCC found production of the following brands and retailers among others: Zara/Inditex, H&M, Hugo Boss, Adidas, Puma, Nike, Levi's, Max Mara, Tom Tailor, Benetton, Mango, Tesco, Versace, Dolce & Gabbana, Gerry Weber, Otto, Arcadia, Prada, Esprit and C&A.

Poverty wages are endemic throughout the garment industry and even in countries within the European Union we are seeing poverty wages and terrible living conditions for the men and women making the clothes we buy in the high street. In all the countries researched an immense gap between the legal minimum wage and the estimated floor living wage was found. This gap tends to be even larger in Europe's cheap labour countries than in Asia. Governments

are afraid of increasing minimum wages due to the threat of relocation from the brands and buyers. Additionally, EU's institutions and IMF are 'recommending' decreases in legal minimum wages, which was stated in the 2011 ILO publication 'The Impact of the Crisis on Wages in South-East Europe'. Setting legal minimum wages is crucial for garment workers, because this is what they usually earn: just the minimum wages.

Europe's garment workers from Slovakia to Turkey told us that they earn as little as 10% to 36% of an estimated floor living wage. The countries where the legal minimum wage is the lowest in relation to an estimated floor living wage (below 20%) are Georgia, Bulgaria, Ukraine, Macedonia, Moldova, Romania and the Eastern Anatolian region of Turkey. As of 2013, Bulgaria, Macedonia and Romania have lower legal minimum wages than China.

A just finished 2015 research report (see the article on this on page 32 in this magazine) on the Polish garment industry even revealed the non-payment of legal minimum wages in Hugo Boss' production. In Poland, the minimum wage covers just a third of an estimated floor living wage.

Garment workers are under enormous pressure to stay in their jobs as for many families this is the only regular income of the household. No matter how bad the situation is, the workers have to perform and do everything they can in order not to lose their jobs. Too often workers choose between a minimal income and their health. Their dependency and devotion is being overexploited.

The research found that the situation for women was particularly bad with women ruining their health while being the health-safeguard of the family. Still their work is not recognized and devalued as "unskilled" work as compared to "technical" or "hard" work of men. Women also face extreme time-poverty, stress and all too often sexual harassment. All over the region work in the garment industry is infamous for low pay and bad working conditions, it is seen as mere "contribution" to the family income, as supplementary wages. Contrary to this perception the majority of women workers are single mothers or family breadwinners.

### Garment production in Europe creates poverty – instead of enabling workers and their families to escape social exclusion

Working in the garment industry contributes to the family's poverty and social exclusion. A total of three million formal and informal garment workers are affected in the countries researched. Issues contributing to the increased risk of poverty and social exclusions include:

- wages set far below subsistence and poverty lines, let alone a floor living wage;
- unlawful wage practices;
- women being subject to discrimination in pay and treatment;
- reliance on the wages earned as main source of income for the family;

- having almost no active collective representation in the form of unions or labour support organisations.

The research found that workers in Georgia (due to an almost complete absence of legal and institutional protection) as well as home-based workers in Bulgaria, and migrant workers in the Eastern Anatolian region of Turkey face the highest risk of being poor and being deprived of any opportunities and influence on their living situation. State institutions such as labour inspections are not functioning as they are supposed to by law and in Georgia they hardly exist.

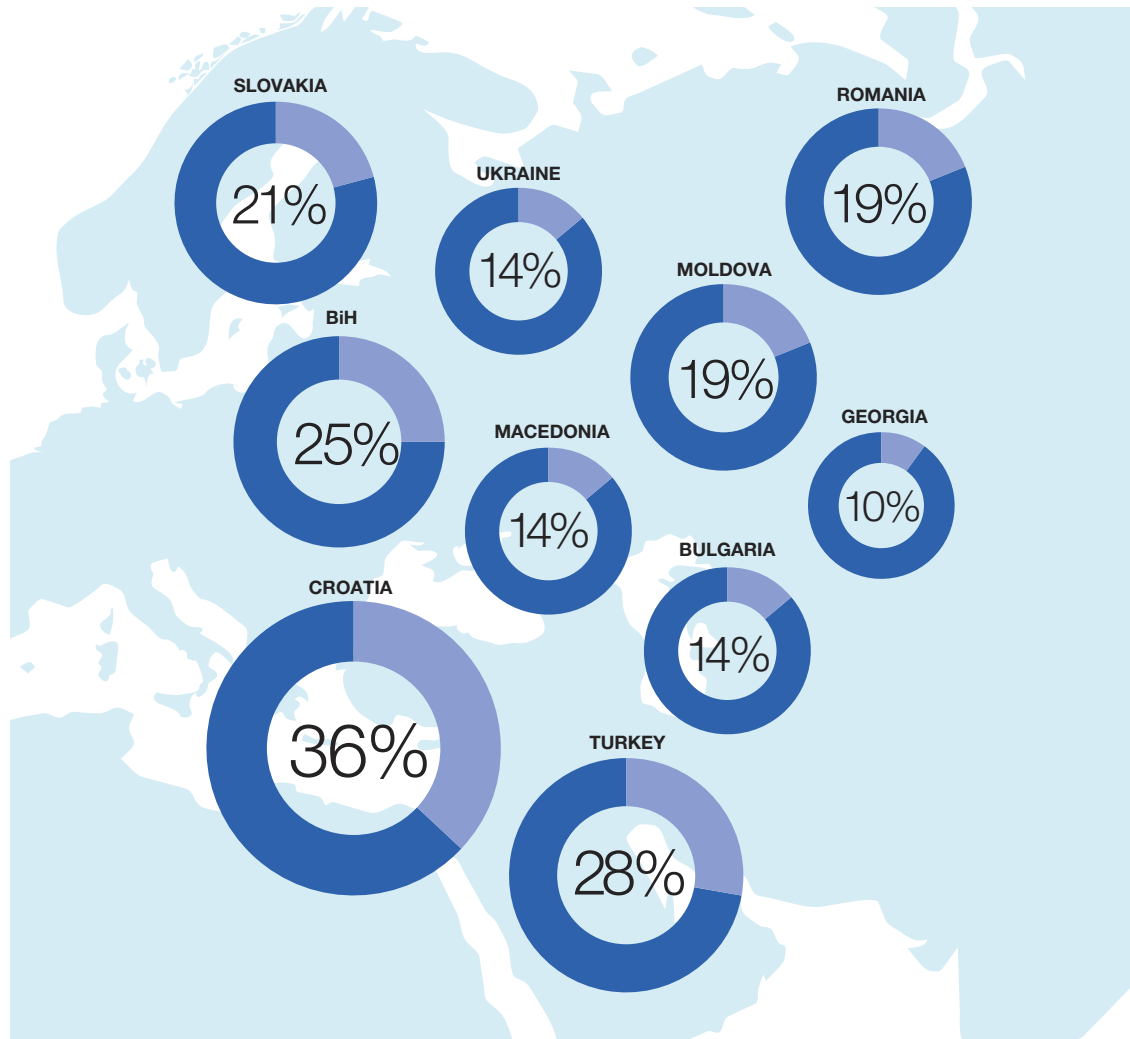
The EU, the European Commission and the "Troika" (European Central Bank, IMF and finance ministers) are the decisive political forces in all researched post-socialist countries. As of now these institutions' human rights obligations and responsibilities are not observed. In its Europe 2020 strategy, the EU obliges itself to reduce poverty by lifting at least 20 million people out of the risk of poverty or social exclusion by 2020. A living wage for three million garment workers and their families would tremendously contribute to this aim.

