

# LEFT BEHIND

HOW FASHION BRANDS TURN THEIR BACK  
ON WOMEN IN THE BANGLADESHI  
GARMENT INDUSTRY

**FAIR  
ACTION**

Promoting  
responsible  
business

© Fair Action 2018

Author: Malin Kjellqvist and Maria Sjödin, Fair Action

Research and interviews in Bangladesh: Ivar Andersen

Photographer: Jonas Gratzer

Layout: Lina Garemark

Fair Action is a non-profit organization pushing Swedish companies to take responsibility for their impact on people and the environment. We examine how consumer goods and services are produced and pressure companies to improve working conditions and pay living wages. Fair Action is a member of the Clean Clothes Campaign.

*This report has been financed by Sida, the Swedish International Development Cooperation Agency, through Forum Syd. Responsibility for the content lies entirely with the creator. Sida and Forum Syd do not necessarily share the expressed views and interpretations.*

# Table of Contents

Abbreviations	4
Summary	5
Introduction	7
Methods of data collection	9
Big business – the garment sector in Bangladesh	10
What is a living wage?	11
What workers say about their wages – findings from interviews	14
The kids are not alright – lack of money to provide for children	16
Stuck in poverty – unhealthy debts and non-existent savings	17
Lousy housing – unsanitary living conditions	18
What are the brands doing?	20
Detailed description of company responses	22
Policy for living wages in the supply chain	22
Strategy and goals concerning living wages	24
Wage mapping and risk assessment	25
Freedom of association and collective bargaining	27
Purchasing practices for enabling living wages	29
Capacity building	30
Government engagement concerning minimum wage	31
Engagement with trade unions and other stakeholders	32
Analysis and conclusions	33
8 steps toward higher wages - recommendations to the brands	37
Acknowledgements	39
References	40
Appendix – Questionnaire to garment brands	43

# Abbreviations

<b>AFW</b>	<i>Asia Floor Wage</i>
<b>ACT</b>	<i>Action, Collaboration, Transformation</i>
<b>BDT</b>	<i>Bangladeshi Taka</i>
<b>BGIWF</b>	<i>Bangladesh Garment and Industrial Workers Federation</i>
<b>BSCI</b>	<i>Business Social Compliance Initiative (now Amfori BSCI)</i>
<b>CBA</b>	<i>Collective Bargaining Agreement</i>
<b>EBA</b>	<i>Enforceable Brand Agreement</i>
<b>ETI</b>	<i>Ethical Trading Initiative</i>
<b>FLA</b>	<i>Fair Labor Association</i>
<b>FoA</b>	<i>Freedom of Association</i>
<b>FWN</b>	<i>Fair Wage Network</i>
<b>FWF</b>	<i>Fair Wear Foundation</i>
<b>GFA</b>	<i>Global Framework Agreement</i>
<b>GLWC</b>	<i>Global Living Wage Coalition</i>
<b>ILO</b>	<i>International Labour Organization</i>
<b>ITUC</b>	<i>International Trade Union Confederation</i>
<b>NGO</b>	<i>Non-Governmental Organisation</i>
<b>SDGs</b>	<i>Sustainable Development Goals</i>
<b>UNGPs</b>	<i>United Nations Guiding Principles on Business and Human Rights</i>
<b>PC</b>	<i>Worker-Management Participation Committee</i>
<b>WRC</b>	<i>Workers' Rights Consortium</i>

# Summary

Fair Action has interviewed eight garment workers employed at suppliers of H&M, KappAhl, Lindex and MQ in Bangladesh. Their average monthly income is € 73 , which is so low that it violates both the companies' own policies and international conventions on human rights. € 73 is less than half of what they would need to afford proper food, healthcare and decent housing for themselves and their families. The consequences of the low wages are an insecure and hard life, where illness and anxiety are common.

*– If my son gets sick, I have to borrow money from the neighbours to take him to the doctor,* said Syeda Talukdar, 19 years old, who makes clothes for KappAhl.

The women also state that the first they would invest in, if they had more money, is the future of their children:

*– I would like to give him a good education, but I don't know how. My salary is very low,* says Syeda Talukdar.

The wage level of the interviewees is representative of what garment workers in the country generally earn, according to several studies and experts in Bangladesh. Furthermore, Lindex confirms that the average monthly wage in their supplying factories is € 70 and for H&M the average monthly wage is € 81. These figures are just below and just above the World Bank's poverty line of € 75 per month.

From 1 December 2018 a new minimum wage of € 80,5 (BDT 8,000) per month will come into effect. Trade union leaders and labour rights activists strongly rejected the government's decision, arguing the amount was only half of what they had demanded and not enough for living a decent life. Furthermore, there is a risk that inflation which has been between 5 and 7 percent annually in the past few years, and rising rents will eat into the wages and decrease garment workers purchasing power until the next minimum wage revision in five years.

The low wages in Bangladesh have been known for decades. Despite Lindex and KappAhl buying as much as 40 percent of their total sourcing value from the country, the report shows that the companies are not doing enough to make sure that the workers can support themselves and their families on their wages. A key action point is to secure that freedom of association is respected at supplying factories, so that workers can raise their voices and influence wages. This is especially

*By ensuring that living wages are paid, the companies can contribute to the fulfilment of the Sustainable Development Goals of the 2030 Agenda. If they take action, the brands can lift thousands of women in the Bangladeshi garment industry and their children out of poverty.*

important in a country like Bangladesh where those who want to join or form unions risk retaliation from factory owners including harassment, abuse and even killings.

About 80 percent of the workers in the Bangladeshi garment sector are women, and the fashion brands often emphasise that they contribute to women's economic empowerment. But the report shows that H&M, KappAhl, Lindex and MQ are missing the opportunity to truly make a difference for women in Bangladesh. All four companies lack measurable goals for raising salaries in the supplying factories over the next few years. Furthermore, none of the four companies are willing to direct more orders to factories where wages are higher. The report also recommends that the companies share the costs with their suppliers by giving price premiums to suppliers with higher wages.

By ensuring that living wages are paid, the companies can contribute to the fulfilment of the Sustainable Development Goals of the 2030 Agenda. If they take action, the brands can lift thousands of women in the Bangladeshi garment industry and their children out of poverty.

*– If my son gets sick I have to borrow money from the neighbors to take him to the doctor, says Syeda Talukdar, 19 years old, who is employed at a factory producing for KappAhl.*



# Introduction

In many garment producing countries, including Bangladesh, workers face hard difficulties to survive upon their wages. Even though they work 10-12 hours a day, or even more including over time in peak seasons, they struggle to make ends meet and feed themselves and their families. Excessive overtime due to low wages also limits workers ability to be active citizens and take part in trade unions, civil society and society at large.

Furthermore, the consequences for the workers and their families' physical wellbeing are fatal. Because of the low wages, most garment workers in Bangladesh have no choice but to live in small plate shelters in the slums, that get very hot in the sun and leak in water when it's raining. They share toilet and kitchen with many others and usually do not have access to clean water.<sup>1</sup>

The low wages also affect future generations. Garment workers with children often have no other option but to leave even young children unattended during work hours.<sup>2</sup> Some children of garment workers are even forced to work to support their families.<sup>3</sup>

Most garment producing countries, such as Bangladesh, have adopted legal minimum wages, that were initially intended as a "floor wage" to protect the interests of the lowest paid workers. But in reality, it can be very difficult for workers to earn a higher wage than the minimum wage, during a normal working week, and the minimum wages are often too low to enable workers to live a decent life.

From 1 December 2018 a new minimum wage of € 80,5 (BDT 8,000)<sup>4</sup> will come into effect. Trade union leaders and labour rights activists rejected the government's decision, arguing the amount was only half of what they had demanded and not enough for living a decent life.<sup>5</sup>

Local trade unions also claimed that the government had not followed the law when they appointed the worker representative to the minimum wage board

- 
- 1 See for example Global Living Wage Coalition, 2016, Living Wage Report, Dhaka, Bangladesh and Satellite Cities, [http://www.isealalliance.org/sites/default/files/Dhaka\\_Living\\_Wage\\_Benchmark\\_Report.pdf](http://www.isealalliance.org/sites/default/files/Dhaka_Living_Wage_Benchmark_Report.pdf) , p. 44
  - 2 Swedwatch, 2014, 44 barn med föräldrar i textil barn industrin drömmer om ett bättre liv, <http://www.swedwatch.org/wp-content/uploads/2016/12/44barn.pdf>, p.7 and 10
  - 3 SOMO, 2017, Branded Childhood, <https://www.somo.nl/wp-content/uploads/2017/01/Branded-childhood-web.pdf>, p. 33
  - 4 Exchange rate of June 1 2018 is used in the whole report: BDT 1 = € 0,01006, BDT 1 = USD 0,01175, BDT 1 = SEK 0,10344.
  - 5 Thomson Reuters Foundation, "Pay more for your clothes, Bangladesh workers tell global fashion brands", 17 Sept. 2018, <http://news.trust.org/item/20180917114539-7i6lp/>

which developed the proposal for a new minimum wage during the first half of 2018. The unions claimed that factory owners dominated the minimum wage board since the worker representative was not backed by the major trade union federations in the garment sector.<sup>6</sup>

Of the new salary, BDT 4,100 has been set as basic pay, BDT 2,500 as house rent, BDT 600 as a medical allowance, BDT 350 as a transport allowance and the remaining BDT 900 as a food allowance. Overtime payment, retirement and other benefits are based on the workers basic pay. Critics argue that the basic pay share of the total salary has decreased compared to the current minimum wage structure, which will lower the workers overtime pay and other bonuses and compensations.<sup>7</sup> This is especially troubling since many garment workers rely heavily on overtime pay to make ends meet.

The current monthly minimum wage of BDT 5,300 (€ 53) has been effective from 2013, and since then the inflation has continued to grow at between 5 and 7 percent annually.<sup>8</sup> This means that the inflation adjusted wage has decreased, and so has the purchasing power of the workers. According to research, apparel workers in Bangladesh have the lowest purchasing power of all manufacturing countries.<sup>9</sup> Given that the inflation rate continues to be high, there is a risk that the same scenario with decreasing real wages could be repeated in the coming five year period until the next minimum wage revision. Furthermore, union leaders are concerned that rents and commodity prices will rise in connection with the minimum wage hike at the end of 2018.<sup>10</sup> After the last minimum wage revision in 2013, rents in Dhaka's slum where many garment workers live increased sharply.<sup>11</sup>

Even though the wages are very low, the garment sector is often argued to be a positive force to combat poverty in Bangladesh. Anu Mohammad, Professor of Economics at the Jahangirnagar University in Dhaka, does not agree: "Since the wages are below the poverty line it is still a vicious cycle. The garment workers have to buy clothes and food and rent houses. After these costs have been paid they stay in the same income bracket. This is perpetuating the same scenario of poverty."

