The Race to the Bottom

-A Minor Field Study of H&M’s CSR in practice

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Abstract

CSR has become a tool for global corporations to justify their outsourcing practices in other countries. Despite these CSR policies, reports reveal that labor rights violations are common in these supply chains, and not at least in the garment industry. The purpose of this study is therefore to explore how a global clothing company’s CSR policy on labor rights is working on the ground and which factors that influence its implementation. Interviews with factory workers and experts on the topic have taken place in one of India’s largest garment hubs. The findings are based on thematical analysis and the analysis suggests that the global brand (H&M) could improve the situation by taking certain actions though several external factors also have an affect. The responsibility for poor labor conditions needs to be divided between multiple actors who all have a duty to act within their spheres of influence. The study concludes that the underlying problem of economic exploitation must be brought to an end through increased cooperation between global companies.

Key words: Corporate Social Responsibility (CSR), Garment Industry, H&M, India, Labor Conditions.
List of Abbreviations

AFWA: Asia Floor Wage Alliance
CCC: Clean Clothes Campaign
CSR: Corporate Social Responsibility
FDI: Foreign Direct Investment
GATWU: Garment and Textile Workers Union
GDP: Gross Domestic Product
H&M: H&M group
ILO: International Labor Organization
NCR: National Capital Region
NGO: Non Governmental Organization
Rs: Indian Rupees
SDG: Sustainable Development Goals
TNC: Transnational Corporations
UN: United Nations
UNGC: United Nations Global Compact
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1. Introduction
This study explores how a global company’s CSR policy in relation to labor conditions is carried out in practice. Since globalization has increased transnational companies’ (TNCs) power it is critical to ensure that their actions respect human rights and do not harm individuals. In the absence of a binding human rights contract applying to companies Corporate Social Responsibility (CSR) is used to fill the gap.

One of the sectors in which CSR becomes particularly important is in the clothing manufacturing sector. According to Mark Anner, the garment sector is outstanding compared to other industries, with brands possessing an overwhelming power due to consolidation of the market.\(^1\) This power asymmetry makes CSR especially vital as it offers a tool of accountability of, for example workers’ rights. The garment industry also plays a vital role in developing countries by providing essential job opportunities to uneducated people with ’low skills’ thus enabling those countries’ economic progress.\(^2\) These accessible employment opportunities help reduce inequality by providing necessary income to a vulnerable group which is important both because high economic and social inclusion is closely connected to sustained economic growth and increased social justice.\(^3\) However, the labor-intensive characteristics of the clothing industry trigger TNCs to search for a cheap workforce\(^4\), a workforce nowadays embedded in a complex web of global supply chains\(^5\) in which accountability often is deflected.

Ethisphere Institute ranks the world’s most ethical companies and business practices and elected the H&M group (onwards referred to as H&M) as one of the world’s two most ethical clothing companies in 2019. This was the eighth year in a row that H&M made it on that list.\(^6\) H&M is also one of the top ten fashion brands globally by sales value.\(^7\) To ensure that labor rights violations do not occur in H&M’s supply chains the company has adopted a Sustainability Commitment, an agreement which all H&M’s business partners must sign and

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\(^3\) Ksiezak, 2016.

\(^4\) Ksiezak, 2016.

\(^5\) See definition in chapter 2.


follow. ‘Sustainability’ does, according to H&M, include both environmental, labor and animal rights and H&M’s vision is to be ‘100 % circular and renewable, 100 % leading the change and 100 % fair and equal’. Their strategy is to use their enormous market influence to leverage positive change throughout the supply chain.

In 2016, India was the fourth largest garment manufacturer in the world, and the industry is the country’s second largest job creator employing staggering 12 % of the population. It is, therefore, of great importance to millions of workers that the labor rights in the industry are well respected in the supply chains of transnational corporations’ (TNCs) such as H&M. Nonetheless reports by, for example, the Garment Labour Union have found the labor conditions to be analogous with slavery within these global supply chains, a worrying phenomenon since no one merely lives to work. Many NGOs have reported the meagre wages of the factory workers in the garment industry with the price of a single piece of clothing frequently exceeding the monthly salary of the worker who produced it. Moreover, an investigation made in 2018 by the independent labor rights monitoring organization Workers Rights Organization was the second report concerning violations by India’s largest garment manufacturer, Shahi Exports. Amongst the rights violations reports of were death threats, gender, religion and caste-based abuse, physical violence, threats of mass terminations and expulsion of worker activists. Gender is in this study defined as the socially constructed roles and ‘either of the two sexes (male and female), especially when considered with reference to social and cultural differences rather than biological ones’.

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14 https://www.workersrights.org/investigations/shahi-exports-pvt-ltd-unit-8/
Considering that H&M is one of the world’s most ethical and leading clothing companies, according to both themselves and Ethisphere Institute, one could expect the implementation of H&M’s CSR-policy to be well functioning amongst their suppliers. However, numerous reports by the global network Clean Clothes Campaign (CCC) and the International Labor Organization (ILO) have emphasized the deplorable labor conditions within the H&M’s supply chains. Shahi Exports is, for example, one of the preferred suppliers to H&M. In addition, a statistical analysis of H&M’s sustainability program shows that H&M is more likely to choose suppliers where there are low degrees of human wellbeing and make more inventories in countries with higher welfare.16

Due to these facts, there are incentives to investigate how the Sustainability Commitment is carried out in practice and its actual value. Theoretical commitments are not of any value unless actions are changed. What is within H&M’s reach when it comes to affecting labor conditions and what is its limits? If H&M does not control the circumstances then who is responsible for what?

1.1 Aim & Research Question
The overarching purpose of this study is to get an in-depth understanding of precisely which factors are affecting H&M’s CSR implementation. In understanding the situation and the practical implications of H&M's Sustainability Commitment, one can clarify accountability and suggest possible improvements to strengthen the implementation of labor rights. Efforts to implement CSR can both be pointless and endless if one fails to grasp the true dimensions of the problems on the ground, thus it is crucial to map the mechanisms of CSR in practice. The following research question, therefore, guides this study:

➢ How does H&M’s Sustainability Commitment on labor conditions work in India?

The focus of this study includes the central challenges in the garment industry, namely; fair living wages, freedom of association and collective bargaining, working hours, discrimination, diversity and equality and migrant workers.

2. Background
This chapter provides a brief background of CSR as concept, highlights dominant issues that CSR is concerned with in the garment industry and discusses main controversies of CSR. This is followed by mapping global frameworks regarding corporate responsibility.

2.1 CSR
CSR is an umbrella term without a set definition. It is a self-regulated business model which considers social and environmental aspects while at the same time satisfying the interests of stakeholders. Vague requirements of CSR have led to a proliferation of definitions rather than a cohesive framework and the European Commission has broadly defined CSR as ‘the responsibility of enterprises for their impact on society’. Other concepts such as ‘corporate citizenship’, ‘business and society’ and ‘creating shared values’ have similar underlying practices whose content often overlaps with CSR. This has created confusion about the actual meaning and differences between the various labels.

