Fashion Victims

The true cost of cheap clothes at Primark, Asda and Tesco
Asda

Chief Executive
Andy Bond

Stores
300

Employees
134,000

Sales (2005)
£14.9 billion

Website
www.asda.co.uk

Tesco

Chief Executive
Sir Terry Leahy

Stores
2,705

Employees
389,258

Sales (2005)
£41.8 billion

Profit (2005)
£2.21 billion

Website
www.tesco.com

Primark

Managing Director
Arthur Ryan

Stores
160

Employees
18,000

Revenue (2005)
£1.3 billion

Profits (2005)
£185 million

Website
www.primark.co.uk
Preface

This report forms part of War on Want’s ongoing campaign for corporate accountability. It presents the results of systematic research and interviews conducted in Bangladesh with workers who make the clothes sold by bargain retailers such as Primark, Asda and Tesco. The findings of this research reveal the true human cost of the goods sold so cheaply to consumers in the UK.

Each of the three companies featured here has signed up to a set of principles which are supposed to provide decent working conditions and a living wage for the workers in their supply chains. Yet the research in this report shows that these principles are regularly violated as a matter of course. This underlines one of the key points of War on Want’s campaign to achieve proper regulation of multinational companies: that voluntary codes of conduct cannot provide effective protection to the workers they are supposed to shield.

War on Want is proud of its long history working in partnership with grassroots organisations in Bangladesh such as the National Garment Workers’ Federation, Karmojibi Nari and the Bangladesh Agricultural Farm Labour Federation. War on Want is also a member of the Clean Up Fashion campaign, a coalition of trades unions, anti-poverty and consumer groups which seek to highlight the exploitation of workers producing fashion items for sale in the UK.

This report aims not only to expose the failure of voluntary codes to guarantee decent conditions for workers in the factories of Bangladesh. It also recommends action, both to send a message to these companies and to challenge the UK government’s rejection of binding regulations which would open up the possibility of genuine corporate accountability. This is War on Want’s mission more widely: to support people in developing countries in their fight against the root causes of poverty, but also to inform and inspire people in rich countries to challenge the global structures which sustain poverty across the world.

Louise Richards
Chief Executive, War on Want
How cheap is too cheap?

Lina began working in a garment factory at the age of 13. The oldest of eight children, her parents became unable to pay for her education when her brother became sick. She moved from her village to the Bangladeshi capital Dhaka to get a job and help them make ends meet. Now 22, she works in a factory that supplies Primark, Asda and Tesco. She is one of the lucky ones to have learned how to operate a sewing machine, and so can command a wage of £17 per month.¹ To earn this amount, she must work between 60 and 90 hours each week.

Lina earns far less than even the most conservative estimate of a living wage in Bangladesh, which is £22 per month. Her husband, whom she met in the factory and married three years ago, is now ill and unable to work. She must pay for his treatment as well as for her own living costs in Dhaka, and, despite her best efforts to economise, she is unable to send money to her family, who need “done the best she could” for her family.

If you are wearing a piece of clothing bought from Primark, Asda or Tesco, it is quite possible that Lina sewed it. These high street retailers are able to sell their clothes at such an agreeable price because workers like Lina are forced to live on wages well below what they need in order to live a decent life.

Lina is one of 60 workers who were interviewed for this report, across six garment factories in Bangladesh. According to these workers, all six factories are producing “significant amounts” of garments for Asda; four also produce for Tesco and three for Primark (see appendix). The workers’ testimonies in this report demonstrate the dismal life of a garment worker selling to Britain’s bargain retailers.

Poor working conditions like those described in this report are systemic problems that exist across the whole clothing industry. But Asda, Tesco and Primark – like others at the budget end of the market – do raise more concerns than their rivals. The question is quite simply: “How do they get their clothes so cheap?” The graph below shows just how cheap they are, compared to the rest of the UK high street:

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¹ Source: ‘Primark Kings of Budget Clothing’, Daily Record, 3 December 2005
Primark’s buying policy is summed up in a story reported in Irish newspaper *The Post*:

One story tells of how [Managing Director Arthur] Ryan was approached by a factory owner with a product costing £5 that would sell for £10. Ryan reportedly told him he was not interested unless he came back with a product that cost £3 and could be sold for £7. “I don’t care how you go about it – just do it,” he said.

Asda, the UK subsidiary of US retail giant Wal-Mart, claims that its low prices result not from poor working conditions, but from bulk buying of fabric and reduced overheads. This report shows that it is the workers sewing for Asda’s George range who are paying a high price for cheap clothes.