---

6 New Age, "Rules violated in appointing workers' representative, allege leaders", 16 Jan. 2018, <http://www.newagebd.net/article/32668/rules-violated-in-appointing-workers-representative-allege-leaders>

7 Dhaka Tribune, "Minimum wage for apparel workers set at Tk8,000", 13 Sept. 2018, <https://www.dhakatribune.com/business/regulations/2018/09/13/tk8-000-set-as-minimum-wage-for-rmg-workers>

8 Fair Labor Association, 2016, Toward fair compensation in global supply chains, [http://www.fairlabor.org/sites/default/files/documents/reports/toward\\_fair\\_compensation\\_in\\_global\\_supply\\_chains\\_2016\\_report\\_only\\_0.pdf](http://www.fairlabor.org/sites/default/files/documents/reports/toward_fair_compensation_in_global_supply_chains_2016_report_only_0.pdf), p. 16

9 Ibid.

10 Dhaka Tribune, "Minimum wage for apparel workers set at Tk8,000", 13 Sept. 2018, <https://www.dhakatribune.com/business/regulations/2018/09/13/tk8-000-set-as-minimum-wage-for-rmg-workers>

11 Swedwatch, 2014, 44 children, <http://www.swedwatch.org/wp-content/uploads/2014/09/44children-Swed-watch.pdf>, p.9

Four in five garment workers in Bangladesh are women. According to the World Bank, female garment workers constitute a highly vulnerable group, with few support systems in place to provide them with adequate training or social services. But the sector is sometimes seen as empowering for poor women since it provides employment opportunities.<sup>12</sup> However, Professor Mohammad thinks that it should be questioned if the sector contributes to gender equality: “Many young women of 15–16 years old leave school and join the garment industry because it is necessary for their family’s survival. This creates a burden on female family members before they are ready to shoulder it.”

Professor Mohammad stresses that the intensive work during long hours makes many workers physically unfit to continue after the age of 30. He argues that very few female garment workers who leave the industry in their thirties have been able to save some money to become more self-reliant and independent: “After 15 years you have been used up and it is not possible to have a financially secure life after retiring.”

## *Methods of data collection*

Eight garment workers were interviewed in Dhaka, Bangladesh, by the freelance journalist Ivar Andersen in March and April 2018. Photographs were taken by the photographer Jonas Gratzner during the same period. The garment workers work at five different factories, in areas surrounding Dhaka, supplying H&M, KappAhl, Lindex and/or MQ. The interviews concerned wages, working hours, possibilities to join a trade union, working environment, experiences of discrimination and living conditions. The interviews took place outside factory premises at locations identified as safe by the participants. Interviewees were informed of the purpose of the interviews and how Fair Action intend to use the information. Their identity has been withheld for security reasons.

The interviewed workers are a relatively small number and do not constitute a representative sample. They are included in the report as testimonies and examples of the challenges that workers face in their daily lives because of the poor wages.

Anu Mohammad, Professor of Economics at Jahangirnagar University in Dhaka, was interviewed to contribute with findings from his research on the Bangladeshi garment industry. Anu Mohammad confirmed that the wages of the workers interviewed in this report are similar to the wage level in general. Workers’ Rights Consortium (WRC) and the Bangladesh Garment and Industrial Workers Federation (BGIWF) were also consulted during the work of the report.

---

12 World Bank, 2017, Bangladesh Country Snapshot, <http://documents.worldbank.org/curated/en/375181507886096515/pdf/120416-WP-PUBLIC-CountrySnapshotBangladesh-CompleteFinal.pdf> , p. 35

H&M, KappAhl, Lindex and MQ were asked to answer a questionnaire regarding wages in the supply chain, and how they deal with the risk of wages that are too low to live a decent life in Bangladesh. Their responses were sent to Fair Action in April 2018. The brands had the opportunity to fact check the parts of the report regarding their policies and practises, prior to publishing.

## *Big business – the garment sector in Bangladesh*

Bangladesh is the world's second largest garment exporter after China.<sup>13</sup> Bangladesh's exports doubled their world market share between 1995 and 2012 and more than doubled in value in the last five years. According to the World Bank, the garment industry in Bangladesh accounts for 75 to 80 percent of Bangladesh's export earnings.<sup>14</sup> In 2017, there were 4,482 garment factories in the country employing 4 million workers, compared to 1997 when the sector employed 1.3 million people, working in 2,503 factories in total. Garment imports to Sweden from Bangladesh have increased with almost 60 percent since 2012, and the country is now the second most important sourcing market after China.<sup>15</sup>

Despite accelerated growth in the past years the pace of poverty reduction has slowed. Today, one in four Bangladeshis live in poverty and 13 percent of the population live in extreme poverty.<sup>16</sup>

The fast expansion of the garment sector has benefited an elite within the Bangladeshi society. There are close connections between the garment sector and the political power in the country. According to Professor Anu Mohammad "Most members of Parliament have connections to the garment industry, directly or through family members, and they protect the factory owners. The industry has a huge influence on Parliament, and even on the Cabinet. A number of ministers have connections to the factory owners."

However, the booming garment sector is not reflected in the price paid to the garment factories by international fashion brands. Recent research also indicates that in the period since the minimum wage was last revised in Bangladesh, prices paid to suppliers have dropped on average by 13 percent and lead times for production have shortened by 8 percent on average, between 2011 and 2015.<sup>17</sup>

---

13 World Bank, 2017, Bangladesh - Country snapshot, p. 1

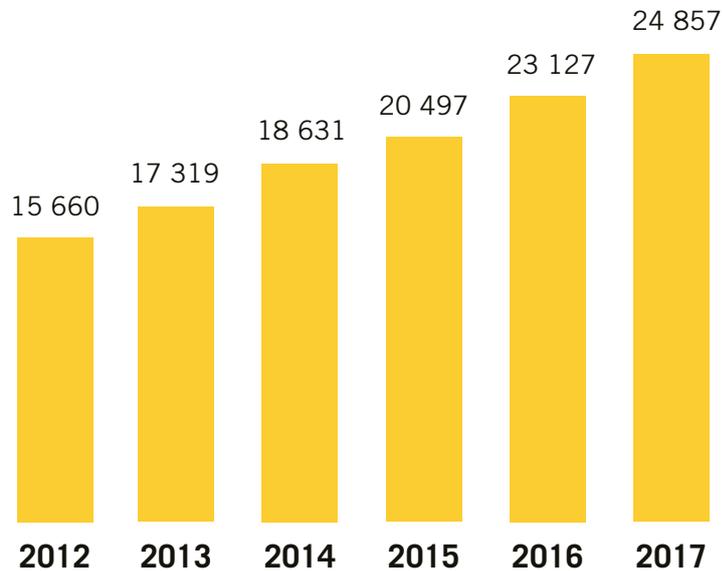
14 Ibid. p. 35

15 Import data from Statistics Sweden (SCB), processed by Fair Action

16 World Bank, "Bangladesh continues to reduce poverty but at a slower pace", October 24 2017, <http://www.worldbank.org/en/news/feature/2017/10/24/bangladesh-continues-to-reduce-poverty-but-at-slower-pace>

17 Center for Global Workers' Rights (CGWR), Binding Power: The Sourcing Squeeze, Workers' Rights, and Building Safety in Bangladesh Since Rana Plaza, 2018, <http://lser.la.psu.edu/gwr/documents/CGWR->

### Swedish garment imports from Bangladesh (Tonnes)



Source:  
Statistics Sweden

## What is a living wage?

The concept of a wage that is enough for a worker and his/her family to live on is not new. According to the Universal Declaration of the Human Rights, that was proclaimed by the United Nations in 1948, “Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.”<sup>18</sup>

### **According to international norms and standards<sup>19</sup>, a living wage:**

- Covers the basic needs of the worker and her/his family
- Must be earned in a standard work week of no more than 48 hours
- Should provide some discretionary income

---

2017ResearchReportBindingPower.pdf

18 UN, The Universal Declaration of Human Rights, article 23, paragraph 3, <http://www.un.org/en/universal-declaration-human-rights/>, viewed 2018-04-19

19 See for example ILO Conventions 26 and 131, Clean Clothes Campaign’s definition: <https://cleanclothes.org/livingwage>, Fair Wear Foundation Code of Labour Practices: <https://www.fairwear.org/labour-standards/> and Global Living Wage Coalition: <https://www.isealliance.org/about-iseal/our-work/global-living-wage-coalition>

Most living wage approaches argue that “basic needs” includes nutritious food, clean water, housing, clothes, healthcare, childcare, education, transport and discretionary income. Some discretionary income is important since non-existent savings makes workers vulnerable to unforeseen events such as illness, and they are then easily indebted.

A living wage should also be based on normal working hours, in line with national labour law and a maximum of 48 hours working week, according to ILO standards, and excluding over time.<sup>20</sup>

A minimum wage demand from the workers of BDT 16,000 (€ 161) was made by garment workers during a strike in December of 2016, and is meant for the lowest paid category of workers. The workers also demand a statutory framework to govern pay grades and promotion and other welfare measures.<sup>21</sup>

In recent years, a number of living wage benchmarks have been developed.<sup>22</sup> One of them is the benchmark of the Global Living Wage Coalition<sup>23</sup> (GLWC). In 2016, the GLWC published a living wage benchmark report for the garment industry in Dhaka and surrounding districts. Their estimations of a living wage is based on the costs of food, housing, other essential needs including education of children, decent health care, transportation, recreation, clothing, household goods, communication, personal care and a small margin for unforeseen events. These costs make up a basic, but decent, life for a reference size family of two adults and two children. The number of full-time workers per family (1.58) is also taken into account, when calculating the living wage.<sup>24</sup> GLWC has different estimates of a living wage for Dhaka (BDT 16,460 or € 166), and the surrounding districts (BDT 13,630 or € 137) because the cost of living is higher in the city of Dhaka. The GLWC’s living wage benchmarks are more than 70% higher than the announced monthly minimum wage of BDT 8,000 in the garment industry in Bangladesh which will come into effect from December 2018.<sup>25</sup>

---

20 Oxfam Australia, 2017, A sewing kit for living wages, <https://www.oxfam.org.au/wp-content/uploads/2017/09/A-Sewing-Kit-for-Living-Wage.pdf> p. 26-29

21 IndustriALL, “Garment workers call for increased minimum wage”, Mars 5 2018, <http://www.industriall-union.org/bangladesh-garment-workers-call-for-increased-minimum-wage>, viewed 2018-05-31

22 A list of other relevant wage benchmarks in Bangladesh could be found in Fair Labor Association’s report “Toward fair compensation in Bangladesh”, [http://www.fairlabor.org/sites/default/files/documents/reports/toward\\_fair\\_compensation\\_in\\_bangladesh\\_april\\_2018\\_0.pdf](http://www.fairlabor.org/sites/default/files/documents/reports/toward_fair_compensation_in_bangladesh_april_2018_0.pdf), p. 9-10,

23 The GLWC is made up of ISEAL members Fairtrade International, Forest Stewardship Council (FSC), Good-Weave, Sustainable Agriculture Network (SAN), Rainforest Alliance (RA), UTZ, and Social Accountability International (SAI). Richard Anker and Martha Anker are also partners in this coalition.