Host states of apparel and shoe brands/retailers, the European Union and brands and retailers themselves have a duty and responsibility to respect and protect human rights. In order to live up to this duty, the CCC recommends the EU to introduce a minimum wage threshold of 60% of the country average wage throughout Europe and as a recommendation to EU accession countries. We also recommend brands to immediately raise the wages to the level of 60% of median/average wage as a first step towards a living wage.

**Bettina Musiolek is Business & Human Rights coordinator at ENS e.V. in Germany and coordinator for the Eastern European region and Turkey of the international CCC.**

# Legal Minimum Wage in Eastern Europe and Asia

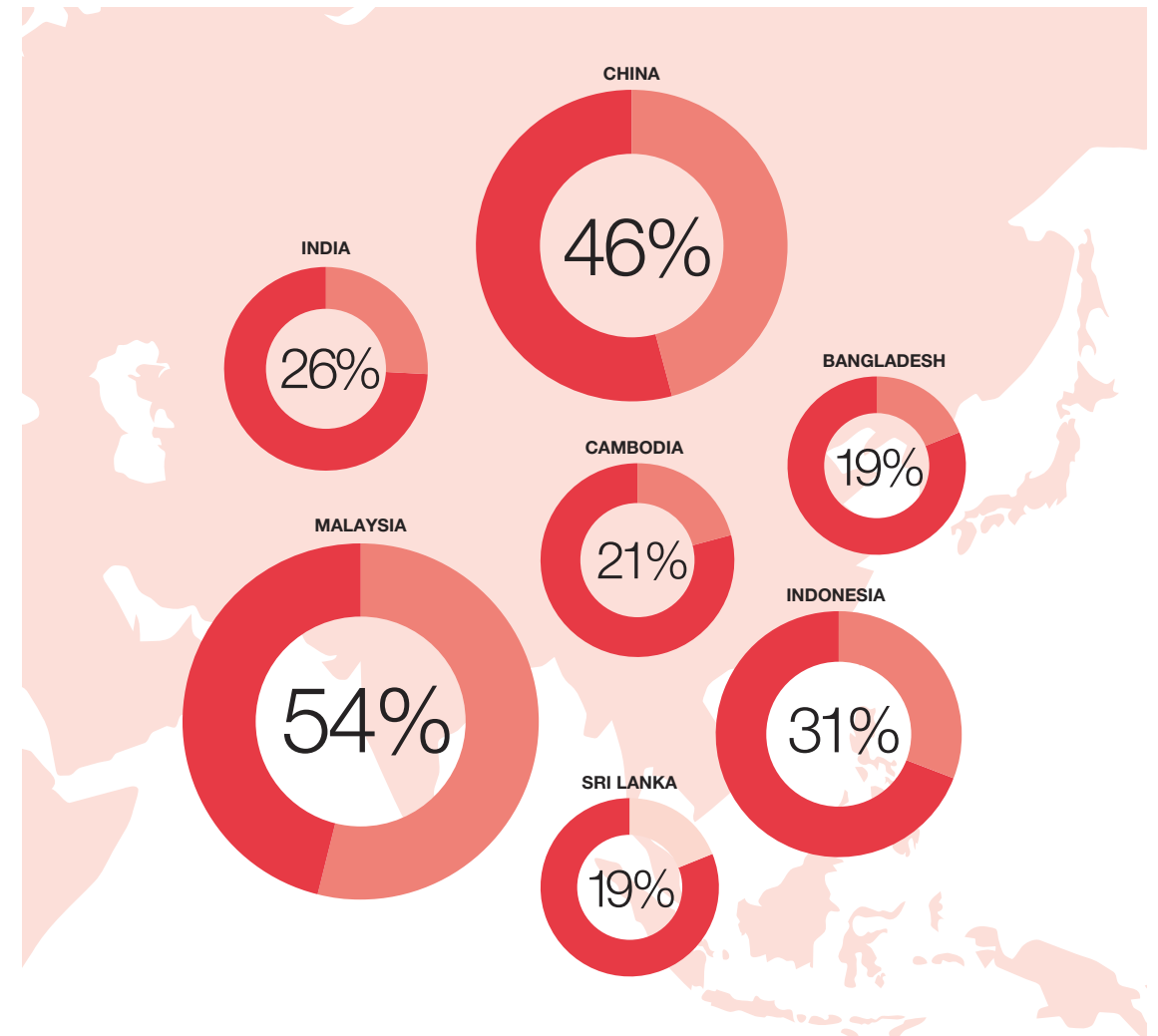
Eastern Europe (min. wage as a percentage of a living wage)



Legal minimum net wage in Euro in Europe									
Bulgaria	€139	BiH (RS)	€189	Croatia	€308	Georgia	€52	Macedonia	€111
Moldova	€71	Romania	€133	Slovakia	€292	Turkey	€252	Ukraine	€80

In all researched countries there is an immense gap between the legal minimum wage and the estimated minimum living wages and this gap tends to be even larger in Europe's cheap labour countries than in Asia. The estimation for a minimum living wage in Eastern Europe and Turkey is based on workers interviews. Workers were questioned on household expenditures.