Primark, Asda and Tesco each buy tens of millions of pounds worth of clothing from Bangladesh each year. And it’s easy to see why: wages in the Bangladeshi garment industry halved during the 1990s in real terms, making the Bangladeshi workforce the cheapest in the world.

Yet this report is not just about these six factories. It’s not even about Bangladesh. It’s about the plight of millions of garment workers around the world, and especially those supplying low-cost retailers such as Asda, Tesco and Primark. Workers who are condemned to work more and more so that UK shoppers can buy for less.
Asda, Tesco and Primark have all signed up to a common code of conduct which states that:

Workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

Investigation for this report shows that, in reality, working hours in factories supplying all three retailers far exceed this maximum. Across all six factories, most workers told us that they work from 12 to 16 hours per day, and regularly 80 hours a week. The minimum found was 10 hours per day, six days per week. Milly, sewing clothes for Asda and Primark, works up to 16 hours each day.

Abdul, who works in a factory supplying Asda and Tesco, works 60 to 70 hours of overtime every month, while his colleague Rahimul works 90 to 100 hours. Ifat, whose factory supplies all three brands, worked an incredible 140 hours of overtime during August 2006. Workers said that continuing until 11pm was common.

Amin’s employer supplies Asda, Tesco and Primark. He explained that workers are set demanding targets, which they must meet before they can leave the factory. “If a worker can’t finish the target in time,” he told us, “he or she has to work extra time in order to fulfil it.”

Farzana, a worker in the same factory as Ifat, said that, “If there is a night shift we have to work until 3am. Though Friday is supposed to be our day off, most of the time workers have to work on Friday.”

Officially, Fridays is the workers’ one day off, but in practice, most weeks end up being seven-day weeks. Renu, also in a factory supplying all three brands, reported that “in the last two months the factory was open on eight Fridays.” Abdul told the same story. “If someone is absent on Friday then they would be verbally abused or their six to eight hours’ overtime wage would be deducted as punishment.”

Overtime for these workers is different to how we understand it in the UK. Although formally optional, the reality is different. As workers in one factory told our researchers, “Overtime is not an option. When management decides, workers are bound to work extra hours or lose their jobs.”

Worse still, overtime is often not paid. All 60 workers were sceptical that they received the pay they were due. As the researchers explained:

There is a common feeling of deprivation and being cheated in terms of overtime pay. Calculation of overtime is always considered fraudulent. Workers have to accept the overtime work hours as calculated by the factory management. The workers’ impression of fraudulent practice is rooted in the fact that when workers work until 10pm, completing five hours of extra work, the official record book shows that they have worked only two extra hours. This serves multiple purposes such as apparently complying with local labour law, satisfying foreign buyers about legitimate use.
of overtime and, most importantly, cheating the workers of their hard-earned wage.

Sanchita and Lina, who work in the same factory supplying Asda, Tesco and Primark, both said categorically that they are cheated out of at least 10 to 15 hours of overtime pay every month.

Sweatshop employing 280 garment workers, Bangladesh
Photo: Fernando Mólices/Panos Pictures
The minimum wage for a garment worker in Bangladesh has stood since 1994 at just £7 per month (Tk 940). In real terms, however, it has halved since that time. Garment workers in Bangladesh went on strike to demand better pay and conditions in summer 2006, but their calls were only partially heard. The national minimum wage board has now proposed raising the minimum to £12 per month (Tk 1600), still only half the most basic living wage estimate.

Asda, Tesco and Primark have all made public commitments to working towards the payment of living wages in their supply chains. Most experts on Bangladeshi working conditions, and even Tesco, agree that the figure for Bangladesh should be at least £22 per month (Tk 3000). Yet the starting wages in the six factories discussed in this report ranged from just £7.54 to £8.33 per month (Tk 995 to Tk 1100). We found workers in every factory struggling to survive on wages of £8 or less.

Mohua and Humayun are amongst the better-paid sewing machine operators who earn more than average – in the region of £16 per month. Yet even this equates to just 5p an hour over the 80-hour week they regularly have to work.

For the Bangladeshi garment industry, 2006 was a tumultuous year. As labour rights activists had been warning for years, decades of underinvestment and worsening wages and working conditions spilled over, with tragic results.

In February and March 2006, a spate of garment factory collapses and fires left almost 100 workers dead and many more injured. Clothing buyers had audited many of these factories. Yet workers interviewed for this report state that emergency exits in their workplaces are still often kept locked.