24 The Global Living Wage Coalition, 2016, p. 17-18

25 Ibid, p. 9

Another living wage benchmark for Bangladesh is the Asia Floor Wage, estimated by the Asia Floor Wage Alliance (AFWA), an international alliance of trade unions and labour rights activists who are working together to demand that garment workers are paid a living wage. Their estimation of a living wage (BDT 36,385 or € 366 in 2016 and BDT 37,661 or € 379 in 2017) is more than four times higher than the BDT 8,000 minimum wage effective from December 2018.<sup>26</sup>

### ***The Sustainable Development Goals – for a better world***

Through the so called 2030 Agenda for Sustainable Development world leaders agreed on a common approach to end poverty, fight inequality and stop climate change. The Goals were adopted at the United Nations Sustainable Development Summit on 25 September 2015. It covers 17 goals with a total of 169 targets that should be reached by the year 2030.

Living wage as a concept is not mentioned specifically in the 2030 Agenda, but the issue is closely linked to many of the Goals, especially goal number 1 (no poverty), 2 (zero hunger), 5 (gender equality), 8 (decent work and economic growth) and 12 (responsible consumption and production).

In addition, goal 17, “Partnership for the Goals” underline the importance of a stronger commitment to partnership and cooperation from all actors, including multi-stakeholder partnerships. Thus, the business sector has an important role to play in achieving the Global Goals.<sup>1</sup>

---

1 UN, Sustainable Development Knowledge Platform, <https://sustainabledevelopment.un.org/?menu=1300> , viewed 2018-05-24.

---

26 Asia Floor Wage Alliance, Asia Floor Wage, <https://asia.floorwage.org/what> , viewed 2018-04-23

# What workers say about their wages

## – findings from interviews

*– If my son gets sick I have to borrow money from the neighbors to take him to the doctor,* says Syeda Talukdar<sup>27</sup>, 19 years old, who is employed at factory producing for KappAhl. Syeda's wage excluding overtime is BDT 6,800 (€ 68) per month, which is below the World Bank Poverty Line of BDT 7,418<sup>28</sup> (€ 75).

Syeda's situation is not unique, the eight workers we have interviewed earn on average BDT 7,250 (€ 73) per month, excluding overtime. This amount is in line with what workers generally earn in the country's exporting factories, according to experts.<sup>29</sup> As a result of the new minimum wage of BDT 8,000 that will come into effect from 1 December 2018, garment workers' wages will



*– We work for twelve hours a day. When the workday is done I am tired and feel weak, and my hands and feet often ache,* says Syeda Talukdar , 19 years old, who is employed at a factory producing for KappAhl.

27 For safety reasons, Fair Action is not using the workers' real names in this report.

28 The Global Living Wage Coalition, 2016, p. 44

29 Fair Action interview with Anu Mohammad, Professor of economics, Jahangirnagar University, March 2018. See also Fair Labor Association's study of wages of 6000 garment workers, "Toward fair compensation in Bangladesh", 2018, [http://www.fairlabor.org/sites/default/files/documents/reports/toward\\_fair\\_compensation\\_in\\_bangladesh\\_april\\_2018\\_0.pdf](http://www.fairlabor.org/sites/default/files/documents/reports/toward_fair_compensation_in_bangladesh_april_2018_0.pdf)

increase. However, trade union leaders and labour rights activists protested the new minimum wage, arguing that the amount was only half of what they had demanded and far from enough for living a decent life.<sup>30</sup>

The interviewees all work six days a week, although two of the workers report that they sometimes must work on their day off if the factory gets a big order. Work days range from 10 hours up to 13 hours. The workers average wage - including overtime pay - is about BDT 10,660 (€ 107) per month. Despite the significant number of extra hours, workers testify to a constant struggle to afford basic necessities such as food, housing and medical care.

### **Syeda's story**

**Name:** Syeda Talukdar

**Age:** 19

**Works for:** A supplier of KappAhl

2,5 years ago, Syeda moved to Dhaka from her home district in Bogra in northern Bangladesh. Her older sister already worked in a garment factory and her husband wanted to move to the capital to find a job. The heavy workload is already taking its toll:

*– We work for twelve hours a day. When the workday is done I am tired and feel weak, and my hands and feet often ache,* says Syeda.

Fridays are usually a chance to rest. Syeda was planning to spend this Friday with her two-years-old son Anik, that she barely has time to see. Syeda sees Anik a short while before she goes to work, when she gets home he is already asleep.

*– We are supposed to have Friday's off, but today we were ordered to work anyway. That often happens if the workload is high,* says Syeda.

### **Overview of interviewees**

<b>Name*</b>	<b>Gender</b>	<b>Age</b>
Ahnaf Lashkar	Male	23
Barsha Islam	Female	25
Dina Uddin	Female	28
Faria Mustafi	Female	36
Nazir Miah	Male	26
Saiful Ahmed	Male	20
Sanjana Chowdhury	Female	35
Syeda Talukdar	Female	19

*\*The workers' real names have been withheld for security reasons.*

30 Thomson Reuters Foundation, "Pay more for your clothes, Bangladesh workers tell global fashion brands", 17 Sept. 2018, <http://news.trust.org/item/20180917114539-7i6lp/>



– If my salary was higher I would try to save money for a couple of years, buy a little bit of land in my village and start farming. That is my dream, says Sanjana Chowdhury, 35, employed at a factory producing for Lindex.

## *The kids are not alright – lack of money to provide for children*

The five female garment workers we interviewed all have children, either living with them or with relatives in their home village. The women report difficulties to afford food, clothing, medical care and school tuition fees for their children.

– *The salary is too low compared to the workload. I would need to make BDT 15,000–16,000 (€ 151-161) to pay my own expenses and the cost of education for my kids*, says Sanjana Chowdhury, 35, employed at a factory producing for Lindex.

BDT 15,000- 16,000 is about twice Sanjana's wage excluding overtime.

Several workers also report that if they earned more their priority would be paying for education or buying clothes or other basic necessities for their children.

– *If my salary was increased, the first thing I would do is to invest in my son's future*, says Syeda Talukdar, 19, employed at a factory producing for KappAhl.

Nazir Miah, 26, employed at a factory producing for H&M, does not have children. He states that his low wage makes it difficult:

*– I would like to marry and settle down, start a family in my home village, but it's not possible right now. I don't have enough money.*

Three of the workers clearly state that they do not want their children to work in the garment industry:

*– I am hoping for a better future for my daughters, I will attempt to do something good for them. So that they don't end up with the kind of life that I am living,* says Dina Uddin, 28 years old, employed at a factory producing for KappAhl.

## Stuck in poverty – unhealthy debts and non-existent savings

The workers report that they spend everything they earn on rent, food and other necessities. Two of the interviewees state that they regularly borrow money at the end of the month:

*- I am forced to borrow BDT 1,000 (€ 10) at the end of each month just to make ends meet,* says Saiful Ahmed, 20 years old, who works for a factory producing for Lindex.

Several workers highlight the difficulties of affording to go the doctor if they fall ill:

*– I don't earn enough to pay for health care if I get sick. It has happened a couple of times, then I have had to borrow money,* says Nazir Miah, 26, employed at a factory producing for H&M.



*– Everything I make I have to spend on basic necessities, but if I had more money I could save a little bit each month and send it to my daughter. Then she could afford to attend a better school when she grows older,* says Barsha Islam, 25, who works for a supplier of H&M.



– I would like to make a little bit more money so that I could save some, says Ahnaf Lashkar, 23, who works at a supplier of MQ.

The workers are also unable to save money as a safeguard if they become ill or face other unforeseen events. Many of the workers express a wish to be able to save money for buying a house, a piece of land or starting a small business.

– *Now, normally, I have to spend everything I earn*, says Ahnaf Lashkar, 23 who works at a supplier of MQ. If I could manage to save some money I would move back to the village, maybe try to open a local business there. I know how to drive so maybe I could be a chauffeur or open a local transport business.

## *Lousy housing – unsanitary living conditions*

The workers interviewed by Fair Action live either in corrugated iron shacks or small rooms in concrete buildings. The rent depends on how close to the factory the accommodation is located and is often a substantial share of the workers' monthly costs. One of the workers shares four toilets and one kitchen with 24 other people. Another worker reports sharing an 8m<sup>2</sup> room, with a ceiling covered in mould, with two other workers. On each floor of the multi-story building there is only one toilet and one gas stove for cooking.

### **Saiful's story**

**Name:** Saiful Ahmed

**Age:** 20

**Works for:** A supplier of Lindex

Saiful has been working in the garment industry for a year now. He moved to Dhaka from Rajshahi in northwestern Bangladesh. One of his cousins helped him find the job. The working days in the factory are long:

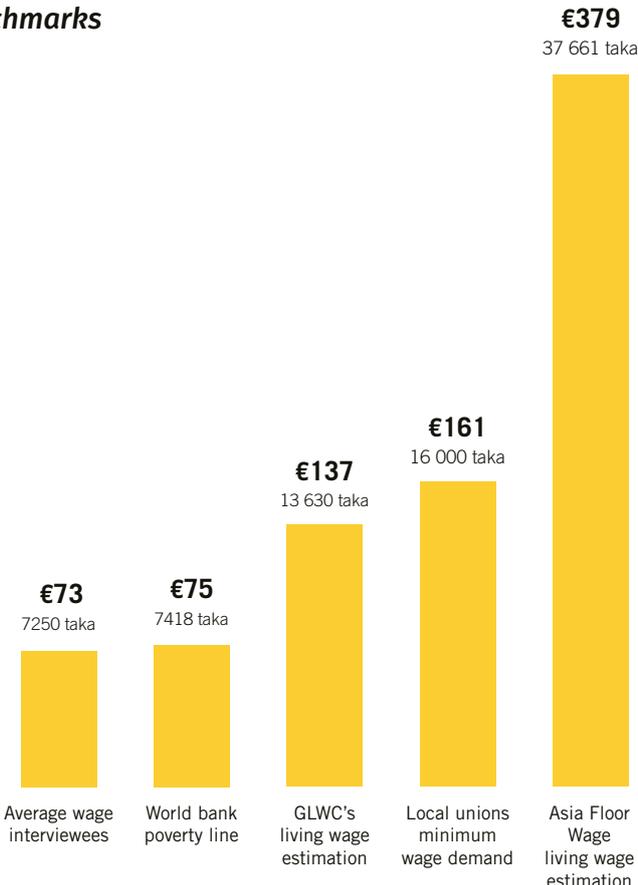


– My biggest problem is the salary level, says Saiful Ahmed, 20, who works at one of Lindex’ suppliers.