Asia (min. wage as a percentage of a living wage)



Legal minimum net wage in Euro in Asia									
Bangladesh	€50	Cambodia	€61	China	€175	India	€52	Indonesia	€82
Malaysia	€196	Sri Lanka	€50						

# Fighting for Fair Wages and Freedom of Association

How unions fought for back pay, raised wages and the right to unionise in Haiti

**Yannick Etienne is the organiser and a member of the workers movement Batay Ouvriye, in Haiti, an organisation set up in 1995, four years after the military coup which ousted President Aristide. Batay Ouvriye has been organising workers from the garments sector in Haiti and have founded unions like SOKOWA, SOTA and SOVASHG. She has been interviewed on the wage struggle in Haiti.**

In November 2013, after publication of a WRC report on wage theft in the Haitian Apparel Industry (see Box), more than 45 labour rights groups in the U.S. and Canada sent an open letter to North American apparel companies doing business with Haiti. In the letter these companies were called on to put pressure on their suppliers in Haiti to 1) pay the legal minimum wage; 2) provide assurances to their suppliers that they will maintain business with them; and 3) pay sufficient prices for garments so that the suppliers can pay a living wage while preserving jobs for Haitian workers.

## **Now, almost 2 years after the WRC report and the open letter, what has been the response of the factory owners, the brands and the retailers?**

“First you have to know that the minimum wage in the garment sector in Haiti has two aspects. There is a reference minimum wage and there is also a minimum wage based on production quota. Employers have to set their production quotas at levels to enable workers to earn minimum 300 Gourdes (1 Gourde = €0.016) for eight hours of work. The problem is that factory owners set the production quota too high, so workers have to work more than eight hours to earn the 300 Gourdes. Those were main violations of the

law among others like bad calculation in the workers pay slip or forcing them to work overtime to complete the quotas of production.

After the WRC report on wage theft came out and the letter sent by the labour groups, some brands were open for discussion, but Haitian factory owners were very much against it. They denied they were violating the law. The factory owners went to the Ministry of Labour and made the Minister to send letters and a memorandum to the brands, which said that 225 Gourdes was the regular legal minimum wage. The 300 gourdes is a goal to reach not the production minimum wage. Therefore, the factories were not violating the minimum wage law as stated in the WRC article. The ministry of Labour made it clear that they were the state institution to take a position on that matter. But we know that 225 gourdes could not be considered as the minimum wage for workers working for production quota wages (which is 300 Gourdes). So there was confusion. Workers were getting 225 Gourdes, but those workers producing quota were to get at least 300 Gourdes for 8 hours of work. So we had to fight against not only the communiqué from the Minister of Labour but also the factory owners.

**Wage theft in Haiti** A 2013 study by the US-based Worker Rights Consortium (WRC) ‘Stealing from the Poor: Wage Theft in Haitian Apparel Industry’ found that on average workers were paid 32% less than the minimum wage and overtime laws at all the factories in Haiti. This leaves workers and their families ill-fed, indebted and without access to medical care. Not only do factory owners violate Haitian labour laws, but also brands and retailers violate the codes of conduct that they have committed to. A living wage study by AFL-CIO Solidarity Center found that the average wages of workers provides only 19% of a family’s necessary basic living expenses, and that their food spending amounts to only 15% of a nutritionally adequate family diet.

## “It is very important for the consumer to know that signing a petition, a letter to the brands, is an important force”

Therefore it was very important to go to the brands to explain the situation and what the law said because they can force the factory owners to abide by the law. Thus our strategy was talking to the brands and getting them to agree to pay the production wage of 300 Gourdes. One thing that is important to understand is the fact that the brands do not own the factories. The factory owners who are mostly Haitians or Koreans are their subcontractors.

The factory owners always say that they cannot pay, because the brands have to not paid them for it. So we had to put more pressure on the brands. We did that with the help of US students organisations because those brands were producing T-shirts for American universities with university logos, in different sports activities. We had organisations like USAS, WRC, Maquila Solidarity Network, also CCC, to send letters to the brands demanding that the workers should get the production minimum wage and not the regular minimum wage, because they were producing based on a production quota.

With the pressure the brands realized that they have to find a way to solve this problem. At the end of 2013 we started having meetings with three of them – Hanesbrands, Gildan Activewear, Fruit of the Loom. These three brands were covering more than one-third of the factories. After a day of discussions the brands understood that the law states clearly the 300 gourdes for the production quota.

We told the brands that they would have to put pressure on the factory owners to respect the national wage law by paying the production minimum wage and also to abide by their code of conduct. Fruit of the Loom was the first to accept this line of thinking and agreed to do that. Then followed Hanesbrands. That put us in a better position. The most resilient one was

the Gildan Activewear Company. Fruit of the Loom and Hanesbrands said they will pay the production minimum wage in 2014. This also put the union in a better position in the balance of power in the factory. Before you wouldn't even think of going to talk to the brands, as the brands were considered like gods that you should not reach out to. Otherwise, they will leave right away. Whenever they were making inspections or auditing the factories they wouldn't allow any workers to speak to them. We could not have done all this without the support we got from labour and international solidarity organisations.”

### **So before you could never go straight to the brands?**

“No, never, only since 2013 when the WRC report came out. Just recently on 16 September 2015, we made a Collective Bargaining Agreement (CBA) with the Premium factory (owned by the Apaid Group) in the presence of Gildan Activewear (Canadian). It took two years of discussions with Premium, because they kept dragging their feet after the meetings, but you have to understand that with the pressure from the brands they couldn't say no to sit at the table with us. Gildan agreed to pay the production minimum wage that is in function right now. Not only that, then we also went on to discuss the production quota. We negotiated the number of boxes for what amount and the number of pieces and the price per box based on the production minimum wage. It was fixed that the production of 35-49 boxes would make the production minimum wage of 245 - 343 Gourdes and for 50-64 boxes a worker would make 400 – 512 Gourdes. So now the workers know how much they earn per box. This is a break through, this is a big new step. It is the first time that the worker knows how much she or he earns that day. Now the workers can personally control how many boxes they want to make and know



what they will earn at the end of the week, so that they are sure they can make a little bit more than the legal production wage.”