Despite businesses’ claims of their dedication to CSR, CSR has limited results unless the protocols are extended to include the firm’s entire supply chains because a company is only as sustainable as its supply chains. A global supply chain (sometimes also called global value chain, global production network or global commodity chain) is defined by the Chartered Institute of Procurement and Supply as ‘A global supply chain is a dynamic worldwide network when a company purchases or uses goods or services from overseas. It involves people, information, processes and resources involved in the production, handling and distribution of materials and finished products or providing a service to the customer.’ Global supply chains produce 50% of the global apparel export, constituting a fair share of the global economy while, to some extent, being coordinated and controlled by TNCs. To secure compliance with

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21 Anner, 2018. p.76.
CSR policies, companies can either emphasize international standards, develop their own detailed frameworks/supplier codes of conducts and carry out regular inspections. Control of supply chains is however often insufficient and research shows that companies ideally should have a few numbers of suppliers to enable close relations, transparency and increased information exchange. If authentic CSR is conducted a company should be fully aware of its potential labor issues. Lack of awareness is not a credible excuse.24

Paulina Ksiezak argues that the motivating factors for CSR in the garment industry are like the ones in other sectors; external pressure and monitoring, goodwill and marketing image. The focus areas in the garment sector have been wages, working hours and decent labor conditions. However, global brands often undermine workers’ rights in their search for the cheapest products and the steady increase in their numbers of suppliers goes against the purpose of most CSR policies. Anner argues for example that there is a tendency for union-avoidance in supply chains covered by CSR programmes, something that makes the CSR work rather fruitless. He points to the fact that TNCs aspirations of low production costs have resulted in Asian locations, places where workers’ rights and freedom of association is frequently violated which indicates that solid human rights practices come second place. Although work-management committees are sometimes set up in supplier factories they have a limited impact when it comes to the freedom of association and may result in backlashes. There have been proposed improvements regarding human rights in the garment sector which have included calls to require an international minimum legal standard but due to many countries being unwilling to abide by global norms standardized guidelines have not been realized.28

26 Anner, 2018. p. 77
27 Anner, 2018. p.75-76.
2.2 Controversies of CSR

Although there are appealing characteristics to CSR, many scholars are critical to the idea of CSR as a fundamental game changer. Many argue that CSR has gained legitimacy because it is also beneficial for the company itself by creating a positive brand image.\(^{29}\) It has for example, as Georg Kell points out, become necessary for businesses to deal with issues of sustainability to gain long term profits and CSR has become a tool for companies to market themselves and mitigate risks.\(^{30}\) According to this perspective, actions in line with sustainability and human rights are therefore always underlined with an agenda of self-interest and dependent on a belief that it will primarily promote business gains.

Contrary to this, Shawn Pope and Arild Waeraas argue that there is little and fragmented evidence for these claims of companies using CSR as a means for profit. ‘CSR-washing’ is therefore not as common as perceived by the general public. They highlight the fact that CSR becomes subject to feelings instead of facts due to the prevailing and dominating cynical perception about CSR.\(^{31}\)

Some scholars argue that self-regulatory practices, such as CSR will eventually undermine public regulation.\(^{32}\) However, research by Tim Bartley shows that although CSR policies to some extent have been adapted to escape or constrain public accountability, it is in general very contested and path dependent.\(^{33}\) Certainly CSR can be a tool to silence critique of capitalist globalization but depending on how it is conducted it may just be a side effect.\(^{34}\) The difference may lie each individual company’s willingness to act against corruption and change internal structures, something that Ksiezak argues that far from all CSR exercising companies are keen to do in practice.\(^{35}\) There is also a conceptual critique of CSR which emphasizes the uncertainty about its content. This lack of clarity problematizes the understanding of CSR’s arising, consequences and desirability. Hans J Van Oosterhout and Pursey Heugens argue therefore to advocate for other, better defined frameworks.\(^{36}\)

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\(^{29}\) van Oosterhout & Pursey, 2006, p.6


\(^{32}\) Bartley, 2005.

\(^{33}\) Bartley, 2005.

\(^{34}\) Bartley, 2005.

\(^{35}\) Ksiezak, 2016.

\(^{36}\) van Oosterhout and Pursey, 2006.
Geert De Nevee has also pointed out questionable political consequences of CSR by arguing that CSR shapes social relationships between the global brand and its suppliers. Global supply chains, consisting of people and societies, are valued according to their ability to comply with the defined requirements of TNCs. CSR, a tool of ‘ethical compliance’, hence strengthens the power of global firms to further govern and control the ones who CSR is originally supposed to protect; the most vulnerable. The actual value of CSR practices can therefore be questioned when techniques of fear, intimidation and accusation are used in its implementation.

To summarize, CSR is an ambiguous phenomenon, striving for a collective good while at the same time creating new market strategies for self-interest and contributing to a positive company image. This makes it practically impossible to distinguish if a company’s main agenda is philanthropy or self-interest.

2.3 Global frameworks
There are a small number of global frameworks for responsible corporate behavior. The idea of business responsibility took first shape in the UN Global Compact (UNGC) 1999, a voluntary agreement which commits companies to implement sustainability principles in line with the UN’s aims. This agreement has nonetheless been widely criticized and accused of being too flexible due to its lack of clarity, making it easy for companies to manipulate. Radu Mares for instance, stresses that legal obligations to complaint mechanisms are missing and that the UNGC allows companies to freely pick specific aims which they wish to contribute to, instead of acting towards the agenda with a holistic approach. Furthermore, Mares points out the need for more exact definitions if one wants to achieve substantial progress in human rights due diligence. Therefore, due to its weak implementation, the UN Human Rights Council created the UN Guiding Principles on Business on Human Rights in 2011. The binding character of this document was however seen as unlikely to gain support from its partners and

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38 De Neve, 2014.
was therefore instead translated into a non-binding framework with three pillars. These pillars consist of the state’s responsibility to protect against human rights abuses by third parties, the corporate responsibility to respect human rights and greater access by victims to effective judicial and non-judicial remedies.41

The most recent development of a global corporate commitment was in 2015 when businesses, civil society and governments agreed upon the UN Sustainable Development Goals (SDGs). However, the UN has stated that business should first adopt the UN Guiding Principles on Business and Human Rights before acting towards the SDGs since the root cause, destructive actions that harm people, must be addressed before one can operate sustainably.42 Due to these factors there is currently no general legally binding document regarding corporations and human rights.

41 Kell, 2017. Chapter 34.
42 United Nations. Sustainable Development Goal 8. 2018
3. Theoretical Framework

In order to understand why CSR-policies may have a limited impact, this chapter provides two theoretical lenses which helps us to understand the logic of business behavior and the consequences of economic globalization.

3.1 Stakeholder theory

The stakeholder theory is a development of the neoclassical shareholder theory, created by Milton Friedman, which emphasizes that the most critical objective of a corporation is to maximize its profits towards its shareholders. Since the investors rarely posses time or skills to manage the company itself they appoint a board of directors who in turn elect corporate officers who carry out the daily work. According to the shareholder theory, these corporate managers must serve the shareholder interest since they are the company owners. Therefore, the corporation must use its resources in a way which leads to economic gains towards its shareholders.43 This is a perception justified by highly valuing the free market and, in the shareholder theory, only actions in which the company management uses all resources to increase profits are considered legitimate, as Branco and Rodrigues point out44. CSR activities are, from this perspective, in direct opposition to the principle of maximizing shareholders profit and social responsibility is thus perceived as someone else's task, usually the State’s.

As mentioned, this concept was developed into the grounded stakeholder theory by Edward Freeman in 1984, a theory which both guides and explains business behavior. The essence in stakeholder theory is that it understands that the company consists of several stakeholders that sometimes have different interests. Freeman defines stakeholders as ‘groups and individuals who benefit from or are harmed by, and whose rights are violated or respected by, corporate actions’.45 The primary concern of the management is to satisfy all of the stakeholders since one needs to maintain a positive relationship with everyone in society and the environment if one wants to operate effectively and increase profits and growth.46

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There are primary and secondary stakeholders, and the logic is simple, the more important and influential a stakeholder is, the more critical it becomes for the management to meet the stakeholder’s strategic interests. Stockholders and customers are often the essential stakeholders which makes governmental bodies, employees and suppliers of secondary importance.\textsuperscript{47} Since the shareholders are the company owners, the management does not possess the right to choose which priorities to follow. Therefore, as Manuel Branco and Lucia Rodrigues highlight, instead of being perceived as fairly unimportant actors, these stakeholders define the norms of the company’s behavior and have a substantial impact on CSR. Stakeholders can therefore sometimes be considered to hinder the company management's strategy\textsuperscript{48}, since the management and the stakeholders do not necessarily share the same interests despite cocreating the framework that guides and defines the importance of social responsibility. Due to the companies’ large number of different stakeholders many authors suggest that companies should be considered with the most influential stakeholders' opinions.\textsuperscript{49}