- We start at 8 AM in the morning and usually work until 10 PM each night, says Saiful.

His monthly salary is BDT 6,500, which is below the World Bank Poverty Line of BDT 7,418 (€ 75). The rent for the iron shack in the narrow alley, where he lives with his wife, is BDT 3,000 (€ 30). Including overtime, he makes BDT 11,000 (€ 111) per month.

**Wage benchmarks**



# What are the brands doing?

We asked the four brands what their policies and practises are regarding wages in the supply chain. The information below is based on the companies' responses. If not, another source of information is included as a reference.

## Overview of company responses

	Turnover 2017 (Euro)	Share of sourcing value from Bangladesh	Number of first tier supplier factories in Bangladesh	Definition of living wage in code of conduct
<b>H&amp;M</b>	EUR 22 505 million	Declined to disclose	271	"A fair living wage should always be enough to meet the basic needs of employees and their families, and provide some discretionary income"
<b>KAPPAHL</b>	EUR 476 million	Approximately 40%	29	Wages should be "sufficient to cover basic needs for the employee and their family as well as provide some additional income"
<b>LINDEX</b>	EUR 606 million	Approximately 42%	29	Workers should have wages that are "sufficient to provide them with a decent living for themselves and their families"
<b>MQ</b>	EUR 151 million	Approximately 16%	10	Workers should have wages that are "sufficient to provide them with a decent living for themselves and their families"

	<b>Timebound goal concerning wage increases</b>	<b>Average wage at Bangladeshi suppliers</b>	<b>Share of Bangladeshi suppliers with collective bargaining agreement</b>	<b>Rewarding suppliers that have higher wages</b>	<b>Government engagement regarding minimum wage</b>
<b>H&amp;M</b>	No, H&M has not set a goal in terms of a certain wage increase or wage level.*	EUR 81/month	1 out of 271	No	Yes, H&M urges the government to conduct reviews of the minimum wage regularly, ideally on an annual basis. H&M has not supported the workers' demands for a minimum wage of 16 000 taka/month.
<b>KAPPAHL</b>	No	Declined to disclose	1 out of 29	No	No
<b>LINDEX</b>	No	EUR 70/month including some allowances	2 out of 29	No	Yes, Amfori BSCI has on Lindex' behalf lobbied for a yearly review of the minimum wage. Lindex has not supported the workers' demands for a minimum wage of 16 000 taka/month.
<b>MQ</b>	No	Mapping not finalized	0%	No	Yes, Amfori BSCI has on MQ's behalf lobbied for a yearly review of the minimum wage. MQ has not supported the workers' demands for a minimum wage of 16 000 taka/month.

\* In its 2013 roadmap to a fair living wage, H&M made a commitment that its "strategic suppliers should have pay structures in place to pay a fair living wage by 2018". According to H&M this commitment covered 850,000 textile workers.

# Detailed description of company responses

## *Policy for living wages in the supply chain*

The selected companies' Codes of Conducts all cover wages and refer to the concept of a living wage but in different ways and with different wording. The four companies are stating the importance of a wage that covers the basic need for the workers and their families, but in practice the companies are only demanding from the suppliers that they are paying the minimum wage or the industry standard wage, which is far from a living wage.

**H&M** has adopted a Sustainability Commitment for H&M Business Partner, that applies to all suppliers to affiliated companies and brands within the H&M Group. The commitment includes both “fundamental” and “aspirational” issues for the suppliers to comply with. The fundamental commitments regarding “fair living wage and benefits” include:

*The wages and benefits paid for a standard working week meet, at a minimum, national legal level, industry level, or collective bargaining agreement, whichever is higher. In any event, a fair living wage should always be enough to meet the basic needs of employees and their families, and provide some discretionary income.*<sup>31</sup>

The “aspirational” commitments are:

*The employer adopts a pay structure that reflects employee skills and experience. The employer ensures that Employee surveys are regularly conducted in order to understand if the wage paid meets employees' basic needs. A broader, complementary, employee needs assessment is regularly carried out in order to understand additional needs.*<sup>32</sup>

The Sustainability Commitment also states that: (...) *our ambition is that together we go beyond what the law says (...) and (...) paying a fair living wage that meets workers' basic needs and promoting social dialogue are essentials for sustainable economic growth that creates jobs and enterprise development.*<sup>33</sup>

---

31 H&M, Sustainability Commitment H&M Business Partner, [http://sustainability.hm.com/content/dam/hm/about/documents/en/CSR/Sustainability%20Commitment/Sustainability%20Commitment\\_en.pdf](http://sustainability.hm.com/content/dam/hm/about/documents/en/CSR/Sustainability%20Commitment/Sustainability%20Commitment_en.pdf), p. 4, viewed 2018-04-19

32 Ibid.

33 Ibid, p. 1.

**KappAhl's** Code of Conduct for suppliers says that:

*We want to ensure that the human rights' of the people whose work is contributing to our business are respected. (...) Suppliers and subcontractors should pay its employees at least minimum wage or the prevailing industry standard, whichever highest. The amount should be sufficient to cover basic needs for the employee and their family as well as provide some additional income.*<sup>34</sup>

It is worth noting that KappAhl's definition does not prescribe that the amount that covers basic needs should be earned within a standard working week (i.e. excluding over time).

**Lindex and MQ** are members of Amfori BSCI (former BSCI), a business association that brings together over 2,000 retailers, importers, brands and associations.<sup>35</sup> Lindex and MQ have both adopted the "Amfori BSCI Code of Conduct". Under the headline "Fair Remuneration" the Code states, among other things, that:

*Business partners observe this principle when they respect the right of the workers to receive fair remuneration that is sufficient to provide them with a decent living for themselves and their families, as well as the social benefits legally granted, without prejudice to the specific expectations set out hereunder*<sup>36</sup>

The Code does not specify what determines a living wage, but it says that: *Business partners shall comply, as a minimum, with wages mandated by governments' minimum wage legislation, or industry standards approved on the basis of collective bargaining, whichever is higher. (...) The level of wages is to reflect the skills and education of workers and shall refer to regular working hours.*<sup>37</sup>

The selected companies' Codes of Conducts all cover wages and refer to the concept of a living wage. KappAhl's Code of Conduct is missing a provision that the "fair remuneration" should be earned within a standard working week. Furthermore, Lindex and MQ do not require wages to provide for some discretionary income. MQ claims that discretionary income is included in the concept "decent living" as interpreted by the Global Living Wage Coalition. However, in order to be in line with established definitions of a living wage (see the section above "What is a living wage?") discretionary income should be explicitly mentioned in the Code of Conduct.

---

34 KappAhl, Code of Conduct for Suppliers, [https://www.kappahl.com/globalassets/corporate/sustainability/documents/kappahl\\_codeofconduct.pdf](https://www.kappahl.com/globalassets/corporate/sustainability/documents/kappahl_codeofconduct.pdf), viewed 2018-04-19

35 Amfori BSCI's website: <http://www.amfori.org/content/vision-mission-and-values>, viewed 2018-04-19

36 The Amfori BSCI Code of Conduct, <http://www.amfori.org/sites/default/files/amfori%20BSCI%20COC%20UK.pdf>, viewed 2018-04-19

37 Ibid.

## Strategy and goals concerning living wages

None of the four selected companies have set time-bound goals for achieving higher wages in their supply chain in the future.

In 2013, **H&M** launched its “Roadmap to a fair living wage” with the goal that H&M’s strategic suppliers should have pay structures in place to pay a fair living wage by 2018. H&M got a lot of positive media attention<sup>38</sup> when the roadmap was published and was seen as a front-runner.

In H&M’s sustainability report for 2016, the goal was changed to: *To ensure improved wage management systems supporting fair living wages at business partners producing 50% of H&M group’s product volume by 2018.*<sup>39</sup>

The most obvious change is that the pay structures/wage management systems at supplier factories should no longer lead to a living wage being paid, but merely “support” living wages.

The following year in the company’s 2017 sustainability report these two goals were presented:

- *Supplier factories representing 50% of product volume should be using the Fair Wage Method by 2018.*
- *90% of business partners should regard H&M group as a fair business partner by 2018.*<sup>40</sup>

The first goal concerning the “Fair Wage Method” is similar to the one from the 2016 sustainability report, but now the part that the systems should be “supporting fair living wages” has been removed. As of 2018, the original “Roadmap to fair living wage” from 2013 can no longer be found at H&M’s website. When responding to Fair Action’s questions, H&M now says that the Roadmap from 2013 *outlined our vision that workers in our supply chain should earn a fair living wage, by which we mean a wage which satisfies the basic needs of employees and their families and provides some discretionary income such as savings. It should be revised annually, and negotiated with democratically elected worker representatives.*

---

38 See for example Reuters, “H&M aims to pay all textile workers “living wage” by 2018”, November 25 2013, <https://www.reuters.com/article/us-hm-wages/hm-aims-to-pay-all-textile-workers-living-wage-by-2018-idUSBRE9A00I820131125?feedType=RSS&feedName=businessNews>

39 H&M, Sustainability Report 2016, [http://sustainability.hm.com/content/dam/hm/about/documents/en/CSR/2016%20Sustainability%20report/HM\\_group\\_SustainabilityReport\\_2016\\_FullReport\\_en.pdf](http://sustainability.hm.com/content/dam/hm/about/documents/en/CSR/2016%20Sustainability%20report/HM_group_SustainabilityReport_2016_FullReport_en.pdf), p. 68, viewed 2018-04-19

40 H&M, Sustainability Report 2017, [http://about.hm.com/content/dam/hmgroup/groupsite/documents/master-language/CSR/reports/HM\\_group\\_SustainabilityReport\\_2017.pdf](http://about.hm.com/content/dam/hmgroup/groupsite/documents/master-language/CSR/reports/HM_group_SustainabilityReport_2017.pdf), p. 63, viewed 2018-05-30

H&M's living wage strategy includes four corner stones: H&M/Brands, Workers, Suppliers and Government, with the goal of working collaboratively within the industry as well as on individual factory level to ensure a sustainable long-term systemic change.<sup>41</sup>

**KappAhl** has not set a goal for achieving higher wages in the supply chain. The company has adopted a Responsible Fashion Strategy with a commitment to “Work with responsible partners”. Within that strategy, KappAhl identifies wages as one of the key issues to take action on. The company has set a target that all supplier factories should be approved on social conditions, something that is an on-going target which KappAhl should always reach. According to the company's sustainability report, more targets and actions for implementing the “Responsible Fashion Strategy” will be set during 2017/2018.<sup>42</sup>

**Lindex** is working on a wage strategy but has not reported when it will be publicly disclosed. Lindex is looking for “practicable and effective means of improving wages in the supply chain for the long term”. The company took part in a Fair Wage Project during 2016-2017 with Fair Wage Network (FWN)<sup>43</sup> and Solidaridad where they applied the Fair Wage Methodology. Lindex will use the outcomes to set the wage strategy.