### This is a big success, congratulations!

“Although we didn’t get a living wage we won on a lot of points and put the workers in a better situation by pushing the brands to step up and take their responsibilities. It’s an important breakthrough for our movement. The brands always say we are not the owners of the factories or we are not employers in those factories. Of course, they are trying to escape and not enforcing their Code of conduct stating that their contractors should respect the national labour legislation. We told them, that they may not be the owners but they are going to do something anyway, put pressure on your suppliers. Also it gave us the opportunity to implement freedom of association and collective bargaining, improving the labour relations in the factories. Now we can have meetings inside or close to the factory during lunch-breaks to tell the workers step by step what we are fighting for, what is in the agreement, what has been discussed with the factory owners and brands. So this gave us more activities as a union and to us it has been a very democratic and also interesting process.

We also included other aspects in the agreement, like having regular meetings and we had the union committee members get paid for going to participate in union activities outside the factories. Also we have meetings every month to evaluate the implementation of the agreement and to fix problems with management. We also asked to get payment for the unpaid salaries for the three years since the WRC report came out demonstrating they were under-paying us. We finally got two months back pay salary. In two factories the sum calculated as backpay for the workers was about three million Gourdes. It was not really for the three years that we wanted, but we got something. The money will be paid to the union which will decide how to distribute it or using it for activities benefiting all workers. For instance, at

Codevi, the union gave part of the money to the workers and now the committees members are making sure that the workers have a meeting place, an office with all the necessary equipments to use by the workers. The union used the money to buy consumer goods and stuff like food that was handed out to the workers at a cheaper price.

Since 2013 we have signed CBAs with eight factories forced by the three brands - Hanesbrands, Gildan Wear and Fruit of the Loom and we’re going to continue. These eight factories (which employ approximately 7000 - 8000 workers, out of a total of the 28 factories with about 40.000 garment workers in Haiti now) are the main factories producing T-shirts. It has been very important for us because it gives the union recognition and it puts us in a better position to discuss a lot of things, not only with the brands but also with the Haitian factory owners. Although money-wise, with cost of living going up and the devaluation of our currency, it is only a small financial improvement.”

### Finally, is there anything else that you would like to tell or find important with regard to living wage?

“Yes, the consumer pressure, especially from the students, the brands are really afraid of them. It is very important for the consumer to know that signing a petition, a letter to the brands, is an important force, next to the contribution of organisations like CCC or WRC and the research that we can use to continue our struggle. But of course you also have to have a union that fights for it. There are so many researches and so many studies published but the unions are not involved to take up the issue and fight for it. Then nothing will happen. So the unions, the international solidarity organisations, and the consumers form a triangle that has to work together to move things and get results. It’s small but it happens.”

Jenneke Arens is a volunteer at the International Office of the Clean Clothes Campaign in the Netherlands.

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# Can You Earn a Living Wage in Fashion in Italy?

text *Francesco Gesualdi & Deborah Lucchetti* illustration *Juan Pablo Baene*

With the knowledge that, in this age of globalisation, big-brand companies are moving from one part of the planet to another seeking ever-lower labour costs, trade union organisations and associations defending some Asian countries decided in 2007 to work together and set up a common platform for minimum wages, to be applied in every country as a means of putting a stop to the downward spiral in working conditions. Initially, the battle appeared to be concerned basically with newly industrialised countries, we are now seeing that the question of paying a living wage to workers is being raised increasingly in traditional industrialised countries. Therefore in 2014, Campagna Abiti Puliti, the Italian section of the Clean Clothes Campaign, decided to conduct a survey on pay conditions in the clothing and footwear sector in Italy to see whether in Italy too there is a real living wage problem.

The outcome of the survey, conducted in Veneto, Tuscany and Campania, with the help of University of Padova, has been published under the title “**Can you earn a living wage in fashion in Italy?**” The research, into Italian shoe and garment factories shows that competition with Eastern Europe and Asia is driving down wages and working conditions in Italy. Italian factory conditions deteriorate after influence of sweatshops and decline towards illegal work, low pay levels, and overtime. The survey has found that big brands including Louis Vuitton, Armani, Prada and Dior are buying back old factories

that had been forced to close due to competition with cheaper production hubs in post-socialist countries and Turkey, only now the expectation is these factories compete on low wages and poor conditions as well.

Interviews with Italian workers conducted during the research revealed that, at current wage levels, the majority of workers, manage to live an acceptable life only if they own their own home, with no mortgage to pay, but they are unable to put money aside to cope with any unexpected expenses. Factors that are crucial as an addition to income, in particular for single-income households made up of two adults and one or two children, are overtime (where possible, it is the worker that requests off-book payments in order to obtain the full sum, without paying any social security contributions) and support from family members. The most common sacrifices reported by workers in ensuring that their families make it through the month are holidays and expenses for culture and leisure activities, as well as medical check-ups and treatment. The interviews also revealed that, in recent years, it has become increasingly common for workers having to deal with unexpected, high costs, such as for property renovations and medical treatment (primarily dentistry), to request cash advances from the supplementary social insurance fund Previmoda, or similar funds in the sector, into which the benefits accruing for the employee severance fund are paid.



**I make €50 a day, so about €1,000 a month, but if I work on Saturday morning, I get €50 for the whole day. In any case, I formally have a part-time, fixed-term contract, but I've been working with this firm for six years full-time, it's as if I had an open-ended contract. People working in a sole factory usually get around €850 a month, although pay varies according to skills and age; the younger you are, the less experience they think you have, so the less you get paid. (...)**

**In this sector, three out of four workers who have an open-ended contract never get what it says on their pay slips, either because they get less, or they get more, with off-book payments. Here, we have workers, especially younger ones, who are unable to read the pay slip, who confuse gross and net figures, who don't know whether there is payment of holidays not taken, and things like that, basically, they don't know what a pay slip is, when it comes or how to read it. In this sector, there are still workers, especially inexperienced youngsters, and I'm talking about Italians, who are still earning (off the books) just €15 a day.**

*(shoe cutter, Naples area, 2013)*

# Struggle for a Living Wage in Cambodia

Since late 2013 Cambodian workers have been demanding an increase in the minimum wage in order to take crucial steps towards the payment of a living wage. The current minimum wage is 128 US\$, which was agreed in January this year. The wage board in Cambodia is set to announce a new minimum wage figure to take effect in January 2016. Independent unions are demanding that the minimum wage should rise substantially as the current wage level still falls a long way short of a living wage. At the Living Wage Now Forum in October 2015 in Brussels the struggle for a living wage in Cambodia will be discussed intensively.