In May, workers’ frustration at their pay and conditions, such as being locked in unsafe buildings during shifts, boiled over in a wave of demonstrations. In one factory supplying Tesco, for example, a sudden drop in the rate workers were paid for each piece of clothing caused them to walk out, and in the ensuing clashes with police one worker was killed and hundreds more were injured. The workers’ 10-point demands included payment of a living wage, the right to organise, and the right to maternity pay.

This explosion of protest was the product of tensions which had been bubbling under the surface for a longer time. In 2005 hundreds of workers in a Bangladeshi factory reportedly producing for Primark were fired in a conflict with management that was sparked when a...
supervisor physically assaulted three workers for allegedly making mistakes in their work. And in the previous year, 22 union members at a factory supplying Asda who demanded their legal overtime pay were allegedly beaten, fired and imprisoned on false charges. Workers claimed that the factory required 19-hour shifts, paid no overtime, and denied maternity leave and benefits.

Why have working conditions got so bad that workers are prepared to risk job, life and limb? While poor government policy and the attitude of factory owners is an important part of the story, the price-cutting tactics of low-cost clothing retailers sourcing from Bangladesh have been the driving force.
Deprived of a voice

All three companies featured in this report have promised to safeguard workers’ fundamental rights to form and join trade unions or other representative bodies of their own choosing, and to negotiate collectively with management. In practice, the situation is very different.

Workers in one factory supplying Primark, Asda and Tesco told us that in 2005 a worker named Kamal was dismissed for organising trade union activities in the factory. Though officially accused of theft, the real reason for his dismissal was felt to be organising a workers’ union. He was beaten and dismissed from his job.

“Most of the workers are not aware of their rights, and management will not allow them to form a union in the factory,” said one worker, who makes clothes for Asda and Primark. The climate of fear means that no one in these factories dares form a trade union. “If anybody tries to form a union he will be dismissed from his job. We never tried to organise a union due to fear of losing our jobs,” said a worker who produces for all three retailers. “Workers are afraid of losing their jobs if the employer knows that they are involved in trade union activities,” said Abdul, whose factory produces for Asda and Tesco.

Gendered problems

The majority of the Bangladeshi garment workforce is female, and in the factories we found that two thirds to three quarters of workers were indeed women. Like Lina at the start of this report, they may be young girls from rural villages who make the journey to the city to earn money for their families. They may also be mothers with dependent children.

Yet, as research has shown, gender compounds the problems faced by women in the garment workforce. The specific preference for women workers – and especially young women – is rooted in the fact that the most vulnerable are the easiest to exploit. Socially stigmatised and often deprived of the schooling their male colleagues have received, they are afraid to speak out about the difficulties they face inside and outside the workplace. So it is no surprise that they face institutional prejudice. Both male and female workers interviewed for our research said that women were systematically paid less for the same work than their male colleagues. Maternity leave, while granted in theory, is rare in practice. Long hours mean they finish work late at night, when they may face a dangerous walk home.

Sexual harassment was observed by many workers interviewed across all factories. Both female and male respondents reported that female workers are often subject to harassment, obscene gestures and sexual advances by midlevel staff.
We only found one person working in these factories who admitted to being part of a trade union – though the union was not recognised by her employer. She said: “If my employers come to know about my involvement with the trade union, I will be thrown out of my job.”

The researchers for this report observed workers being directly instructed by factory owners not to get involved in trade unions, and often workers are dismissed for joining a union. Owners do everything necessary to stop anyone from forming a union in the factory. Trade union representatives are not allowed to make any contact with workers in the factory, and workers are afraid of losing their jobs if the owner finds out that they are a member of any union.

While paying lip service to the importance of trade union rights, Primark, Asda and Tesco do not do nearly enough to show their support for it in factories, and company policy often goes in the opposite direction. Wal-Mart stores in the United States have a union-busting ‘rapid reaction’ team complete with its own aircraft. As a Wal-Mart spokesperson put it, “While unions may be appropriate for other companies, they have no place at Wal-Mart.”

Meanwhile, in February 2006, Asda was fined £850,000 by an employment tribunal for attempting to induce employees to give up their right to collective bargaining.

When Tesco advertised for people to manage its new US arm in May 2006, the job specification included “maintaining union-free status” and “union avoidance activities.”