**MQ** has not set a goal, and does not describe a specific strategy regarding living wage, but reports that they during 2018 will discuss with their suppliers how to proceed based on the wage mapping currently being conducted.

## *Wage mapping and risk assessment*

Two of the selected companies, H&M and Lindex, are sharing wage data from their suppliers in Bangladesh with Fair Action. KappAhl has wage data for internal use only. MQ has not finalised the wage mapping yet. Only Lindex and MQ are comparing prevailing wages with living wage benchmarks.

According to **H&M**, wages, overtime hours above the legal limit, and health and safety risks remain challenges throughout the industry in Bangladesh. H&M does not endorse a specific benchmark, as their standpoint is that “wages should be set through collective bargaining processes by worker and employer representatives at an industry level”. Any wage gap mapping, between existing wages and a living wage, would need to be done by trade unions or other worker representatives, according to H&M. H&M has published average wage data for

---

41 Ibid.

42 KappAhl, Annual and Sustainability Report 2016/2017 – part 1, [https://www.kappahl.com/globalassets/corporate/investors/annual--interim-reports/20162017/kappahl\\_annual\\_report\\_part1.pdf](https://www.kappahl.com/globalassets/corporate/investors/annual--interim-reports/20162017/kappahl_annual_report_part1.pdf), p. 48

43 FWN is a network of companies including H&M, Lindex, Ikea, Adidas and Unilever. FWN has set up the Fair Wage Method that aims at establishing improved wage structures, including wage grids that define wage levels for different positions and levels of seniority. See <http://www.fair-wage.com/en/fair-wage-approach-menu/12-fair-wage-dimensions-menu.html>

their main sourcing markets in 2016 and 2017. In 2017, the average monthly wage at H&M's suppliers in Bangladesh was USD 95 (BDT 8,085 or € 81).<sup>44</sup>

**KappAhl** has found challenges in Bangladesh regarding social dialogue, freedom of association, collective bargaining, and workplace safety. Long and often non-voluntary working hours are still common issues, according to KappAhl. According to the company's sustainability report, wages and working hours are the most common non-compliance areas in the supply chain in general.<sup>45</sup> For internal and comparative purposes, KappAhl has charted the wage levels and wage structures of the suppliers in Bangladesh and other countries. Collected data is used, among other things, to compare payroll systems and payroll costs between different providers. The data has not been compared to any living wage benchmarks.

Through the Amfori BSCI Risk Guidance, **Lindex** and **MQ** have identified the following main social risks for Bangladeshi supply chains: Fair remuneration, ethical business behaviour, no discrimination, decent working hours and no precarious employment. Mapping the wage gap is done in Amfori BSCI audits. Prior to the audit, the auditor estimates living wages in the region by using the same method as the Global Living Wage Coalition. The suppliers are also encouraged to use an Amfori BSCI tool to calculate a living wage for their workforce.

**Lindex** has just started to map wage levels in Bangladesh. The company is evaluating and comparing the basic need wage calculated with workers' salaries, and hopes to finalise the analysis during 2018. The average monthly wage in Lindex's Bangladeshi supply chain is around BDT 7,000 (€ 70), excluding overtime payment. Lindex will continue to map the wages in the rest of the supply chain.

**MQ's** focus is to secure that all suppliers use the Amfori BSCI tool to calculate a living wage, evaluate the gap between prevailing wages and a living wage and follow up with each supplier what action they are planning to take based on the gap analysis. Since 2017, MQ has mapped the wage gap for internal use only. As of the writing of this report, the wage mapping has not yet been finalised.

---

44 H&M Wage data for 2016: [http://sustainability.hm.com/content/dam/hm/about/documents/en/CSR/Report%202016/HM\\_group\\_SustainabilityReport\\_2016\\_FullReport\\_en.pdf](http://sustainability.hm.com/content/dam/hm/about/documents/en/CSR/Report%202016/HM_group_SustainabilityReport_2016_FullReport_en.pdf), p. 77. H&M Wage data for 2017: [http://sustainability.hm.com/content/dam/hm/about/documents/masterlanguage/CSR/2017%20Sustainability%20report/Wage%20progress\\_180410\\_FINAL.pdf](http://sustainability.hm.com/content/dam/hm/about/documents/masterlanguage/CSR/2017%20Sustainability%20report/Wage%20progress_180410_FINAL.pdf), viewed 2018-04-24.

45 KappAhl, Annual and Sustainability Report 2016/2017 – part 1, [https://www.kappahl.com/globalassets/corporate/investors/annual--interim-reports/20162017/kappahl\\_annual\\_report\\_part1.pdf](https://www.kappahl.com/globalassets/corporate/investors/annual--interim-reports/20162017/kappahl_annual_report_part1.pdf), p. 30

## *Freedom of association and collective bargaining*

H&M, KappAhl and Lindex all have suppliers in Bangladesh with trade unions present, although it is limited to very few factories. MQ does not have any supplying factories with a trade union.

Among **H&M's** suppliers, 18 factories have registered trade unions, accounting for 6,64% of the company's supplier factory base. Out of those, workers in four factories formed a trade union after participating in H&M's work place dialogue capacity building programme. There is one factory in H&M's supply chain in Bangladesh that has a collective bargaining agreement (CBA), which was signed in January 2017.

In 2014, H&M rolled out its social dialogue programme in Bangladesh. The aim of this programme is to establish well-functioning dialogue systems by means of democratically elected Worker-Management Participation Committees (PCs) in H&M supplier factories. H&M's goal is to ensure that supplier factories producing 50 percent of H&M's product volume, have democratically-elected worker representation in place by 2018.<sup>46</sup>

The PCs are legally required platforms, comprised of worker and management representatives. This programme is implemented in 255 of H&M's supplier factories, and will cover close to 300 factories, or 100% of the company's supply chain in Bangladesh by 2018. However, the PCs are not allowed to sign any collective bargaining agreements according to Bangladeshi law. Workers and trade unions have raised concerns that PCs at exporting factories are often controlled by factory management.<sup>47</sup>

Trade unions are still uncommon at **KappAhl's** suppliers' factories in Bangladesh. At two of the supplier factories, trade unions are present and only one supplier has a CBA. **Lindex** has one supplier with two factories that are unionised and have CBAs in place. All **MQ** suppliers have PCs but none of the company's suppliers are unionised. The basic wage level (excluding overtime and benefits) at suppliers of H&M, Lindex and KappAhl with CBAs in place is similar to the wage level at other suppliers without CBAs, according to the companies.

---

46 H&M, Sustainability Report 2017, [http://about.hm.com/content/dam/hmgroup/groupsite/documents/master-language/CSR/reports/HM\\_group\\_SustainabilityReport\\_2017.pdf](http://about.hm.com/content/dam/hmgroup/groupsite/documents/master-language/CSR/reports/HM_group_SustainabilityReport_2017.pdf), p. 62, viewed 2018-06-26

47 Swedwatch, 2018, Power of the Voice, p. 15-16

## ***Freedom of association – an enabling right***

A structural problem in the Bangladeshi garment industry is violations of freedom of association (FoA) and the right to collective bargaining. FoA and the right to collective bargaining are core labour standards and so-called “enabling rights”, which means that they give workers the possibility to influence their working conditions, wages and rights at the workplace. Only 6.5 percent of the workforce in Bangladeshi garment sector is unionised<sup>48</sup> and the International Trade Union Confederation (ITUC) rates Bangladesh as one of the ten most dangerous countries for trade unions and their representatives.<sup>49</sup> Labour rights activists and trade unionists frequently face both judicial harassment and physical threats and violence.<sup>50</sup>

The Government of Bangladesh has ratified ILO conventions No. 87 on freedom of association and No. 98 on the right to organize and bargain collectively but its labour laws hinder unionisation in several ways. Until 2018, trade unions had to represent at least 30 percent of the workforce before they could register. After a lot of criticism, from the ILO, the EU, trade unions, NGOs and brands, the Bangladeshi Government decided to ease the regulations to 20 percent of the workforce in 2018. The government also announced that trade union registration will be made easier and more transparent through on-line registration.<sup>51</sup>

In export processing zones (EPZs), trade unions are not allowed according to the law. In these factories, PCs are allowed, that also include management representation.<sup>52</sup> PCs are not allowed to sign CBAs. Workers and trade unionists in Bangladesh claim that PCs are often controlled by factory management and have not been successful in giving employees more influence.<sup>53</sup>

A recent study by Fair Labor Association, based on data from 6,000 individual workers at 18 factories in Bangladesh, indicates an interesting correlation between FoA and wages: Factories that respect the standards regarding workers’ right to organise, within the limits of the law, report higher net wages overall. Factories that have minimal allowance for workers’ right to organise report lower net wages overall.<sup>54</sup>

---

48 Bangladesh Institute of Labour Studies (BILS), 2018, Workers Rights & Gender Based Violence in the RMG and TU capacity to Deal with These, <http://bilsbd.org/wp-content/uploads/2018/01/Workers-Rights-Gender-Based-Violence-in-the-RMG-and-TU-Capacity-to-Deal-with-These-Final-Draft.pdf> , p.10.