Garment workers across the country have been calling on the Cambodian Government to raise the minimum wage significantly as a step towards the payment of a living wage since late in 2013. In September 2014 about 120,000 workers from 150 factories across Cambodia were joining the campaign for a 177 US\$ per month minimum wage for garment workers. Thousands of garment workers went out from the factories during lunch time to march, chant and distribute campaign materials in front of the factories. In the end the Labor Advisory Committee voted to raise the minimum wage from 100 US\$ to 123 US\$ and the government decided to provide an additional 5 US\$, which brought the minimal wage to 128 US\$ per month.

text CCC photography Heather Stilwell







# Poland's Garment Industry

text Anna Paluszek photography Buy Responsibly Foundation



**“Uszycie w Polsce” a report recently published by the Buy Responsibly Foundation, focuses on wages and working conditions in the garment industry in Poland demonstrating how difficult the situation for Polish garment workers is. The garment industry is highly fragmented, the wages are low, the working conditions harsh, the employment insecure and the unionization extremely poor.**

There are examples of factories where workers, most of whom are women, feel exploited and intimidated. At the same time, the interviews with employees carried out for the report, demonstrate that there are also factories where relatively high wages are paid and the conditions are decent.

The Polish garment industry has a long tradition, but for the last 20 years its scale and significance has been gradually diminishing after an economic transformation in 1990s and the process of privatisation. This can be attributed to the fact that most of the factories produced in the OPT system (Outward Processing Trade) which meant that clothes were only made in Poland according to the designs of foreign companies, using their materials and often also their machines. Much of the exports are still the so-called outward processing production for western brands. Germany remains Poland's most important foreign trade partner, followed by the Netherlands, Russia, Austria and the Czech Republic.

In 2013, the production of garments sold had the value of 6.5 billion zlotys (1.7 billion EUR), with 73,900 people employed in garment manufacturing (in companies of 9 people and over). The total number of those employed in all kinds of garment production facilities was 97,200. The total value of the clothing industry output was 9.7 billion zlotys, accounting for 0.8% of the total value of the Polish industry. This is a fall as compared to 2005 when this share was at the level of 1.3%, according to data from the Polish Central Statistical Office.

The textile and garment industry in Poland has a strong position in the EU, ranking 8th in terms of sales volume, 3rd in employment and 2nd in the number of companies, according to the Ministry of Economy data. About 86% of garment manufacturers are referred to as small enterprises, employing less than 50 workers. Owing to the highly skilled workforce and the proximity to the selling markets, Polish garment factories are still contracted to manufacture high quality clothes for foreign brands. Buyers include Hugo Boss, Burberry, Puma, Campus, Levi's, s.Olivier, Disney, Kenzo, Escada, Diesel, Decathlon, Lee Cooper, Mustang, KappAhl, Promod, Bon Prix

and Simple. Polish fashion companies manufacturing in Poland are Vistula, Wólczanka and Reserved.

## Remuneration situation

Despite all the well-known buyers, working in the garment industry creates poverty rather than alleviating it. Globally most garment workers earn close to the legal minimum wage, which in Poland as per 1 January 2015 is 312 EUR net (figure set up by Trilateral Commission and published by government) while the subsistence (socio-economic) minimum for a family of four is set at 825.48 EUR by the Polish governmental Institution - Instytut Pracy i Spraw Socjalnych (Institute of Labour and Social Affairs). Moreover the legal minimum wage set yearly by the Polish government is even below the mere minimum of 449 EUR for a family of four.

The legal minimum wage covers 30% of an estimated minimum living wage. Another factor for women's meagre wages in the garment industry is the gender pay gap. The Central Statistical Office report “Women and Men in Labour Market” indicates that *‘the largest gap between average gross remuneration of men and women for October 2012 was recorded in the industrial workers and artisans group. The ratio of the average women's remuneration to average men's remuneration in this group was 66.3%’*. The same report also shows that women working in industrial manufacturing account for a larger share of workers with earnings below the poverty line calculated for a family, i.e. 50% of the national average.

## Field Research Findings

Between January and May 2015, 14 workers from four factories took part in the Buy Responsibly wage research. According to workers, buyers of the researched factories include: Hugo Boss, Levi's, Vistula (Polish brand). The clothing industry is highly fragmented, the wages are low, the working conditions harsh, the employment insecure and the unionization extremely poor. In Poland, in the last 20 years the level of unionization dropped from about 80% of workers to about 14%. This general picture is even worse for the garment industry. Due to the low

unionization level there is an imbalance of power and influence on working conditions.

While interviewed workers at the Hugo Boss supplier earned about 315 Euro net and were actually not paid the legal minimum wage (only earned minimum wages with overtime), workers at the Levi's supplier were paid between 412 Euro and 605 Euro net and thus above the poverty line.

The widespread attitude of the management focused on "cost savings" connected with "increasing efficiency" means higher pressure on employees to work even harder for ever lower wages. The research findings in Poland show that, similarly to other countries covered by CCC research, there is a dramatic gap between the legal minimum wage and the estimated minimum living wage. The research shows that garment workers are mostly women and many of them are single mothers or sole breadwinners, i.e. the low wages in Poland's garment industry is in many cases the family income. The need to do housework and to look after children is usually not taken into account. When both parents work, they pay for childcare, whereas housekeeping is unpaid work mostly performed by the women, as it is rare to pay for domestic help.

In Poland, as in other countries, women cope with their poverty wages by:

- Economizing on every element of life, referred to as "limiting oneself in everything" and restricting their own needs
- Keeping a home garden, preserving food
- Not fulfilling so-called higher level needs, such as leisure or holidays. This is not just about going on vacation but also about having a real rest and not working another unpaid job at home (making food preserves, farming, sewing)
- Working overtime, mentioned as the only way to increase their wages
- Consenting to get part of the payment (overtime, working Saturdays) "under the table."