The stakeholder theory can be used in many ways, as Thomas Donaldson and Lee Preston show. First, it has a descriptive dimension which aims to explain the behaviors of firms and the rationale behind management and board members’ strategic choices.\textsuperscript{50} Secondly, it has an instrumental aspect which is used by the corporate management to find mutual interests between the stakeholders and the firms’ traditional objectives.\textsuperscript{51} Thirdly, the stakeholder theory contains normative arguments which, according to Donaldson and Preston, foremost justify the theory since it satisfies the moral rights of individuals. In this normative view the stakeholders are therefore not only a means to achieve something more significant for the company but they are perceived as ends in themselves since they have stakes in the firm and these stakes gives them the moral right to decide how the company is managed. Donaldson and Preston argue that the stakeholder theory should be preferred above other concepts since it manages to describe the practical reality and the most central element; that managers are trying to fulfil stakeholders’ interests.\textsuperscript{52}

\textsuperscript{52} Donaldson & Preston, 1995. p.88.
The relationship between the stakeholder theory and CSR can be understood as partly overlapping but with some distinct differences. Edward Freeman and Sergiy Dmytriiev point out that both concepts aim to include societal interests in the firm’s operations. However, the stakeholder theory prioritizes responsibilities of the corporation in general, while CSR stresses one particular aspect, the responsibilities towards societies in which the corporation operates. The stakeholder theory argues that creating shared values for its stakeholders is the primary objective while CSR does not take any notice about the internal functioning of the corporation. Since the stakeholder theory’s attention centers around the firm's’ perspective, it finds it important to focus on activities that take place within, or close to, the firm’s reach. CSR, on the other hand, often extends the focus to include societal areas in which the company does not have any own direct bonds, however, perceived important. Furthermore, CSR also focuses primarily on labor and environmental issues when speaking of responsibilities towards workers and customers, while stakeholders’ interests are addressed in a more general way by, for example including financiers. In sum, although often dealing with the same issues the perspectives have different departing points, one from stakeholders’ situation and one from the society’s.53

Empirical studies by Robin Roberts conclude that the stakeholder theory, together with a company’s economic performance, is highly relevant in explaining corporate social disclosure. Evidence provides that CSR decisions are consistent with the stakeholder theory when looking at parameters as the percentage of ownership held by management and principal shareholders or corporate sponsorship of a philanthropic foundations. In sum, CSR activities seem to reflect stakeholder power.54

### 3.2 The Race to the Bottom

For companies who are concerned with increasing profits, it becomes a rational economic choice to place their production in countries where they can source cheap labor to reduce their costs. This is part of what is sometimes called economic globalization and the UN defines it as 'increasing interdependence of world economies as a result of the growing scale of cross-border

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trade of commodities and services, flow of international capital and wide and rapid spread of technologies.\textsuperscript{55}

By creating certain jobs, products and markets in the supply chain, there is a possibility for TNCs to have a positive impact on development\textsuperscript{56}. TNCs can also improve labor conditions through advocating governments for labor legislation improvements, setting an example and bringing good labor practices to the production country and by prioritizing decent labor above costs. Nevertheless, Layna Mosley and Saika Uno argue that if prioritizing decent labor the company would most likely place its production in countries with high education and allocate money to training programs for workers regarding wages and benefits. In order to reduce the high turnover of workers high wages would be paid. This scenario is, according to them, most likely to occur when the company’s investments are spurred by access to certain markets rather than earning money on cheap labor.\textsuperscript{57}

The downside to labor conditions of economic globalization is that it spurs a competitive ‘Race to the Bottom’. CCC has mapped the main features of the exploitative system: The threat of TNCs’ relocation hinders unionization of workers due to the fear of losing their only source of income. Furthermore, governments in production countries are reluctant to require decent living wages since they are scared to push TNCs and their thousands of job opportunities out of the country. Decent living wages are hence hampered by governments who are trying to attract global companies to invest in their location, sometimes by offering the TNCs benefits in terms of labor law exceptions and wage freezes.\textsuperscript{58} This gives global companies an opportunity to select the most beneficial location amongst all. Due to this logic, TNCs trigger a competition which motivates host countries to violate decent labor standards. If governments try to raise the minimum wage they risk criticism from business associations warning of how these wage raises undermine their business climate and put economic growth in peril.\textsuperscript{59} Moreover, the low garment price in regions of high consumption, such as Europe and the US, spurs a competition towards ‘the survival of the cheapest’. Due to this, TNCs buy cheap products from Asia and if workers demand higher wages it is perceived as a hindrance to their

\textsuperscript{56} Kell, 2016. p.731.
\textsuperscript{58} AFW, 2009. p.30.
international competitiveness as the company then has to reduce production costs in order to maintain profit margin.\textsuperscript{60} Furthermore, the reduced garment prices generate a reduced income for the production country which incentivises the export of even greater volumes of stock at an even more competitive price. This creates a vicious circle since all producing countries are likely to follow the same market trend thus reinforcing the low wages and poor labor conditions.\textsuperscript{61}

Lastly, the CCC argues that this system, which applies to other sectors as well, is keeping the poor workers poor. Despite the large-scale production too few workers can afford to buy the products themselves since their salary is too low, leading to a lack of local demand. This in turn depresses prices in the region which attracts greater foreign investment.\textsuperscript{62}

Since economic investments are a high priority amongst governments striving for development the consequences of poor labor standards particularly affects the labor-intensive sectors such as garment manufacturing. This makes the export-led growth model of TNCs exploitative in its nature and generates profit for the TNCs rather than support for the workers. Esteban Ortiz-Ospina also points out that although much statistical evidence points towards the positive impact of economic globalization on its host countries it is important to remember that one must distinguish between different sectors and regions when classifying winners and losers of economic globalization. All countries experience some positive effects but not everyone is taking part in the gains since the benefits are distributed unequally. Ortiz-Ospina gives an example of research conducted by Petia Topalova who argues that rural regions in India, for example, got lower consumption growth and poverty reduction in comparison to urban regions after India’s trade policy of 1991. Topalova explains this by showing that liberalization has a stronger negative impact on low-income groups who are unable to move and in places where labor laws scared people to relocate across sectors. These factors shed light on why economic globalization may be framed differently across various studies.\textsuperscript{63}

\begin{thebibliography}{9}
\bibitem{60} AFW, 2009. p.32.
\bibitem{61} AFW, 2009. p.33.
\bibitem{62} AFW, 2009. p.34.
\end{thebibliography}
This chapter has presented two explanations that go hand in hand and explain why CSR work on labor conditions might have limited impact. The stakeholder theory and the Race to the Bottom show that TNCs actions may indirectly have a negative impact on labor conditions since being guided by profit.
4. Methodological Approach

This chapter clarifies how the study was conducted, which data that has been used and sheds light on the ethical considerations and limitations of this study. As mentioned in the introduction the research question to be answered is ‘how does H&M’s Sustainability Commitment to labor conditions work in India?’.

4.1 Field Work

The empirical data in this study consists of a case study of one of the two largest garment hubs in India, Bangalore. The city is located in the middle of southern India and belongs to the state of Karnataka which employs more than 500 000 people in over 12000 garment factories.64 Goods are produced for international brands such as Nike, Adidas, Tommy Hilfiger, GAP and H&M.65 Modernity and well-developed infrastructure is at the forefront of the State’s attractiveness and makes it a convenient location for exporting companies. The city is packed with IT-companies, western dressed entrepreneurs travel by metro and order food delivery through various apps. Nonetheless, as will be presented, not everyone is experiencing the same levels of progressive welfare. Garment factories in various sizes are located in the dirty industrial areas in the outskirts of the widely spread city. In the period November 2018-January 2019 ten interviews were conducted in Bangalore with various types of informants. Upon arrival two difficulties emerged; first, how to get in touch with relevant factory workers and second, how to find time with the workers for interviews. Through the help of the trade unions I eventually managed to create a network. However, the combination of the workers’ long working days and unpredictable overtime lead to several cancelled meetings despite there being planned during weekends and evenings. Through being constantly prepared and flexible enough interviews and material were eventually gathered.