49 ITUC Global Rights Index 2017, [https://www.ituc-csi.org/IMG/pdf/emc\\_ituc\\_a4\\_english\\_workersrights\\_2.pdf](https://www.ituc-csi.org/IMG/pdf/emc_ituc_a4_english_workersrights_2.pdf)

50 See for example Clean Clothes Campaign, “Clean Clothes Campaign calls for immediate release of Bangladesh trade unionists held on false charges”, April 7 2018, <https://cleanclothes.org/news/2018/04/07/clean-clothes-campaign-calls-for-immediate-release-of-bangladesh-trade-unionists-held-on-false-charges>

51 Apparel Resources, “Bangladesh eases regulations for trade union”, May 17 2018, <https://apparelresources.com/management-news/human-resource/bangladesh-eases-regulations-trade-union/>, viewed 2018-06-01

52 Fair Labor Association, 2018, p. 17-18

53 Swedwatch 2018, p.15-16

54 Fair Labor Association 2018, p. 18-19

## Purchasing practices for enabling living wages

The UK-based Ethical Trading Initiative (ETI) recommends brands to “offer price premiums or direct more orders towards suppliers who can demonstrate that the price increases they are paid goes towards improving labour conditions and paying living wages”.<sup>55</sup> None of the four companies in this report are rewarding suppliers by doing so. Among the selected companies, only H&M is using an open costing<sup>56</sup> model.

**H&M** is using an open costing model where the supplier separates the labour cost in the price when making an offer to the company. The costing model specify different components of the price, which H&M claims gives the company the possibility to understand if suppliers have done a reasonable costing estimation on the different components.

The requirements in the H&M Sustainability Commitment establish that any new business partner needs to, at a minimum, pay legal minimum wage to be approved for production. H&M has a rewarding system in place to ensure suppliers and their factories with better performance on a set of assessment criteria, including sustainability performance measured through the HIGG index<sup>57</sup>, are rewarded with long-term commitment from 3 to 5 years planning and volume commitment. However, the specific wage level at a supplier is not a part of these criteria.

**KappAhl** continuously evaluates the suppliers regarding price, lead time, quality and sustainability, looking at their performance regarding working conditions and employment conditions for its employees. The company is not rewarding suppliers with higher wages.

Code of Conduct compliance has substantial weight in **Lindex's** supplier scorecard. Those with the highest total score are prioritised, according to Lindex and receive longer business commitments. **MQ** is using the same approach. MQ is also placing their biggest volumes at suppliers selected based on their engagement in social compliance. But neither Lindex nor MQ is giving any incentives to suppliers with higher wages.

KappAhl, Lindex and MQ also use open costing models. Lindex separates all the different components of the price quotation to see if the price is reasonable. Labour cost is stated as one of the components.

---

55 Ethical Trading Initiative, Guide to buying responsibly, 2017, <https://ethicaltrade.org/resources/guide-to-buying-responsibly>, p. 39

56 An open costing approach means that the brand and the factory agree on which costs that are chargeable, and the margin that the supplier can add to these costs. For more information on open costing and how it could be used to pay higher wages, see Fair Wear Foundation's report on Labour Minute Costing: [https://www3.fairwear.org/ul/cms/fck-uploaded/documents/fwfpublications\\_reports/FWF-LabourMinuteCosting.pdf](https://www3.fairwear.org/ul/cms/fck-uploaded/documents/fwfpublications_reports/FWF-LabourMinuteCosting.pdf)

57 The HIGG Index is a self-assessment standard for measuring a company or a product's sustainability performance. See <https://apparelcoalition.org/the-higg-index/>



*– It is a difficult life. Everyday when I get home from work I am very tired, says Barsha Islam, 25, who works for a supplier of H&M.*

## Capacity building

All four companies are engaging their suppliers in different kinds of training related to wages and wage management, but the companies have not specified the outcomes of these trainings in relation to wage levels.

In 2015, **H&M** launched the Fair Wage Method in Bangladesh. The method aims at establishing improved wage structures, including wage grids that define wage levels for different positions and levels of seniority. The Fair Wage Method also emphasises the involvement of trade unions or worker representatives in the setting of wages, according to H&M. Currently 61 factories in Bangladesh are enrolled in this method, reaching 235,000 workers, and during 2018 an additional 55 factories will be enrolled.

**KappAhl and MQ** are collaborating with the Swedish company QuizRR in Bangladesh, which provides training for factory workers on different social issues. KappAhl has started off by involving three factories regarding the training module “Rights and Responsibilities”, which covers basic information about the rights and responsibilities of both managers and workers. To date, 3,787 workers have participated in the training. Seven out of eleven factories in Bangladesh that are supplying MQ are using the tool, and 4,643 workers have been involved in the trainings so far. MQ is planning to proceed with the training on Workers Engagement as a next step.

The training tools also include trainings for different levels of managers in a factory. KappAhl has not yet decided if they should include a training module regarding wage management. According to KappAhl, their experience is that ongoing dialogue with the supplier is more effective than isolated training sessions.

Since 2017, quarterly trainings have been organised about living wage and fair remuneration by Amfori BSCI in Bangladesh. **Lindex**' suppliers have taken part in these trainings. Seven out of ten of MQ's suppliers have also participated in Amfori trainings during 2016 and 2017. The remaining three will participate during 2018. Lindex also works with self-assessments projects with the suppliers, to develop their capacity and to monitor their compliance.

## *Government engagement concerning minimum wage*

All companies, except for KappAhl, have by themselves and/or in collaboration with other brands, engaged with the Bangladeshi Government regarding the minimum wage in the past few years.

**H&M** says the company is frequently invited to discussions with the Bangladeshi Government, as well as with industry associations. H&M's message in these meetings is that wage reviews should take place regularly, ideally on an annual basis.

Through the Amfori BSCI, **Lindex** and **MQ** take part in discussions and activities together with other stakeholders, to promote living wage and fair remuneration in Bangladesh, as part of the Dutch Agreement for Sustainable Garments and Textiles, initiated by the Dutch Government. The Amfori BSCI also hosts member and stakeholder roundtables twice a year in Dhaka, Bangladesh. The agenda of the forum is set together with the stakeholders who are high level officials of the Government and Prime Minister office, the International Labour Organization (ILO) and trade unions. However, the specific outcomes from these meetings remains unclear. According to the documentation from the roundtable in November 2017, the minimum wage was not discussed at the meeting.

**Lindex** has engaged with the Bangladeshi Government regarding raising the minimum wage on several occasions through letters together with other brands and organizations. MQ has sent similar letters to the Bangladeshi Government, most often via Amfori BSCI.

Amfori BSCI (in which MQ and Lindex are members) sent letters to the Prime Minister and the Minimum Wage Board in Bangladesh in August 2018, recommending "the determination of a fair minimum wage that corresponds to living standards" and a yearly revision of the minimum wage. The Minimum Wage Board was appointed to determine a new minimum wage in the country.

**KappAhl** has not lobbied the Bangladeshi Government concerning a raise of the minimum wage since 2010, when the company sent a letter together with other brands.

None of the companies supports the workers' demand of a monthly minimum wage of BDT 16,000.

## *Engagement with trade unions and other stakeholders*

H&M has an ongoing dialogue and collaboration with the global trade union IndustriALL and national trade unions via the global framework agreement. The other brands report that their dialogue with trade unions are mostly run via Amfori BSCI (Lindex and MQ) and ETI (KappAhl)

**H&M** has an ongoing dialogue with trade unions on living wages, in Bangladesh as well as in other markets. This dialogue takes place both within the National Monitoring Committee, the implementation mechanism of H&M's Global Framework Agreement (GFA)<sup>58</sup> with IndustriALL Global Union, as well as through the ACT partnership.

In 2014, H&M initiated and funded the ACT partnership together with other global fashion brands. IndustriALL, the global trade union for garment workers, is also a part of the initiative. The aim of ACT is to develop mature industrial relations through industry-wide collective agreements, negotiated by national trade unions and suppliers in garment producing countries. Within this collaboration, there is no time-bound goal on wage figures and so far, no concrete results on wage levels have been reported.

**KappAhl** has recently joined the Sustainable Apparel Coalition, an initiative the company believes will create opportunities for setting joint expectations on suppliers' performance regarding working and employment conditions. They are also part of country-specific buyer forums, such as the one in Bangladesh that is run by International Finance Corporation. KappAhl and H&M are also members of the ETI.

---

58 A Global Framework Agreement (GFA) is negotiated on a global level between trade unions and a multinational company. The idea is to promote labour rights in the whole supply-chain of the company. In the garment industry, the global trade union IndustriALL has signed GFAs with ASOS, H&M, Inditex, Mizuno and Tchibo. For more information on GFAs, see <http://www.industriall-union.org/issues/pages/global-framework-agreements-gfa>

# Analysis and conclusions

The testimonies from the eight garment workers in this report reveals an acute situation. Due to the poor wages, workers cannot support their families' most basic needs such as proper food, housing, education and healthcare even though they work up to 78 hours per week. The garment workers' children risk being stuck in the same poverty trap as their parents with debts, health problems and lack of education, if the wages remain this low.

The workers we have interviewed are unfortunately not in a unique situation. In a recently published report, the Fair Labor Association studied the wages of more than 6,000 garment workers at 18 factories in Bangladesh. The report found that not a single garment worker was earning an income even close to a living wage, measured against any living wage benchmark. The average worker in their report would need an 80 percent pay raise to begin earning wages equal to even the most conservative living wage benchmark.

Even though the minimum wage will be raised from € 53 (BDT 5,300) to € 80,5 (BDT 8,000) per month from December 2018, life will continue to be a struggle for the garment workers, as the wage hike was considered insufficient by trade union leaders and labour rights activists. They argued that the amount was only half of what they had demanded (BDT 16,000) and not enough for living a decent life.<sup>59</sup> Furthermore, critics fear that the inflation which has been between 5 and 7 percent annually in the past few years, and rising rents will eat into the wages and decrease garment workers purchasing power until the next minimum wage revision in five years.<sup>60</sup> After the last minimum wage revision in 2013, rents in Dhaka's slum where many garment workers live increased sharply.<sup>61</sup>

Bangladesh will in other words continue to be a high-risk country when it comes to the human right to a living wage. It is also a major sourcing country for the brands covered in this report. Lindex and KappAhl buy as much as 40 percent of their total sourcing value from the country. H&M is the world's largest buyer of garments from Bangladesh. Together with other international fashion brands, the Nordic brands contribute to the Bangladeshi GDP in a positive way and create

---

59 Thomson Reuters Foundation, "Pay more for your clothes, Bangladesh workers tell global fashion brands", 17 Sept. 2018, <http://news.trust.org/item/20180917114539-7i6lp/>

60 Dhaka Tribune, "Minimum wage for apparel workers set at Tk8,000", 13 Sept. 2018, <https://www.dhakatribune.com/business/regulations/2018/09/13/tk8-000-set-as-minimum-wage-for-rmg-workers>

61 Swedwatch, 2014, 44 children, <http://www.swedwatch.org/wp-content/uploads/2014/09/44children-Swedwatch.pdf>, p.9

much needed employment opportunities. At the same time this gives companies the leverage to promote higher wages at their supplying factories and to lobby the Bangladeshi Government for a higher minimum wage and annual minimum wage revisions. It is worth noting that none of the four companies in this report supports the workers' demand of a monthly minimum wage of BDT 16,000.