The lack of opposition or protest can stem from a sense of being alone. This feeling was emphasized by the interviewees when asked about the possibility of changes. The lack of leadership, support, dialogue structures or an effective representation contributes to the sense of being left alone. That is why the fact that the issue of the rights of Polish seamstresses entered the public debate is so important.

**Dr. Anna Paluszek** is knowledge manager at **Fundacja Kupuj Odpowiedzialnie / Buy Responsibly Foundation in Poland**

# Anna's T-shirt with the Gaping Hole

## The Living Wage Defect





It is getting cold. The winter is coming, not only for the fans of the TV series “Game of Thrones”. Anna is searching through her closet and realises that she needs a new pullover. On her couch, covered with a sheet and her computer on her thighs she types the address of her favourite online shop and starts searching for a blue, cosy pullover for the cold days coming.

Some days later a package arrives for Anna. She is expecting her new, cosy, blue pullover. With anticipation she opens the box and takes out the pullover. But there is something wrong with it. There is missing something. There is missing more than the half of the pullover. There is a gaping hole in the middle of the pullover.

What would you do, if you would open a package with such pullover? If there is a manufacturing defect we would send it back, right? But every item of clothes we buy has a manufacturing defect. However, it is not as obvious as a gaping hole in a pullover. But the gaping hole is in the wage of the workers, who produced the pullover. In the majority of the cases more than half is missing on their salary slip for a decent life. THAT's the manufacturing defect on almost all our clothes. Unfortunately this defect is invisible on the clothes and does not stink, otherwise shopping streets would smell like landfills.

Clean Clothes Campaign launched the Living Wage Defect Website to make this invisible manufacturing defect more present. Consumers all over Europe were invited to symbolically return an item of clothing to fashion and sportswear brands, to push for a living wage for all garment workers. In the centre of Brussels, people threw their shirts off to send them back. In Ghent, consumers were given the opportunity to return their clothes to the company because of the living wage defect. A ‘return administrator’ was sitting behind his desk, placing enormous stamps on the ‘return ticket’. The clothes to be returned to the clothing company were thrown on a big pile of clothes that was growing and growing. Two actors animated the action, by searching for the defect. Was is the problems with these clothes? Its smell? Are there holes in it? No! It was the living wage defect!

And over 120 000 people in Europe followed the call of the Clean Clothes Campaign and signed the Call for a living wage with the statement ‘I am sending back this garment due to its living wage defect and I want a living wage now for the person who made it!’

**Michaela Königshofer is a project coordinator for Clean Clothes Campaign Austria, Südwind.**

# The Asia Floor Wage Alliance

text *Tanne de Goei & Carole Crabbé*

**The struggle for a Living Wage in the labour movement has seen new developments in the last decade, giving rise to voices demanding a Regional Floor Wage in the Asian garment sector. The demand began taking shape in 2005 through a collective consensus building process among Asian labour organisations. This led to the formulation of a methodology for the calculation and establishing of a cross-country floor for wages in the garment sector called the Asia Floor Wage.**

The garment industry in Asia provides millions of jobs and has driven some of the biggest economic growth in the region. But this rapid growth has come at a price - and it is the women and men who are making the garments who are paying for it. All garment workers in Asia need a wage increase to be able to provide for themselves and their families basic needs - including housing, food, education and healthcare.

The struggle entered a new phase after the public launch of the Asia Floor Wage (AFW) Campaign led by the Asia Floor Wage Alliance (AFWA), an international alliance of trade unions and labour rights activists, on 7th October 2009, during the World Day of Decent Work. This second phase of presentation of its demands included numerous meetings with

brands, multi-stakeholders and international institutions providing ground for the gradual legitimisation of the AFW as a credible formulation. As part of this process and in order to take the campaign forward, AFWA, in collaboration with the Permanent People's Tribunal, organised a series of National People's Tribunals on Living Wage for Garment Workers in Asian Garment Industry between 2011 and 2014.

The Asia Floor Wage proposes a wage for garment workers across Asia that is enough for workers to live on. Based on some common factors including the number of family members to be supported, the basic nutritional needs of a worker and their dependents, other basic needs including healthcare and education, the Asia Floor Wage is able to calculate the minimum amount needed to constitute a living wage.

**We talked with Ashim Roy of the New Trade Union Initiative from India, who is a member of the Steering Committee of AFWA.**

#### **What are the main outcomes of the AFWA?**

“First, I would say that wages as an issue in the garment sector were never before discussed at a global level. Now the wage question has become a global concern in the labour rights movement. Secondly, by bringing out a living wage figure, we broke this notion that the minimum wage in these countries was close to a living wage. It was not at all. So it brought the relationship in the Asian countries between minimum wage and living wage and what is required for a decent living wage. You see that some countries have a suppressed minimum wage, below all, for example in Bangladesh. And Cambodia brings the best struggle from minimum wage towards a living wage. It has also helped a multi-stakeholders initiative to make AFW a benchmark, by bringing up an exact figure made it clear that there is a big gap between minimum wage and living wage.”

## **One step for the OECD to take is to ensure a proper guidance for companies on due diligence and human rights.**

#### **What lessons are there to learn for successful struggles towards a living wage?**

“The most important factor is analysis and a primary alliance between unions and social organisations that are connected to labour: women organisations and migrant organisations. Secondly, a clear idea what our goal is. A living wage is important because the workers understand their role. Freedom of Association is an important concept, but wage is a living experience.”

**Through the process of national people tribunal sessions and through the ABBG (Asia Brand Bargaining Group, a group of trade unions from Cambodia, India, Indonesia and Sri Lanka) organising, what are the main recommendations of AFWA to strengthen the human right to a living wage?**

“Two things about the tribunal: it has been an important way of legalising the concept of a living wage. It also helped build the Alliance in different countries as it has the bargaining objective and we need strong relations between unions of different brands to build bargaining strength. Secondly, there was a need for a strong movement nationally. We learned from the process, that was very useful and it helped us to ground the living wage movement into a social movement.”

#### **What are the next steps?**

“We have been building strong ground level union coalitions for specified brands. For effectively building bargaining power we have used two approaches: firstly a national level campaigning and bargaining framework for all suppliers per country. Secondly we have to target brands to make them responsible. Here a campaign in Europe for a living wage can converge and compliment the national campaigns.