Tesco’s retail arm in Thailand, Tesco Lotus, was only unionised after five years of operation, and since then the union has been under tremendous pressure.
Don’t ask, don’t tell

While the research for this report was being conducted, Asda was explaining in the pages of *The Guardian* how robust its mechanisms for ensuring good working conditions are:

There can be no compromise when it comes to sourcing standards. That’s why, last year alone, Wal-Mart and Asda carried out more than 13,000 factory audits worldwide. Two hundred auditors and independent inspectors visit factories, review records and talk to thousands of workers about how they are treated, what they are paid and their working conditions. It’s the bedrock of our brand and means that it is, in fact, possible to buy cheap chic with a clear conscience.¹⁰

However, interviews with workers in the six factories researched for this report, which all supply Asda, show they have a very different perspective. Workers get prior notice of social audits and are instructed to lie to the buyers’ representatives about their wages, working hours and other health and safety issues.

Social auditors have interviewed only a handful of workers, but all these workers have been coached and intimidated by their managers to ensure they said the right things. As Amin reported, “During my interview with the audit team I had to lie as instructed by factory management.”

Workers do not trust the auditors not to pass on the information they receive to their managers. Abdul, working in a factory supplying Asda and Tesco, said, “Buyers’ representatives mainly look after the owners’ interests, not the workers’.”

Last year, workers in another Bangladeshi factory supplying Asda’s parent company Wal-Mart told researchers for the Clean Clothes Campaign:

Every month there are two to three visits to the factory by buyers, and the visitors basically talk with the management. Workers get prior notice for such visits and sometimes visitors also talk with 10-15 workers who are selected by the management. These workers are instructed by the management on what to say to the auditors, and if there are any workers who are unable to follow the instructions they are asked not to come until the auditors’ visit ends.¹¹

Retailers like Asda and Tesco often point to the audits they use to check working conditions. But the kinds of bulk auditing systems that they use provide only a superficial assessment. “The retailers and their suppliers are playing an elaborate game. They only want to reassure consumers, not to improve conditions,” says Dr Liu Kaiman, of the Institute of Contemporary Observation in Shenzhen, China.¹²

Tens of thousands of these audits are performed every year, either as internal company monitoring, or as independent verification by a third party (usually an auditing firm). A typical audit will involve three things:

- Document review: looking at wage sheets, timekeeping, personnel records, etc.
- Site inspection: checking for health and safety problems and to observe the workers at work.
- Interviews: interviewing with managers, supervisors and workers. In best practice, trade unions and local labour rights groups are also consulted.
Most audits attempt to do all this in a few hours, though some take several days. And some are better than others. In many cases, factories are given advance warning 20 days before the inspectors arrive, giving the factory owners ample time to prepare for the visit. Owners have the factory and worker dormitories cleaned, create falsified time cards and pay sheets, and provide workers with a sheet of questions and standard answers that they are required to give to inspectors. It is widely attested that many factories keep two sets of books – one accurate and the other to give to inspectors.

A 2005 study examining social auditing interviewed 670 workers in textile factories in over 40 countries around the world, many of them supplying Wal-Mart. In China, the researchers spoke to factory managers supplying Wal-Mart and were told, “Wal-Mart inspections were generally quite easy to bluff and, because Wal-Mart’s unit prices for orders were extremely low, their inspection teams were not likely to seriously demand that the factory adhere to the code of practice.”

Meanwhile, workers in a Kenyan factory, also supplying Wal-Mart, said, “Auditing is more about securing orders than improving the welfare of the workers, which is why the management only make cosmetic changes to impress the auditors and not to better the conditions of workers.”

Two things that audits usually miss are working conditions for home workers and in subcontracted workplaces. Both are used on an informal basis by factories to help them increase capacity – often when they have too many orders to fill at once. Because they are used informally, and the auditors often are not made aware of them at all, both sets of workers pass under the radar of standard audits.
War on Want believes that companies must be held accountable for their actions around the world, including the conditions in their supply chains. Yet the UK government prefers to support the voluntary approach of ‘corporate social responsibility’, despite the fact that this has been shown to be an ineffective alternative to regulation. As long as the political will to rein in corporate power is lacking in our elected leaders, it is up to us to apply pressure. We are asking all readers and supporters to take the following actions:

1. **Shop smart.** As fashions change each season it is tempting to load up on the cheap must-haves everyone is wearing. But next time you go shopping, remember the true cost of clothes sold by Primark, Asda and Tesco. Instead of filling your wardrobe with clothes that need replacing each year, shop for ethical alternatives that will stand the test of time. Ethical clothing is a growth industry – War on Want sources its T-shirts from Ethical Threads, so you can wear our range of shirts with a clear conscience. Remember, the first step to looking good is feeling good.

2. **Contact the companies.** Members of the public can contact Asda, Primark and Tesco directly and voice their concern about their impacts on local communities and workers as detailed in this report.