In spite of both the high risks of poverty wages and the opportunities for taking action, none of the four brands in this study have delivered results in terms of more money in the Bangladeshi workers' pockets. To make a real difference, the Nordic brands must have both short-term and long-term strategies in place for enabling living wages.

A key action point is to start addressing the fundamental power imbalance between employers and employees. The companies need to secure that FoA is respected at their supplying factories. In the long-term, this will make it possible for workers to raise their voices and influence working conditions and wages. This is especially important in a country like Bangladesh where those who want to join or form unions risk repercussions from factory owners including harassment, abuse and even killings. Furthermore, trade unions and NGOs need to be involved in the design and deliver of capacity-building initiatives. Training in FoA is also much needed for factory management.

Paying more to the suppliers and ensuring that higher prices leads to wage increases is another important task, with potential to raise wages also in the short-term. The Nordic brands need to show that "money talks", for example by giving price premiums and directing more orders to suppliers with higher wages. This way they can show suppliers and the fashion and garment sector that the company will walk the talk by actually sharing the cost of higher wages.

Living wages for garment workers would lead to a price increase of only 1 percent for consumers, according to an estimation by Fair Wear Foundation. This does not include the multiplier effect on prices along the supply chain, so called "compounding price escalation", that can occur when wages are raised in supplier factories.<sup>62</sup> Research has been done on how brands can avoid this escalation, to lower the increase of the retail price.<sup>63</sup>

H&M has a strategy for promoting FoA, and engagement with the global trade union IndustriALL. While H&M's strategy is the most developed of the four companies in this study, it needs to be complemented by an action plan with time-bound goals for raising wages also in the short-term, to address the urgent needs of workers that are not able to afford even basic necessities such as health care or school tuition fees for their children. One obvious gap in H&M's strategy

---

62 Fair Wear Foundation, *Climbing the Ladder to Living Wages*, 2012, <https://www.fairwear.org/wp-content/uploads/2016/06/ClimbingtheLadderReport.pdf> p. 20-21

63 Fair Wear Foundation, *Living Wages: An Explorer's Notebook*, 2016, <https://www.fairwear.org/wp-content/uploads/2016/11/Explorers-Notebook-web.pdf> p. 29-31

is the absence of a strategy for adjusting purchasing practices and providing financial incentives to suppliers that are willing to raise wages. It is worth noting that H&M is setting an example in terms of transparency by annually disclosing average wages at its suppliers in its major sourcing countries.

Lindex has taken some limited steps in the right direction by disclosing the average wage at the company's suppliers in Bangladesh and starting to work on a wage strategy. KappAhl and MQ are clearly lagging behind by not sharing the wage mapping (KappAhl) or not having finalised it yet (MQ), nor having even begun setting any clear goals or strategies on wages yet. The three brands' efforts to promote freedom of association and collective bargaining are insufficient, as only one of KappAhl's and two of Lindex' supplier factories have collective bargaining agreements. At MQ, none of the suppliers have signed a collective bargaining agreement. Just like H&M, the three companies lack a strategy for adjusting purchasing practices and providing financial incentives to suppliers that are willing to raise wages.

The wording of the selected companies' Codes of Conducts are not consistent with the companies' practices regarding living wage. To claim that "the amount should be sufficient to cover basic needs", or similar, but at the same time only demand from the supplier to pay the minimum wage, or industry standard wage, is conflicting. Especially when it comes to wages within the garment sector in Bangladesh, that are among the lowest in the garment industry globally.

H&M's "aspirational commitment" concerning living wage is not very "aspirational" for a company the size of H&M, a lot more could be expected from the world's second largest garment brand. Employee surveys might be very interesting to learn more about the views of the workers, but when it comes to wages, it has been a well-known fact for decades that the wages are too low in Bangladesh to live a decent life, and that the need for wage increases is great. Thus, it would be more efficient to put effort and money into strategies that actually lead to higher wages, rather than getting stuck in the phase of evaluating if higher wages are really needed.

Another way forward for the brands is to explore the possibility of an Enforceable Brand Agreement (EBA) on wages. What distinguishes EBAs from regular collective bargaining agreements is that they are negotiated with companies (like fashion brands) that order goods from the involved factory, but do not directly employ the workers concerned.<sup>64</sup> Existing EBAs in the garment sector, such as the Accord on Fire and Building Safety in Bangladesh<sup>65</sup> and

---

64 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. Clean Clothes Campaign, 2015, Living Wage Now, <https://cleanclothes.org/resources/publications/living-wage-now-magazine>

65 The Accord was signed shortly after the Rana Plaza building collapse in 2013. The agreement is an independent, legally binding agreement between global brands and retailers and trade unions. The Accord covers more than 1,600 supplying factories and over 200 signatory companies. Read more: <http://bangladeshaccord.org/>

the Freedom of Association Protocol in Indonesia<sup>66</sup>, have proven to deliver interesting results while voluntary and business-driven initiatives often have failed to do so.

Companies sourcing from low income countries such as Bangladesh can contribute to fulfilling the Sustainable Development Goals of the 2030 Agenda. But to actually make a difference to reduce poverty, improve gender equality and promote decent working conditions, there is much more needed from brands than to continue doing “business as usual”. If they seize this opportunity and prioritise the human right to a living wage, Nordic brands have a great potential for lifting thousands of women and their families out of poverty.

---

66 An agreement signed in 2011, regarding trade union rights in factories in Indonesia. The pact was signed by Indonesian textile, clothing and footwear unions, major supplier factories and the major sportswear brands, including Adidas, Nike and Puma. Download the agreement here: [https://www.ituc-csi.org/IMG/pdf/FOA\\_Protocol\\_English\\_translation\\_May\\_2011.pdf](https://www.ituc-csi.org/IMG/pdf/FOA_Protocol_English_translation_May_2011.pdf)

# 8 steps toward higher wages

## - recommendations to the brands

Fair Action's recommendations to the brands are in line with United Nations Guiding Principles on Business and Human Rights, the Sustainable Development Goals and the OECD Due Diligence guidelines for Garment and Footwear Supply Chain:

1. **Set a living wage strategy** with a time-bound and measurable goal for achieving higher wages in the supply chain.
2. **Map the wage gap**, between prevailing wages and a living wage, in the supply chain. Use tools such as the wage ladder, to compare wages with different wage benchmarks. Prioritise workers and suppliers with the lowest wages when taking action to close the gap.
3. **Lobby the Bangladeshi Government** for legal reform to remove the barriers for increased unionisation. Advocate for higher minimum wages and increased protection for freedom of association and collective bargaining in the Bangladeshi labour law. Report the outcomes from the dialogue.
4. **Support the workers' minimum wage** demands of BDT 16,000 (€ 161) by publicly:
  - making a long-term commitment to continue sourcing from Bangladesh after the minimum wage increase in 2018,
  - agreeing to increase your price paid to the factory to allow for the wage increase to be met in practice,
  - expressing your concern about the ongoing repression and harassment of trade unions leaders,
  - making it clear that you support the workers' genuine engagement in the negotiation process.
5. **Identify and prevent anti-union policies and practices** in supplier factories and communicate to the suppliers that you have zero tolerance of all attempts to prevent trade unions organising, to prevent workers from joining trade unions or any other trade union activity that workers are entitled to.

6. **Ensure that local trade unions and NGOs are involved** in the design and delivery of the capacity-building initiatives regarding FoA and collective bargaining and that they reach all workers at the supplying factories. Factory management at all supplying factories should also participate in training regarding FoA.
7. **Provide financial incentives** (such as extended or larger contracts, price premiums, etc.) to suppliers with higher wages and/or CBAs. When expanding production, give preference to suppliers with higher wages and unionised facilities.
8. **Be transparent and communicate** strategies, goals, wage mappings and outcomes publicly. Affected parties and other stakeholders should be able to hold the company accountable and demand improvements. Transparency is also a way of sharing good practice with industry peers.



# Acknowledgements

Many thanks to Workers Rights Consortium in Bangladesh and to Bangladesh Garment and Industrial Workers Federation (BGIWF) for support regarding the field study, to Professor Anu Mohammed, for taking your time to share your expertise with us and to Carin Leffler, Future in Our Hands Norway, for your valuable advice and knowledge. Thanks also to Julia Hale for proofreading the report.