#### **What kind of mechanisms and instruments need to be developed to ensure this human right is implemented and respected by governments and by companies?**

“One step for the OECD to take is to ensure a proper guidance for companies on due diligence and human rights. This is crucial to ensure that the countries hosting the big garment brands are also taking responsibility for the actions and negative impacts of their companies in production countries. The implementation of the UNGP and OECD work on due diligence are important mechanisms to help full fill human rights obligations.”

**“I was compelled to marry late because of my poor salary which was barely adequate to meet my basic needs [...]. [Now] I am not able to have a normal family life with my husband and child mainly because I do not earn enough. [...] I live separately from my husband and my child [because the cost of keeping my child with me is too high]. I can hardly participate in the nurturing of my child who will grow without her mother because her mother earns too little.”**

*Dammika, 39 years old, originally from Walapane, 300 kilometres from Colombo, Sri Lanka, has worked in the garment industry in the Katunayake Free Trade Zone for 19 years in her testimony at the Sri Lanka People's Tribunal in 2011 in Colombo*

**The first NPT in the series, the Tribunal on Minimum Living Wage and Decent Working Conditions as Fundamental Human Rights, was organised in Colombo, Sri Lanka on 27-30 March, 2011. This was followed by the People's Tribunal on Living Wage as a Fundamental Right of Cambodian Garment Workers, organised in Phnom Penh, Cambodia on 5-8 February, 2012. Next the National People's Tribunal on Living Wage as a Fundamental Right of Indian Garment Workers was held in Bangalore on 22-25 November 2012 as the culmination of the local hearings processes from two of the regions where most of the production takes place, the National Capital Region (NCR) around Delhi and Bangalore, in the State of Karnataka. Finally, the Indonesian People's Tribunal on Living Wage and Decent Working Conditions for Garment Workers as Fundamental Rights was held in Jakarta, Indonesia on 21-24 June, 2014.**



# Enforceable Brand Agreements

Bringing companies to the table  
– and keeping them there

text *Christa Luginbühl & Ineke Zeldenrust* illustration *Juan Pablo Baene*

The failure of voluntary corporate social responsibility and traditional forms of governmental regulation to bring about lasting change to workers' rights and working conditions means that other strategies are needed to effectively deal with core workers' rights and concerns within supply chains. Building upon the achievements and failures of corporate accountability work since the 1990s one strategy of the global labour movement has been to explicitly seek to engage with garment and sportswear brands and retailers in enforceable agreements.

These agreements have the potential to build institutional mechanisms that have a central role in addressing workers' rights violations, that reflect the scale of supply chain operations and the way in

which the capital-labour relationship is constituted and negotiated in the 21st century. Examples of such agreements are the Bangladesh Accord on Fire and Building Safety (the Accord), and the Freedom of Association Protocol in Indonesia (FoAP).

The *Accord for Fire and Building Safety in Bangladesh* has been signed by over 200 global apparel companies, two global unions and four Bangladeshi union federations – with four labour rights NGOs signing as witnesses. It sets out the framework for a comprehensive program of independent and transparent inspections, health and safety training and worker empowerment, time-bound and financially-supported remediation of health and safety risks, and real repercussions for suppliers that refuse to comply.

The Accord has been endorsed by the Secretary-General of the United Nations, the International Labour Organisation, and the Organisation for Economic Cooperation and Development, amongst others.

The *Protocol on Freedom of Association in Indonesia* was negotiated between five Indonesian trade unions, sportswear manufacturers and global sportswear brands (including Nike, Adidas and Puma). It provides companies with a practical set of guidelines to ensure that factory workers in Indonesia are able to organise and collectively bargain for better conditions in their workplaces. These mechanisms are designed to promote sustainable solutions to freedom of association disputes and strengthen constructive dialogue processes between worker representatives and factory management. It ensures, among other things, that unions have the right to distribute information to its members, to hold union meetings at the workplace, to have a space at the factory for union activities, to collect union dues, and so on. It also incorporates a national oversight committee and dispute resolution process.

On 24th April 2013, when the Rana Plaza building collapsed in Bangladesh resulting in 1138 fatalities and more than 2000 injured people, the world held its breath. It was a changing moment in the sense that the dangerous and exploitative labour conditions in the factories featured in the mainstream press more prominently than ever before, and nobody could anymore deny that there is a problem within the industry. This massive public pressure eased the way for a new generation of legally binding agreements: the “Bangladesh Accord on Fire and Building Safety” that built on the experience of the FoA-Protocol in Indonesia.

### Key elements of Enforceable Brand Agreements

From the experiences with the Accord and the FoAP we see a set of five key elements that have to be included in any Enforceable Brand Agreement (EBA) in order to be effective:

#### 1. The agreement is negotiated, implemented and signed by at least one brand or retailer and local trade unions, preferably involving global union federations (where trade unions are associated with global union federations).

What distinguishes EBAs from regular worker-management or workplace collective bargaining agreements is that they are negotiated with companies (brands and retailers) that order goods from the involved factory, but do not directly employ the workers concerned. As buyers, these companies have a responsibility for working conditions under which their products are made, and thus for workers' rights along their entire supply chains. Employers can be a party to an EBA as well. (For example, in the FoAP they are, in the Accord they are not.)

Trade union representation is essential to ensure the needs of workers can be democratically represented, but which level of trade union (e.g. workplace, sector, national, global) should represent workers in negotiating, implementing and overseeing the agreement will differ depending on the national context, including possible legal restrictions.

#### 2. The agreement has workplace level application in one or more workplace(s) within the existing supplier base of the signatory brand or retailer to address the root causes of workers' rights violations, relevant to the local context.

What distinguishes these forms of agreements from other agreements (including international framework agreements or IFAs) is that whilst they may include ‘frameworks of principle’, they articulate a detailed negotiated and time-bound agreement for tackling a particular issue at specific workplaces within the supplier base of the signatory brand(s).

The agreements deal with a ‘root-cause’ issue that is relevant for the local context. The agreement tries to solve a major existing problem by addressing root causes, rather than dealing with a whole host of different (albeit interrelated) issues. For example, the Accord deals with worker safety and health while the FoAP in Indonesia with Freedom of Association.

## The agreement should promote the empowerment of worker-led organisations.

#### 3. The agreement is transparent, enforceable and implementable with mechanisms to ensure the signatories take action.