64 Rohini Mohan. For Bengaluru’s garment hub workers, the minimum wage is actually the maximum wage. Scroll (19 April 2017). https://scroll.in/article/834986/for-bengaluru-garment-hub-workers-the-minimum-wage-is-actually-the-maximum-wage
4.2 Research Design

Qualitative case studies, as applied in this study, deal with the complex and specific characteristics of a particular case that exists in real life. Case studies’ aim is to capture and describe the circumstances of a case to apply to a broader context.\(^{66}\) To thoroughly examine a single case of a phenomenon generates a profound understanding of the fundamental causes and explanations for behaviors\(^{67}\), which makes it suitable for this study. By interviewing a broad variety of actors, a complex and nuanced understanding is gained about the situation which provides answers to the research question. This study is also inductive, the results have hence led to the choice of theories, something that Alan Bryman argues is common in qualitative case studies\(^{68}\). However, one can not generalize case studies in comparison to surveys for example, something considered as a flaw by many scholars.\(^{69}\)

4.3 Interviews

The choice of informants for the interviews was based on their diverse work positions to generate varied and fruitful perspectives on the situation. One in-depth interview was done with a factory worker who had worked six years in that factory, referred to as ‘worker 1’ and to gain as much information as possible from various supplying factories a group interview was undertaken with four workers from different factories that had worked between 4-15 years in the garment industry, ‘workers 2’. Furthermore, two local trade unions, ‘union 1’ and ‘union 2’ and two independent experts from an NGO which is specializing on labor rights in the textile industry, were interviewed, ‘NGO 1’ and ‘NGO 2’. Moreover, one local politician from a relevant state department, referred to as ‘politician’, one academic researcher with many years of experience in this topic, ‘researcher’, one labor expert from ILO India, ‘ILO expert’ and one factory manager supplying to H&M, ‘supplier’ participated in this study. The informants were all located in Bangalore except for the ILO expert who recently changed position; hence the interview was carried out on skype. Due to personal circumstances of the supplier, the interview was conducted by phone.

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\(^{68}\) Bryman, 2011. p.73-75.

\(^{69}\) Bryman, 2011. p.79.
Seven of the interviews were recorded and transcribed and two interviews required a translator. In three interviews the informants expressed a will not to be recorded due to security reasons; therefore, notes were taken during these interviews instead. All interviews lasted between 30-75 minutes, with an average of 40 minutes and departed from an interview guide prepared in advance. The questions were slightly tailored to each respondent due to their different work position but covered all themes of the Sustainability Commitment. The initial questions were followed up with secondary questions since the interviews were being carried out in a semi-structural manner giving space to the arising of entirely new topics. However, only the five most emphasized challenges will be presented in the findings due to the limited scope of this study. These themes are also closely linked to each other.

As in any methodological approach, there are also downsides in using interviews. As already mentioned, the limited number of interviews in this study does not aim to produce generalizable material. This is a negative cost hopefully outweighed by generating a profound understanding of the case. The composition of the persons in the group interview may have affected the group dynamic and to some extent the answers. Other shortcomings of interviews are that they also lack transparency and are hard to replicate. Since a translator was used in some of the interviews there is also a risk of misunderstandings and interpretations by the translator before transferring the information to the researcher. To deal with this the translator’s language proficiency was explored before starting and the importance of word by word translations was emphasized.

4.4 Research Ethics
During the conduction of this study fundamental ethical principles have been considered; all informants were informed about the purpose of the study, how the results would be presented and everyone gave their consent to participate. Before the interviews the informant’s anonymity was highlighted, something that was necessary for several of the interviewees’ participation and enabling of free speech. The risk-taking of the participants’ jobs, security and reputation when providing information was the most difficult ethical dilemma of this study. Some questions were clearly uncomfortable but the choice of not answering was always given.

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70 See Appendix 1.
71 See Appendix 2.
Despite the benefits of having a formal consent form\textsuperscript{74}, it was not used since some of the informants were illiterate.

4.5 Analytical tool and Coding

The purpose of this study is to understand how H&M’s Sustainability Commitment functions in practice. Thematic analysis, as applied in this study, is a strategy whereby the researcher looks for underlying patterns and creates an index of key themes in the data. Repetitions, transitions, similarities, differences and lack of data are, for example, mapped and systematically categorized.\textsuperscript{75} After having read and listened to the interviews many times the coding of the data was done by setting keywords to the answers. The keywords were for example minimum wages, unionization, working hours, production targets, forced labor, migrant workers, child labor, formal employment, health, security, inspections, harassments, mapping the responsibility, H&M, root cause of the problem and possible solutions. These were then arranged in a logical order based on similar responses, information and quotes.

Some of these keywords overlap with the final themes but other concepts and subcategories that seemed relevant for the research question were also generated by information that confirmed what I had read previously, that was entirely new information and data that the interviewees highlighted as particularly important. Unfortunately, due to the small scope of this study, some of the findings have to be left out. The results that have been presented and analyzed are the themes which occurred as most central in the interviews and contained substantial answers to the research question. These are five central challenges, namely, Fair Living Wages, Freedom of Association and Collective Bargaining, Working Hours and Discrimination, Diversity and Equality and Migrant Workers. Since the discussions lead towards the responsibility of various actors, the second part of the findings is structured according to the labels; H&M, Suppliers, The Indian State, Unions and left-parties, the Business Model and Consumers.

While coding data it is essential to reflect upon what the information is an example of and what it represents. Bryman stresses that coding should not be analysis, hence interpreting data. However, it is not always easy to distinguish which the underlying theme is. Bryman argues

\textsuperscript{74} Bryman, 2011. p.137.

\textsuperscript{75} Bryman, 2011. p.528-529.
that one should not be reluctant to create many codes in the beginning and reduce them when some prove to be less useful.76 Some data that often was connected in the interviews was, therefore, sometimes coded twice since it appeared relevant to several themes.

4.6 Limitation of the study

This study only explores the labor section of the Sustainability Commitment hence, the environmental and animal aspects of the policy are left out. Furthermore, due to the extensive coverage of labor rights, only a few elements of all labor rights have been explored through which the policy implementation will be illustrated. These chosen elements also contain details which have been left out due to this study’s ambition of creating an overview rather than specializing in one factor. Moreover, it is only the fundamental requirements in the Sustainability Commitment that have been subject to analysis; the aspirational requirements have not been included since they are not binding. This narrows the focus and may set a different tone to the conclusions.

Many efforts have been made to include the perspective of H&M, but neither H&M in Sweden or H&M in India wanted to participate in this study. The lack of their understanding is a weakness of this study since there might be additional factors influencing their work that other actors did not mention. Furthermore, solely first tier factories are included in the study which implies that many factories who are indirectly suppliers to H&M are left outside of this framework. Moreover, the data that has been used in this research only refers to workers located within the formal economy. This aspect is very important to remember since a majority of Indian workers find themselves in the informal sector which makes them invisible in this type of research.

This chapter has declared how the empirical study has been carried out in methodological terms and discussed its limitations. The next chapter presents H&M and the Sustainable Commitment on the topics through which the research question is illustrated.

5. H&M

H&M is perhaps the most famous trademark of the H&M group, a Swedish fashion retail group consisting of nine brands; H&M, COS, Monki, Weekday, & Other Stories, Cheap Monday, H&M Home, ARKET and Afound. The business started in 1947 and today these brands offer products within fashion, beauty, accessories and furnishing. H&M has over 4 800 stores in 70 different markets and around 1.6 million people are estimated to work in H&M’s supplier factories. The factories are hence not owned by H&M themselves but by multiple independent supplying companies from which H&M buys products. H&M itself is a listed company owned by various shareholders. A majority of the ownership, 47,5 %, belongs to the family of Stefan Persson and his company, and the rest of the 19 largest owners owns between 0,4 %-6,3 %.