# References

The Accord on Fire and Building Safety in Bangladesh,  
<http://bangladeshaccord.org/>

The Amfori BSCI Code of Conduct, <http://www.amfori.org/sites/default/files/amfori%20BSCI%20COC%20UK.pdf>

Amfori BSCI's website, <http://www.amfori.org/content/vision-mission-and-values>

Apparel Resources, "Bangladesh eases regulations for trade union", May 17 2018, <https://apparelresources.com/management-news/human-resource/bangladesh-eases-regulations-trade-union/>

Asia Floor Wage Alliance, Asia Floor Wage, <https://asia.floorwage.org/what>

Bangladesh Institute of Labour Studies (BILS), Workers Rights & Gender Based Violence in the RMG and TU capacity to Deal with These, 2018, <http://bilsbd.org/wp-content/uploads/2018/01/Workers-Rights-Gender-Based-Violence-in-the-RMG-and-TU-Capacity-to-Deal-with-These-Final-Draft.pdf>

Center for Global Workers' Rights (CGWR), Binding Power: The Sourcing Squeeze, Workers' Rights, and Building Safety in Bangladesh Since Rana Plaza, 2018, <http://lser.la.psu.edu/gwr/documents/CGWR2017ResearchReportBindingPower.pdf>

Clean Clothes Campaign, "Clean Clothes Campaign calls for immediate release of Bangladesh trade unionists held on false charges", April 7 2018, <https://cleanclothes.org/news/2018/04/07/clean-clothes-campaign-calls-for-immediate-release-of-bangladesh-trade-unionists-held-on-false-charges>

Clean Clothes Campaign, Living Wage Now, 2015, <https://cleanclothes.org/resources/publications/living-wage-now-magazine>

Dhaka Tribune, "Minimum wage for apparel workers set at Tk8,000", 13 Sept. 2018, <https://www.dhakatribune.com/business/regulations/2018/09/13/tk8-000-set-as-minimum-wage-for-rmg-workers>

Ethical Trading Initiative, Guide to buying responsibly, 2017, <https://ethicaltrade.org/resources/guide-to-buying-responsibly>

Fair Labor Association, Toward fair compensation in Bangladesh, 2018 [http://www.fairlabor.org/sites/default/files/documents/reports/toward\\_fair\\_compensation\\_in\\_bangladesh\\_april\\_2018\\_0.pdf](http://www.fairlabor.org/sites/default/files/documents/reports/toward_fair_compensation_in_bangladesh_april_2018_0.pdf)

Fair Labor Association, Toward fair compensation in global supply chains, 2016, [http://www.fairlabor.org/sites/default/files/documents/reports/toward\\_fair\\_compensation\\_in\\_global\\_supply\\_chains\\_2016\\_report\\_only\\_0.pdf](http://www.fairlabor.org/sites/default/files/documents/reports/toward_fair_compensation_in_global_supply_chains_2016_report_only_0.pdf),  
Fair Wage Network, 12 Fair Wage Dimensions, <http://www.fair-wage.com/en/fair-wage-approach-menu/12-fair-wage-dimensions-menu.html>

Fair Wear Foundation, Climbing the Ladder to Living Wages, 2012, <https://www.fairwear.org/wp-content/uploads/2016/06/ClimbingtheLadderReport.pdf>

Fair Wear Foundation, Labour Minute Costing, 2016, : [https://www3.fairwear.org/ul/cms/fck-uploaded/documents/fwfpublications\\_reports/FWF-LabourMinuteCosting.pdf](https://www3.fairwear.org/ul/cms/fck-uploaded/documents/fwfpublications_reports/FWF-LabourMinuteCosting.pdf)

Fair Wear Foundation, Living Wages: An Explorer's Notebook, 2016, <https://www.fairwear.org/wp-content/uploads/2016/11/Explorers-Notebook-web.pdf>

Global Living Wage Coalition, Living Wage Report, Dhaka, Bangladesh and Satellite Cities, 2016, [http://www.isealalliance.org/sites/default/files/Dhaka\\_Living\\_Wage\\_Benchmark\\_Report.pdf](http://www.isealalliance.org/sites/default/files/Dhaka_Living_Wage_Benchmark_Report.pdf)

H&M, Sustainability Commitment H&M Business Partner, [http://sustainability.hm.com/content/dam/hm/about/documents/en/CSR/Sustainability%20Commitment/Sustainability%20Commitment\\_en.pdf](http://sustainability.hm.com/content/dam/hm/about/documents/en/CSR/Sustainability%20Commitment/Sustainability%20Commitment_en.pdf),

H&M, Sustainability Report 2016, [http://sustainability.hm.com/content/dam/hm/about/documents/en/CSR/2016%20Sustainability%20report/HM\\_group\\_SustainabilityReport\\_2016\\_FullReport\\_en.pdf](http://sustainability.hm.com/content/dam/hm/about/documents/en/CSR/2016%20Sustainability%20report/HM_group_SustainabilityReport_2016_FullReport_en.pdf)

H&M, Sustainability Report 2017: [http://about.hm.com/content/dam/hmgroup/groupsite/documents/masterlanguage/CSR/reports/HM\\_group\\_SustainabilityReport\\_2017.pdf](http://about.hm.com/content/dam/hmgroup/groupsite/documents/masterlanguage/CSR/reports/HM_group_SustainabilityReport_2017.pdf)

IndustriALL, "Garment workers call for increased minimum wage", Mars 5 2018, <http://www.industrialunion.org/bangladesh-garment-workers-call-for-increased-minimum-wage>

IndustriALL, Global framework agreements, <http://www.industrialunion.org/issues/pages/global-framework-agreements-gfa>

Interview with Anu Mohammad, Professor of economics, Jahangirnagar University, March 2018.

ITUC, Freedom of Association Protocol in Indonesia, 2011, [https://www.ituc-csi.org/IMG/pdf/FOA\\_Protocol\\_English\\_translation\\_May\\_2011.pdf](https://www.ituc-csi.org/IMG/pdf/FOA_Protocol_English_translation_May_2011.pdf)

ITUC, Global Rights Index 2017, [https://www.ituc-csi.org/IMG/pdf/emc\\_ituc\\_a4\\_english\\_workersrights\\_2.pdf](https://www.ituc-csi.org/IMG/pdf/emc_ituc_a4_english_workersrights_2.pdf)

KappAhl Annual and Sustainability Report 2016/2017 – part 1,  
[https://www.kappahl.com/globalassets/corporate/investors/annual--interim-reports/20162017/kappahl\\_annual\\_report\\_part1.pdf](https://www.kappahl.com/globalassets/corporate/investors/annual--interim-reports/20162017/kappahl_annual_report_part1.pdf)

KappAhl, Code of Conduct for Suppliers, [https://www.kappahl.com/globalassets/corporate/sustainability/documents/kappahl\\_codeofconduct.pdf](https://www.kappahl.com/globalassets/corporate/sustainability/documents/kappahl_codeofconduct.pdf),

New Age, "Rules violated in appointing workers' representative, allege leaders",  
16 Jan. 2018, <http://www.newagebd.net/article/32668/rules-violeted-in-appointing-workers-representative-allege-leaders>

Oxfam Australia, A sewing kit for living wage, 2017 <https://www.oxfam.org.au/wp-content/uploads/2017/09/A-Sewing-Kit-for-Living-Wage.pdf>

Reuters, "H&M aims to pay all textile workers "living wage" by 2018",  
November 25 2013, <https://www.reuters.com/article/us-hm-wages/hm-aims-to-pay-all-textile-workers-living-wage-by-2018-idUSBRE9A001820131125?feedType=RSS&feedName=businessNews>

SOMO, Branded Childhood, 2017 <https://www.somo.nl/wp-content/uploads/2017/01/Branded-childhood-web.pdf>

Statistics Sweden (SCB), import data, processed by Fair Action

Swedwatch, 44 barn med föräldrar i textil barn industrin drömmer om ett bättre liv, 2014, <http://www.swedwatch.org/wp-content/uploads/2016/12/44barn.pdf>

Swedwatch, Power of the Voice, 2018, [http://www.swedwatch.org/wp-content/uploads/2018/05/90\\_Bangladesh\\_180531.pdf](http://www.swedwatch.org/wp-content/uploads/2018/05/90_Bangladesh_180531.pdf)

Thomson Reuters Foundation, "Pay more for your clothes, Bangladesh workers tell global fashion brands", 17 Sept. 2018, <http://news.trust.org/item/20180917114539-7i6lp/>

UN, Sustainable Development Knowledge Platform,  
<https://sustainabledevelopment.un.org/?menu=1300>

UN, The Universal Declaration of Human Rights, article 23, paragraph 3,  
<http://www.un.org/en/universal-declaration-human-rights/>

World Bank, Bangladesh Country Snapshot, 2017 <http://documents.worldbank.org/curated/en/375181507886096515/pdf/120416-WP-PUBLIC-CountrySnapshotBangladesh-CompleteFinal.pdf>

World Bank, "Bangladesh continues to reduce poverty but at slower pace",  
October 24 2017, <http://www.worldbank.org/en/news/feature/2017/10/24/bangladesh-continues-to-reduce-poverty-but-at-slower-pace>

# Appendix –

## Questionnaire to garment brands

### **Background**

- 1) *What was your company's total turnover in 2017?*
- 2) *What was your company's total purchasing value in 2017?*
- 3) *What share of the total purchasing value was sourced in Bangladesh in 2017?*

### **Strategy for a living wage**

- 4) *Has your company set a goal for achieving higher wages in the supply chain? Is the goal time-bound and measurable? If so, please provide documentation.*

### **Risk mapping**

- 5) *What are the main actual or potential labour rights violations that your company has identified, through audits or other risk mapping activities, at suppliers in Bangladesh since 1 Jan 2017?*
- 6) *Has the company mapped the gap between prevailing wages at its suppliers in Bangladesh and a living wage benchmark? If so, please specify when this was done, what benchmark was used and provide documentation.*
- 7) *Does your company have data on the average monthly wage (excluding overtime) at your Bangladeshi suppliers since 2015? Please provide the figures.*

### **Freedom of association and collective bargaining**

- 8) *Has the company mapped the existence of trade unions at its suppliers in Bangladesh? If yes, how many of your company's suppliers in Bangladesh have a factory labour union? Please specify the name of the unions.*
- 9) *How many of your company's suppliers in Bangladesh have a collective bargaining agreement in place? Has this number increased, remained on the same level or decreased compared to 2015?*
- 10) *Did the company work with trade unions or other partners to offer training and education programmes on wage issues for garment workers in Bangladesh in 2015-2017? If yes, please specify how many garment workers that participated in the training. Please also describe any direct results from the training in terms of wage increases.*

### **Purchasing practices**

- 11) *Does the company provide financial incentives (such as extended or larger contracts, price premiums etc.) to suppliers with wages higher than the minimum wage? If so, please describe the process and how it has contributed to higher wages.*
- 12) *Does your company take wages into account when you evaluate whether to contract a new supplier? If so, please describe the process and how it has contributed to higher wages in the supply chain in Bangladesh.*
- 13) *How does your company make sure that the prices you pay enable suppliers to start raising the workers' wages?*

### **Capacity building**

- 14) *Has the company undertaken any specific training with its Bangladeshi suppliers related to wage management (correct overtime pay, detailed payslips, wage according to level of education, skills and professional experience etc) since 1 January 2015? If so, please specify when trainings were held and the outcomes from the trainings.*

### **Collaboration**

- 15) *Does the company collaborate with other brands to promote living wages either at the factory level or at the sector level? If so, please describe the collaboration and whether it has contributed to higher wages.*

### **Stakeholder engagement**

- 16) *Does the company engage with civil society groups and trade unions on the issue of living wage in Bangladesh? If so, please specify when meetings were held and outcomes from the meetings.*
- 17) *Has the company engaged the Bangladeshi Government regarding the minimum wage? If so, please specify when and with whom as well as outcomes of the dialogue. If not, do you plan to do so?*

### **Other information**

*Please provide any other relevant information regarding measures that the company has taken to promote living wages in its supply chain in Bangladesh.*