   To contact Asda, write to Angela Spindler, Global Managing Director, George at Asda, Asda House, Southbank, Great Wilson Street, Leeds LS11 5AD, or phone 0113 243 5435.

   To contact Tesco, write to Sir Terry Leahy, Chief Executive, New Tesco House, Delamare Road, Cheshunt, Hertfordshire EN8 9SL, or phone 01992 632 222.

   To contact Primark, write to Arthur Ryan, Chairman and Managing Director, Primark Stores Limited, Primark House, 41 West Street, Reading, Berkshire RG1 1TT, or phone 0118 960 6300.

3. **Call on the UK government** to state its support for a binding framework of regulation that stops UK companies and their suppliers continuing the abuse of workers overseas. Please write to Rt Hon Alistair Darling MP, Secretary of State for Trade and Industry, Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET.

4. **Join Us!** We need your support to continue our campaigning on corporate accountability. Follow our work at www.waronwant.org

   Also:

   - **Clean Up Fashion:**
     www.cleanupfashion.co.uk

   - **Clean Clothes Campaign:**
     www.cleanclothes.org
Appendix: How the research was conducted

The researchers identified six factories known to be supplying Asda, Tesco and/or Primark. In interviews, workers confirmed what companies they were sewing orders for. These are not worst-case factories, but typical ones picked at random. Researchers used existing contacts and channels that were known and trusted by workers – local labour rights groups and trade unions – to gain access to interviewees. In all, 60 workers were interviewed between August and October 2006, roughly 10 from each factory. All names have been changed to protect their anonymity.

The sheer volume of working hours made it difficult to find time to interview workers. Without exception, all interviews took place after 8pm because every one worked until at least 7. In the case of female workers, interviews often took place after 10 and while they were preparing their night meal – the only substantial meal they have time to eat. Yet in all cases, workers could be interviewed only at their living places. They simply refused to talk in any other place through fear that their statements might be reported back to the employer, which would cost them their job.

Once the workers’ trust had been gained, the researchers set out to arrange interviews, both in groups and with individuals, and used a structured questionnaire. The researchers explained that it was difficult here, too: female garment workers are socially stigmatised, and gender sensitivity was crucial in the interviewing process. The heightened tension created by the tense political situation in the Bangladeshi garment industry further exacerbated these difficulties.

Factory breakdown

<table>
<thead>
<tr>
<th>Factory</th>
<th>Number of workers</th>
<th>Percent female</th>
<th>UK brands it supplies</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>500</td>
<td>70</td>
<td>Asda/George, Tesco, Primark</td>
</tr>
<tr>
<td>B</td>
<td>1100</td>
<td>73</td>
<td>Asda/George</td>
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<tr>
<td>C</td>
<td>1200</td>
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<td>Asda/George, Primark</td>
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<td>D</td>
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<td>Asda/George, Tesco, Primark</td>
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<tr>
<td>E</td>
<td>1200</td>
<td>69</td>
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<tr>
<td>F</td>
<td>575</td>
<td>61</td>
<td>Asda/George</td>
</tr>
</tbody>
</table>

Notes

1. 2200 Taka. Exchange rate £1 = Tk 132, as at 13 November 2006
3. See War on Want’s Asda Wal-Mart: The Alternative Report, September 2005
4. The Ethical Trading Initiative (ETI) base code
5. Who Pays for Cheap Clothes? 5 questions the low-cost retailers must answer, Labour Behind the Label, 2006
6. Wal-Mart spokesperson Jessica Moser; cited by K. Olson, Always a Rat Race, Never a Union, Texas Observer, 15 February 2002
7. ‘Asda faces £850,000 tribunal cost’, BBC News Online, 10 February 2006
9. ‘Asda Lotus Workers’ Union succeed in getting back wages for overtime and holiday pay for 8,400 employees’, UNI, 16 June 2005
11. Looking for a Quick Fix: How weak social auditing is keeping workers in sweatshops, Clean Clothes Campaign, 2005
12. Interviewed in Micha Peled’s film, China Blue, 2006
13. Looking for a Quick Fix: How weak social auditing is keeping workers in sweatshops, Clean Clothes Campaign, 2005
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Written and researched by Khorshed Alam, Alternative Movement for Resources and Freedom Society, and Martin Hearson, Labour Behind the Label.

War on Want

War on Want fights poverty in developing countries in partnership and solidarity with people affected by globalisation. We campaign for workers’ rights and against the root causes of global poverty, inequality and injustice.

Cover picture: Women workers in Bangladesh garment factory

Photo: Fernando Moleres/Panos Pictures

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