H&M started their CSR in 1997 when their first Code of Conduct was created. Since 2002 H&M have produced CSR reports and published them on their website. In 2016 they replaced their existing Code of Conduct to ‘the Sustainability Commitment’ to make sure all business partners within the entire production chain respects human rights concerning secure and healthy workplaces, animals’ rights and ecosystems. All business partners of the H&M group are required to sign this document, a commitment based upon various UN conventions, declarations and recommendations and in particular ILO’s guidelines. Amongst H&M’s prioritized areas are supporting a fair living wage and respecting human rights. The commitment contains both ‘fundamental’ and ‘aspirational’ requirements. Despite the H&M groups’ stated ambition to reach more than the fundamental requirements in the long run, none of the factors categorized as aspirational is currently mandatory for their suppliers. The fundamental requirements that relates to labor conditions, have eight categories: ‘health and safety’, ‘discrimination, diversity and equality’, ‘recognized employment’, ‘fair living wages and benefits’, working hours’, ‘freedom of association and collective bargaining’, ‘child labor

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83 H&M 2016a.
and young workers’ and ‘forced labor’. As previously mentioned, based on the results, this study solely focuses on four of these, namely ‘discrimination, diversity and equality,’ ‘fair living wages and benefits’, ‘working hours’ and ‘freedom of association and collective bargaining’.

The fundamental requirements regarding wages are that ‘a fair living wage should always be enough to meet the basic needs of employees and their families’, and besides this, provide some additional income. The salaries should be paid regularly, and a written, formal and understandable contract must be given. All national laws regarding benefits must be followed, and workers should be compensated for paid leave. Disciplinary wage deductions are prohibited. H&M states that they do not possess the mandate to decide local wages all over the world but that they desire to support the creation of fair living wages. In 2013, the H&M group set up a global Fair Living Wage Strategy and promised a fair living wage to all of their 850,000 textile workers in their supply chains by the end of 2018. Until that, the H&M group should source products from ‘strategic and preferred suppliers’, factories that have received a gold or platinum stamp by the H&M group. According to H&M themselves, 27,620 workers employed in 28 Indian factories were covered by the Fair Wage Method in 2017. Nonetheless, in 2018, the goal referring to 850,000 textile workers and its original documents disappeared from their website, which indicates that the goals were far from being achieved.

Furthermore, the H&M Sustainability Commitment expresses the right of all employees to form or join associations and collective bargaining. It declares that it is not accepted with any discriminatory actions against workers who join an association or union representatives and the employer is prohibited from hindering associations and bargaining. In the Sustainability report of 2017, H&M states that workplace dialogue training is carried out in 34 Indian factories, reaching 24,000 workers, and although H&M presents an official supplier list on their website which contains their first tire factories, H&M does not reveal which of these

84 See Appendix 2.
85 H&M 2016a. p.4
86 H&M 2016a. p.4.
89 H&M 2018c.
91 H&M 2016a. p.4.
factories that are enrolled in their workplace dialogue training or uses the Fair Wage Method which makes it hard to evaluate the real impact.

Regarding working hours, the Sustainability Commitment declares that a maximum of 48 hours per week is allowed. If overtime exists, the national laws must be followed, but it should nonetheless not exceed 12 hours per week, which makes 60 hours a week the amount of maximum working hours in all cases. Overtime should also be voluntary and compensated per local laws. If a piece rate is enforced, it should also be compensated with overtime payments.\(^\text{93}\)

When it comes to treatment and discrimination, the Sustainability Commitment requires all employees to be treated with respect. Harassments of all kind, physical, verbal, sexual are strictly prohibited. The document states that there is no discrimination based on gender, race, ethnicity or pregnancy etc. and there should also be a grievance mechanism to which workers can complain without risk for retaliation.\(^\text{94}\)

H&M is monitoring their business partners through self-reporting to H&M’s Sustainable Impact Partnership Programme and if the minimum requirements are not met, a Letter of Concern is sent to their partner which, in severe cases, have to send in a corrective action plan (which has to be approved by H&M) before proceeding with their business. According to H&M, their suppliers are systematically monitored and audited at least once a year if considered ‘high-risk partners’. The ‘low-risk partners’, who received a good mark on their first visit, are usually only researched by paperwork.\(^\text{95}\) H&M also grades their suppliers; the platinum or gold ones are their preferred choices. Together they create 60\% of H&M’s products. According to H&M’s website, these suppliers have long-term partnerships and ‘only suppliers with the best performance in all areas, including sustainability, can become such strategic partners’.\(^\text{96}\)

To summarize, the policy provides a stable basis and covers many important aspects which, if implemented, could secure decent labor conditions. However, the next section will take a closer look at previous research about the practices in which a different picture emerges.

\(^{93}\) H&M 2016a. p.4.  
\(^{94}\) H&M 2016a. p.3.  
\(^{95}\) H&M 2017a. p.84.  
\(^{96}\) H&M 2018c.
5.1 H&M’s supply chains

Around 235 Indian factories are suppliers to H&M and according to shipping data from 2018, India exported over 1.6 million kilograms of clothes to H&M in 2018. Looking at H&M’s Indian suppliers, the labor conditions seem to be similar to the rest of the country’s. Although H&M claims that the choice of suppliers is made responsibly, there are clear indications that this is not entirely true. A study based on statistics of the sustainability program of H&M shows for example that H&M is more likely to choose suppliers where there are low degrees of human wellbeing and that they make more inventories in countries with higher wellbeing. Furthermore, CCC, which is made up out of hundreds of organizations and unions, show that workers in H&M’s Indian supply chains only earn 35% of an actual living wage. In addition to this, the workers did not receive the minimum wage even if working overtime. The same study also found that disciplinary wage deductions are common, reported by 75% of the interviewed by CCC. Furthermore reports by AFWA show that it is common with illegal short-term contracts in Indian H&M supply chains. In the New Capital Region (NCR) around Delhi for example, 60-80% are estimated to be contract workers, and many are employed daily. Data by Row Chowdhury confirm that workers of H&M’s suppliers stay a relatively short amount of time in each factory and numbers by Asia Floor Wage Alliance shows that a clear majority stays less than seven years in each place.

Overtime is found to be very common and applied in various ways. Research from 2018 by CCC reveal for example that an 11-hour work day, without any breaks, was typical in one of the two golden supplier factories that they examined. Forced work on Sundays, without payslips or the legal overtime pay, is reported to be universal. Studies by ILO in 2018 confirms that there is forced overtime when there are more orders from H&M, and some workers have revealed that refusing working overtime could get them fired. ILO also points

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99 Clean Clothes Campaign. H&M: fair living wages were promised, poverty wages are the reality - Research Findings on Wages at H&M’s Strategic Suppliers. Part of the 'Turn Around, H&M!' campaign. September 2018, p.9.
100 AFW 2018a, p.46.
101 AFW 2018b. p. 83.
out in a report of 2018 that piece rate workers get worn out fastly which generates a constant change of the workforce. In turn, this creates further obstacles to unionization in H&M’s supply chains.\textsuperscript{105}

Intimidation by employers for unionization is common all over in India\textsuperscript{106}, and it seems to apply to H&M’s supply chains as well. In a report by AFWA one can, for example, read how the management, in 2018 in Bangalore, cracked down violently on a union representative for demanding basic standards such as drinkable water and living wages. The management forced other workers to beat up their union leaders and beat up, insulted and threatened to kill the union workers. 15 workers were fired due to their union activities and five workers had to go to the hospital as a result of this.\textsuperscript{107} Grievance mechanisms seem to be very rare, and AFWA’s research shows that factory committees in H&M’s supplying factories only exist on paper, failing in protecting the workers.\textsuperscript{108}

Furthermore, ILO shows that extensive gendered violence is taking place all over India in H&M’s supplying factories. Interviews with over 331 workers from 32 factories entailed that harassments from male supervisors are common for women in low-wage positions. Discrimination due to pregnancy is frequently occurring, and workers of all factories in the study said that they had experienced or seen someone be fired due to pregnancy. It has also been reported that permanent workers have to leave their job without any compensation during the time of their pregnancy. Workers employed on short terms get fired and then offered new contracts when returning to their old position, something that makes them miss out on benefits.\textsuperscript{109} This contradiction of the stated policy goals and the actual behavior of the company creates a need for further investigation of how the implementation of the Sustainability Commitment can be improved.