The agreements must be enforceable in the sense that they support the ability of local trade unions to move signatory brands more quickly and/or effectively to take action than if the agreement did not exist. There must be clauses that make the agreement a binding contract that gives the possibility for legal redress. Enforcement mechanisms can include: monitoring and arbitration within the scope of the agreement or include a neutral third party. Different types of dispute settlement can be outlined including binding arbitration or other forms legal redress (national or extra-territorial). To be both enforceable and implementable the agreement must detail the role and responsibilities of signatories.

Effective enforcement of agreement is greatly helped by continued campaigning (see key element 5). Periodic reporting of compliance within the public domain is a pre-condition for effective implementation. High levels of transparency increase the possibility of both workers and the public applying scrutiny, and raising complaints where the agreement's provisions are being violated.

#### 4. The agreement empowers workers and their organisations.

The agreement should promote the empowerment of worker-led organisations. Worker and local trade union ownership over the agreement is necessary for it to be empowering, and both should have a crucial role in implementing and enforcing the agreement.

Therefore, the agreement should ideally also contribute to increasing the political space of the local trade unions.

#### 5. The agreements are supported by a broad alliance of global trade unions and other workers' rights organisations across multiple countries, which prioritise and assign capacity to negotiate, campaign, implement and enforce EBAs.

The experience of the Accord and the FoAP shows that cohesion of the labour movement is a crucial element to getting the brands to sign the agreements. These agreements were bargained by trade unions, and supported by a broad alliance of both trade unions and workers' rights groups across multiple countries. They were ultimately signed by local and/or global trade unions, following a major campaign effort that provided the necessary leverage. In the case of the FoAP, this was the PlayFair campaign; in the case of the Accord, it was the campaign work following Rana Plaza.

These agreements won't be concluded, but also won't work in practice, unless there is very active, focused and with the support of continuous work by the workers' rights movement. If insufficient resources are invested to build up capacity, any power gained through the agreements could become meaningless and risk becoming co-opted by brands.

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## Activities Update: May Day 2015 Hong Kong



Asia Floor Wage Alliance (East Asia) /Globalization Monitor May Day Rally in Hong Kong: Like every year, we joined the rally organised by HKCTU, the only autonomous union in Hong Kong. The rally lasted for 3 hours and around 3,000 joined people took part in the march from Chater Garden in Central to the government headquarters.

# An Ambitious Flagship Initiative of the European Union?

text *Carole Crabbé* photography *achACT*

**2015 is the European year for development. In this context, the European Commission wants to launch an EU flagship initiative to promote the responsible management of the supply chain in the garment sector. Clean Clothes Campaign (CCC) accepted the invitation to contribute in the identification of this flagship initiative and to participate in informal meetings with stakeholders during two meetings in Brussels.**

At the end of 2014, in an attempt to find an answer to citizens' concerns and expectations around garment worker rights, particularly following the collapse of the Rana Plaza factory building, the European Commission announced the preparation of what should be an EU Flagship initiative for a responsible management of the garment supply chain, led by the Directorate General (DG) Development and Cooperation (DEVCO). This initiative would touch upon several aspects of sustainable development, among them safety at work, living wages and collective rights, as well as sustainable competitiveness of the EU companies involved in the garment supply chains. In 2015, the Commission consulted representatives of industry, trade unions, retailers and workers' rights organisations.

The CCC welcomed the invitation to contribute in the identification of this initiative. Its contribution has been guided by the conviction that a positive EU response with regards to responsible supply

chain management, can deliver effective and long lasting solutions to the workers killed, injured, living in deep poverty and whose rights are denied today. The CCC contribution is based on the proposal to create a long-term and efficient mechanism such as an ombudsperson, whose work has to be sustained by sufficient resources, as well as an appropriate legal framework and improved coherence in the policies developed by the concerned DGs (Trade and Employment for instance). This ombudsperson would be mandated to undertake independent inquiries, bring concrete answers to concrete problems such as the compensation for victims of industrial accidents, and to make the necessary steps to initiate the development of a framework ensuring traceability of the supply chain, due diligence of the European companies regarding the respect of human rights along their supply chains, and access to justice and remediation for the workers who are victims of human rights abuses.



### From voluntary to regulatory

“Voluntary Corporate Social Responsibility can deliver, but if it doesn’t, I’m ready to go further” declared Neven Mimica, the EU Commissioner for International Cooperation and Development (tweet 1/10/2014). As has been seen with Rana Plaza and the ongoing violations of workers fundamental rights in the garment industry, it is clear that voluntary corporate social responsibility has not delivered. Twenty five months of mobilisation and campaigning by CCC and pressuring companies were needed to get sufficient contribution from the buying companies to achieve the full compensation for the Rana Plaza victims.

In the absence of any mandatory traceability regulations applying to European garment companies, the identification of the Rana Plaza buyers was done by collecting labels in the Rana Plaza ruins directly after the collapse. In a resolution taken after the second anniversary of the Rana Plaza collapse, the European Parliament called on the Commission to consider proposals for mandatory frameworks that will ensure that access to remediation and compensation is based on need and responsibility, not just on the ability of campaign groups to name and shame

the voluntary efforts of companies. The European Parliament also considers that new EU legislation is necessary to create a legal obligation of due diligence for companies in EU countries outsourcing production to third countries, including regulations to secure traceability and transparency. While, at the start of this stakeholder consultation, the EU Commission refused to open the door for regulatory steps to be taken in the framework of the flagship initiative, it no longer excludes exploring this option if it is needed. By doing so, the Commission would listen to 94% of citizens who favour strengthening international rules to make companies around the world provide better wages and labour conditions (ITUC Global Poll 2014) and would develop a fairer European competitive framework based on the respect of human rights.

As the largest consumer market in the world, the European Union has the leverage and the duty to act now and to be a global champion of supply chain responsibility.

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# Colophon

The Clean Clothes Campaign (CCC) works to improve conditions and support the empowerment of workers in the global garment industry. The CCC has national campaigns in 17 European countries with a network of 250 organisations worldwide.



This digest is part of the “Strengthening civil society networks to attain a living wage and other core human rights,” in collaboration with “Mobilising Europe for a living wage for garment workers.” Both projects are supported by the European Commission.

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