To summarize, the labor conditions in H&M’s supply chains seem to be frequently violated, despite the company’s CSR policy. Since CSR could be a tool to strengthen human rights, it is of both high scientific and social relevance to explore how this gap between CSR theory and practice can be overcome. No one lives simply to work and because consumers perceive labor

\textsuperscript{105} AFW 2018b. p. 86.
\textsuperscript{106} ILO 2016. p.18.
\textsuperscript{107} AFW 2018b. p.88-89.
\textsuperscript{108} AFW 2018a. p.59.
\textsuperscript{109} AFW 2018b.
amongst the most critical issues in the garment industry\textsuperscript{110}, labor rights make an essential research topic. The next chapter introduces India, the setting of the case study. An overview of the Indian garment sector is presented and followed by the labor situation in Bangalore. Lastly, the Indian legal context is broadly mapped out.

6. India

The relatively cheap and abundant labor force makes India an attractive place of production for global brands. The Indian textile sector is one of the oldest industries in the country with roots dating back several hundred years. It consists of one organized part, in which the ready-made garments are exported in large volumes with modern techniques, and one unorganized part in which people operate on a smaller scale with for example handicrafts.\footnote{Garg, Rajiv. ‘Indian Garment Industry: Scope And Success’ in BW Businessworld (23 February 2017). [online] Available at: <http://www.businessworld.in/article/Indian-Garment-Industry-Scope-And-Success/23-02-2017-113380/> [Accessed at 12 January 2019].} Due to the attractiveness of the labor market the garment industry has become the second largest Indian industry and employment generator since the country’s economic liberalization in 1991, second only to agriculture. Today it provides the primary income for 12% of the population. By 2019 the sector is expected to reach 250 billion dollars, and between 2017-2018 it contributed 2% to the GDP of India. With an increasing consumption, both domestic and internationally, the textile sector seems to head towards a promising future.\footnote{India Brand Equity Foundation 2018. Textile Industry and Market Growth in India. [online] Available at: <https://www.ibef.org/industry/textiles.aspx> [Accessed 4 February 2019].}

However, the Indian garment industry carries with it severe violations of various labor rights. In short, the International Labour Organization (ILO) has defined the most problematic areas in Asian garment supply chains as: ‘1) Variation in wages, working conditions, compliance and enforcement 2) Freedom of association and effective worker representation; 3) Collective Bargaining; 4) Disputes and Dispute Resolution and 5) Gender and industrial relations practices and institutions’.\footnote{ILO (International Labour Organization) 2017a. Industrial Relations Scoping Study: Decent work in the garment sector supply chains in Asia. [online] Available at: <https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/meetingdocument/wcms_579467.pdf> [Accessed 19 March 2019].}

India has amongst the lowest minimum wages for unskilled workers amongst the 21 largest garment exporting countries\footnote{ILO, 2017b. p.13.} and in addition to this several studies confirm frequently underpayments. Data from ILO in 2016 shows that 50.7% of workers in the Indian garment sector were paid below the minimum wage. The gendered dimension was striking; 74% of female workers did not earn the minimum wage (low estimated) compared to 45.3% of
males. Another survey, which included more than 100 suppliers from different countries in Asia, discovered that underpayment existed in 82% of the companies.\footnote{ILO 2016. Weak minimum wage compliance in Asia’s garment Industry. [online] Available at: <https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_509532.pdf> [Accessed 5 March 2019].}

A factor influencing the setting of the minimum wage is that reliable data is not systematically collected. The ILO report of 2018 is for instance based on numbers from 2011–12.\footnote{ILO, 2016.} However, the ILO states that the rates are sometimes set arbitrarily by the government without consulting relevant partners.\footnote{ILO 2018a. India Wage Report Wage policies for Decent Work and Inclusive Growth. [online] Available at: <https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_638305.pdf> [Accessed 10 November 2018].p.xvii.} In addition to this the legislation on the minimum wages is occasionally confusing with both the Contract Labour Act and the Minimum Wages Act dealing with the same issues. The lack of clarity of which Act to consider in which cases calls for a juridical harmonization.\footnote{ILO 2017b. p.78.}

Moreover, ILO has reported that 80% of the workers work more than initially agreed upon\footnote{ILO 2015. Insights into working conditions in India’s garment industry. [online] Available at: <https://www.ilo.org/wcmsp5/groups/public/@@ed_norm/@declaration/documents/publication/wcms_379775.pdf> [Accessed 15 December 2018]. p.ix.} and an unreasonable workload of the workers is very common. Ksiezak explains how seasonal demand is one reason for the heavy work pressure: Basic products, with a demand easy to predict, can be produced without additional work pressure while the unpredictable demand for seasonal products on the other hand leads to rapid production changes and increases stress. Bathing suits have for instance only life cycles around 12-25 weeks, making it hard to estimate demand. These products must be produced quickly and at short notice which requires adaptability to changes and adds time pressure. In addition to this Ksiezak points out how limited runs of these products prevent the workers from effectively learning the proper design.\footnote{Ksiezak, 2016. p.54.}

Seasonal demand is also influencing the labor conditions through a new trend of hiring workers on short term under irregular contracts. India’s National Commission on Enterprises in the Unorganized Sector emphasizes that although garment workers are being recognized as formal
workers in the economy they are now being perceived as ‘informal workers in the formal sector’, due to this new standard.\textsuperscript{122} 

Furthermore, violence and harassment are found to be common in the Indian garment industry. Studies by Roy Chowdhury in 2018 reveal for example that violence on female factory workers by male supervisors is common and that physical punishments, sexual favors and verbal harassments seem to be part of the workers’ daily lives.\textsuperscript{123} Despite these labor conditions unionization is rare. Only about 5 % of Indias garment workers are unionized\textsuperscript{124} which is problematic since unionization enables wage raises above the minimum and evidence by the World Bank and the ILO also shows that unionization helps creates lower collective unemployment and less wage discrimination.\textsuperscript{125} The low level of unionization seems to be partly due to lack of awareness and a study by ILO in 2015 showed for instance that only 23 % of workers were aware of the union’s existence. The low level of unionization may be a reason why India is classified as ‘no guarantee of rights’ by the International Trade Union Confederation’s Global Rights Index, which points out to what extent workers’ rights are secured both in practice and law by 97 indicators.\textsuperscript{126} Nonetheless, another study by AFWA showed that all interviewed workers were aware of the existence of trade unions but reported that they did not exist in their particular factory, showing that the problem has many dimensions and is not only due to lack of awareness.\textsuperscript{127}

\textbf{6.1 Bangalore}

In Bangalore, the garment factory workforce consists of around 85% females, and 80 % of the workers are estimated to be younger than 34 years. Many are migrants from other Indian states or rural villages nearby.\textsuperscript{128} A survey by ILO and the Garment Sector Roundtable (2015) shows that more than 50 % of the workers have huge household debts and that half of the workforce

\begin{flushleft}
\textsuperscript{122} AFW 2018a. p.46.
\textsuperscript{124} ILO 2017b. p.29.
\textsuperscript{126} ILO 2017b. p.29.
\textsuperscript{127} AFW 2018a. p 64.
\end{flushleft}
think about leaving their factory or the general garment industry. 90% of the interviewed said that they did not want their children to work in the same sector as themselves.\textsuperscript{129} The explanation proved to be poor wages and poor relationships with the management.\textsuperscript{130}

In 2018, the monthly legal minimum wage for a garment factory worker in Bangalore was set at Rs 8660 (with slight variations depending on the worker’s skill level).\textsuperscript{131} However, according to H&M, the average wage in their supplier factories in Bangalore is Rs 9290.\textsuperscript{132} Nonetheless, a study by Mani, Matthew & Bhattacharya in 2018 revealed that the actual average salary in the Karnataka region is Rs 8000.\textsuperscript{133}

Furthermore, a survey carried out by Society of Labour Development in 2013 shows that Bangalore had amongst the lowest wages for garment workers in the country.\textsuperscript{134} Considering that Bangalore is an expensive Indian city to live in, the consequences are clearly devastating for workers if rising living costs are not reflected in the rise of the minimum wage. Research has shown that the garment minimum wage in Bangalore declined in real terms by 10% over the past fifteen years despite systematic salary reviews. An increase in food prices also disproportionately affects women and children as other necessities are prioritized.\textsuperscript{135} Low wages appear to contradict the narrative that Bangalore is one of India’s most progressive cities but studies in 2017 by the ILO show that there is a minimal connection between the development of wages and the economic growth of a state. In general, Karnataka has amongst the highest wages in urban areas and the lowest wages in rural areas.\textsuperscript{136}

Moreover, various forms of cheating on proper payment have been reported by numerous workers in Bangalore. These include employers putting workers on apprenticeship contracts with lower wages and lack of provision for maternity leave, the Provident Funds, Gratuity

\textsuperscript{129} ILO, 2015.  
\textsuperscript{130} ILO, 2017b.  
\textsuperscript{131} Mohan Mani, Babu Mathew & Ditthi Bhattacharya, Critiquing the Statutory Minimum Wage, a case study of the export garment sector in India. May 2018. p.70. [online] Available at: <https://nls.ac.in/resources/year2018/labourstudies/ILO.pdf> [Accessed 5 march 2019]  
\textsuperscript{132} H&M 2017b.  
\textsuperscript{133} Mani, Mathew & Bhattacharya. 2018.  
\textsuperscript{134} ILO, 2015. p13.  
\textsuperscript{135} Mani, Mathew & Bhattacharya, 2018.  
\textsuperscript{136} ILO, 2018a. pp.43-49.
payment, cheating on overtime pay or refusing other benefits. Formal complaints are not raised since workers often lack information about their rights.\textsuperscript{137} Roy Chowdhury has found average working hours in Bangalore to be between 48-60 hours per week and 45\% of the workers do not get paid overtime.\textsuperscript{138} Roy Chowdhury also points out that the low wages and long working hours are a gendered problem since one can observe different structures between the Bangalore and the NCR region which is dominated by male workers on the contrary to Bangalore. In the NCR region the average wage was reported Rs 3000 higher than in Bangalore and the working hours also tended to be longer.\textsuperscript{139} This implies that different kinds of violations occur due to the composition of the working force.

Furthermore, Alessandra Mezzadri has noticed how prevailing gendered perceptions lead to increased exploitation of female workers in Bangalore. Many employers have declared their preference of women workers over men since they, according to the employers, do not have to go to the toilet as often, ‘women have a natural lower urge to urinate’.\textsuperscript{140} Similar patriarchal structures are found within the factories as in the general society with male supervisors disciplining the workers via verbal harassments, physical actions such as touching and other degrading practices such as referring to sexual situations when speaking to their ‘subordinates’. A system of a five-year period has been set up, which requires the women to end their employment with that particular firm so that the payment of a gratuity by the employer can be escaped. The Provident Fund payments are withheld until the workers resign ‘voluntarily’.\textsuperscript{141}

Trade unions are not allowed to work from within factories in Bangalore and severely constricted by resources. GATWU is the largest trade union in the region but only has around 6000 members, a tiny fraction of the 500 000 garment workers in Bangalore.\textsuperscript{142}

\begin{thebibliography}{99}
\bibitem{137} ILO 2018c. p.22.
\bibitem{138} ILO 2018c. p.8-9.
\bibitem{139} ILO 2018c.
\bibitem{141} Mezzadri, 2016. pp.1888-1889.
\bibitem{142} ILO, 2018c. p.19.
\end{thebibliography}
6.2 Indian labor laws

H&M and their suppliers are obliged to follow all local laws where they are situated. The Indian Constitution contains necessary regulations of employment conditions, and over a hundred labor laws are adopted. A brief overview of the most central labor laws in India, dealing with the central themes of this study is therefore presented in this section. Nonetheless, it should be noted that this presentation is not exhaustive.

India has many laws regulating payments including minimum wages. These wages are designed to cover the basic needs of the workers and their families. The minimum wages are set and revised by the local government in line with the Minimum Wage Act from 1948 which regulates the wage rate and contains rules for overtime and penalties for non-compliance by the employer. The responsibility for the time of payment is provided in the Payment of Wages Act from 1936, a law that came into place when payments were frequently delayed, deducted or denied. This Act also contains penalties for non-compliance. Furthermore, India has adopted the Payment of Gratuity Act from 1972 with the purpose of helping the worker economically via a retirement payment. However, it contains one condition, the worker must have worked in the same company for at least five years in a row before being entitled to the payment of Gratuity. Social security is provided by the Employees Provident Funds and Miscellaneous Act from 1952 which deals with pension funds and provides insurance funds for workers. It requires the employer to pay a monthly contribution of 12% to the Employees Provident Fund, an amount drawn from the workers’ salary before payment.

There are also many laws dealing with equality and non-discrimination. The Equal Remuneration Act from 1976 provides equal pay for equal work, striving to prevent

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146 The Payment of Wages Act, 1936.
147 The Payment of Gratuity Act, 1972.
148 The Employees Provident Funds and Miscellaneous Act, 1952.
discrimination between men and women.\textsuperscript{149} The Maternity Benefits Act from 1961 prohibits employers from employing women during certain periods and secures the payment of maternity benefit to the women. It applies to all employed women except for those who are covered by the Employee’s State Insurance Act from 1948.\textsuperscript{150} This insurance law gives the workers benefits in terms of sickness, maternity, funerals and disablement.\textsuperscript{151} Furthermore, the relatively recent Sexual Harassment at the Workplace (Prevention, Prohibition and Redressal) Act from 2013 strives to protect women against sexual harassment in their workplace. According to article 21 of the Indian constitution women have a right to dignity, life and liberty, which this Act aims to secure.\textsuperscript{152} India has also ratified the following ILO conventions regarding discrimination, diversity and equality: Equality of Treatment (Social Security) Convention from 1962 (branches a to c), Equality of Treatment (Accident Compensation) Convention from 1925 and Discrimination (Employment and Occupation) Convention from 1958.\textsuperscript{153}

Working hours are regulated by the Hours of Work (Industry) Convention from 1919 which provide an 8-hour working day or a 48-hour week. This Act also states that 50 hours of overtime is the maximum allowed within a period of three months.\textsuperscript{154} The Factories Act from 1948 also gives every worker the right to 12 days of paid leave every year with the condition that they worked for a minimum 240 days in the previous calendar year.\textsuperscript{155}

The central components of the rights to organize are laid out in the Declaration on Fundamental Principles and Rights at Work, the Freedom of Association and Protection of the Right to Organize Convention from 1948 and the Right to Organize and Collective Bargaining Convention from 1949.\textsuperscript{156} The Industrial Disputes Act from 1947 also sets out the right to strike.

\textsuperscript{149} The Equal Remuneration Act, 1976.
\textsuperscript{150} The Maternity Benefits Act 1961.
\textsuperscript{151} The Employee’s State Insurance Act, 1948.
\textsuperscript{154} The Hours of Work (Industry) Convention, 1919.
\textsuperscript{155} The Factories Act, 1948.
\textsuperscript{156} AFW 2018b. p. 87.
and the Trade Unions Act from 1926 legitimizes the existence of trade unions and clarifies their rights and responsibilities, such as registration.\textsuperscript{157}

There are no limitations to which kind of issues trade unions are allowed to raise but if a trade union is not officially registered it is not covered by this Act. There have been amendments to the Trade Unions Act which require that unions have at least 100 members or represent 10\% of the workforce in order to register under the Act, which creates clear obstacles for unionization.\textsuperscript{158}

Since migrant workers often are exploited by employers the Inter-State Migrant Workmen (Regulation and Conditions of Service) Act was adopted in 1979. It applies to migrants hired through contractors and gives them, for example, the right equal, or better, wages than local workers and basic data about the employment such as wage and period of employment in a language which the worker understands.\textsuperscript{159}

Tripartite Consultations, are one of the government’s three priorities, next to the Labour Inspection Convention, Employment Policy Convention and India has also committed to international labor standards. ILO conventions have had significant impact on Indian labor legislation.\textsuperscript{160} Nonetheless, to be fruitful the laws have to be enforced and not at least in the informal sector where thousands of people are employed.\textsuperscript{161} ILO also argues that the labor inspection services needs to be improved\textsuperscript{162} but the enforcement of the ILO conventions is based on voluntary participation and there are no sanctions towards members who do not comply with the regulations. However, according to the ILO, improvements in labor conditions in the garment industry have been made by step by step by government, employers and trade unions. Nonetheless, there is still a lot that needs to be done and the lack of reliable and up-to-date data is a major constraint for suitable measures.\textsuperscript{163}

\textsuperscript{157} The Industrial Disputes Act 1947, Trade Unions Act 1926.
\textsuperscript{158} AFW 2018b. p.63.
\textsuperscript{159} The Inter-State Migrant Workmen (Regulation and Conditions of Service) Act 1979.
\textsuperscript{160} ILO, 2017b.
To summarize, India has an extensive labor legislation on both domestic and international level that covers many central aspects relating to the themes of this analysis. Nonetheless, laws are not making a big difference unless being applied in practice and research reveals just how extensive labor rights violations are in the Indian garment sector. It should also be remembered that these laws make up a minimum baseline and do not in any way prevent H&M or H&M’s suppliers from taking fulfilling additional standards by their own choice.

This chapter has presented the Indian garment sector, the labor situation in Bangalore and the legal context in which it is carried out. The next chapter will present this study’s results.
7. H&M’s CSR implementation in Bangalore

The empirical findings presented in this chapter aims to answer the research question *how does H&M’s Sustainability Commitment on labor conditions, work in India?* First, five major challenges that emerged in this study are discussed separately to explore how the policy content is realized. Then, the second part unfolds how different actors influence the situation.

7.1 Fair living wage

Despite the requirements of basic living wages, the findings illustrate that the given salaries are far below living standard. Union 1 expressed:

We demand living wages 18 000 rupees, one eight. But minimum living wages are 15 000 rupees. But government they have given below poverty minimum wages, that is 8000 something. -Union 1.

This is line with Mani, Mathew & Bhattacharya’s findings that the average wage is Rs 8000 in Karnataka. However, the minimum wage contains problems within itself. If calculated correctly it can raise poor workers standard of living without harming employment, but salaries can also be set below a reasonable level to attract investment. In the state of Karnataka, there have been severe underestimations made by the Karnataka government during the calculation process. The Minimum Wage in 2014 was, for example, calculating a house rent at Rs 600 per month although the actual rent proved to be more than five times higher. Moreover, the estimations of food and clothing together would make up 85 % of the total costs, which means that all other expenses, such as health care, transport and education would be covered by the prevailing 15 % of the monthly wage. This calculation should be compared with the Consumer Price Index which sets aside 63, 5 % of the salary for food, clothing and rent and 36,5% for other expenditures.

Furthermore, the Karnataka government has made underestimations of the family structure. While an average working-class family consists of three and not two adults (since one elderly parent often is staying with the family), the governments’ calculations on expenditures are

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164 Rs 1000 is at the time of writing equivalent to 14.42 USD.
165 See p.27.
166 ILO, 2016. p.xvi.
168 Mani, Mathew & Bhattacharya, 2018.
Mani, Matthew & Bhattacharya also found that when including toothpaste and soap in food and consumable costs, the money set aside in the calculations were equal with the poverty line. It should also be noticed that this consumption of food is nearly 30% below the minimum calories for an average adult. Moreover, the analysis shows that the minimum living costs in Karnataka is Rs 19 840, more than twice the current wage, and one should keep in mind that this does not include any savings or ‘debt repayments’. A similar figure has been concluded by Asia Floor Wage Alliance (AFWA), who says that Rs 18 727 per month would be a suitable living wage.

One explanation for the severe miscalculations is the complex Indian wage system which differs in each sector and complicates research for the government. In fact, there are about 1709 different minimum wages in India. However, there are solutions and as Mani, Matthew & Bhattacharya argue one could have a single basic Minimum Wage for all workers which later on could be negotiated sector wise by tripartite actors. Nonetheless, the low wages were confirmed by all interviewees and one worker even told that she earns less than Rs 8000:

After deductions and all that, I get about 7000 rupees if I work 26 days without any leave.
- Workers 2

This case is most likely not an exception since the research of CCC also found that workers did not earn the minimum wage even if working overtime. As the findings of ILO in 2016 show, a majority of the workers also reported that the payment of salary often is delayed and something that they have to fight for since the management often cheats with it to keep wages artificially low. Several interviewees mentioned the fact of employers cheating with workers bonuses, which confirmed ILO’s findings. NGO 1 pointed out the particular struggle of women workers and Gratuity:

171 ILO, 2016. p.70.
174 Clean Clothes Campaign, 2018.
175 ILO, 2016.
176 ILO 2018c.
Gratuity is something that people will get after their five years of service in that factory. That is about 75 days of their salary. But what happens is, that most of them being women, have children, and most of them are very productive so they have one or two or three children, so they leave their job every time they have a child, and hence they lose out on their gratuity benefits. So, in the span of ten years, they would leave their job at least two or three times. So they lose two major benefits. I mean gratuity is given after 10 years time of service. - NGO 1

This situation leaves the women in a vicious circle of poverty because a significant share of the women workers is the single wage earners in their family. Furthermore, although the Minimum Wage Act states that adequate periodic revision should be done at least once every five years, but it is not being carried out. The researcher said:

It is an eyewash to call this sector organized just because there is a wage board institutionalized by the government which meets every three to fourth year, because both 2009 and 2018 the government backed out from their wage revision, claiming the supposed increase was a typing error. Last time it happened in February 2018, and a raise to Rs 15 000 was stated, but the proposal was withdrawn due to pressure from the garment factory owners who claimed that their competitiveness would disappear if required to pay that high wages. - Researcher

This indicates close ties between the government and the factory owners. Nonetheless, all interviewees thought that H&M bear a big responsibility next to the state for the low wages.

Brands advice the supply company to maintain cleanly and provide everything to the workers, and paying more salary to the workers, but H&M not pay more to the manufacturing units. Nothing! Then how they pay? See, if you not pay to me. How I pay the workers? This is not only a problem of H&M, all of the brands’ problems. They say “pay pay pay” but how pay? - Union 1.

The supplier highlighted that local suppliers would not mind paying double wages to the workers if H&M increased their payments which is in line with the findings of ILO in 2017 regarding financial constraint of suppliers. Most interviewees also emphasized the seasonal demand as an issue affecting wages and production targets as in Ksiezak’s research. One of the unions highlighted the short-term contracts which leave the workers without an income during the offseason:

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177 ILO 2018c. p.11.
178 ILO 2017, p.22.
179 See p. 25.
When there is no high season the minimum wages are not paid since they are not working as much. Many are employed on a short-term contract so that the employer doesn’t have to pay during this off-peak period. -Union 2

The findings reveal violations of both the Minimum Wage Act, the Payment of Wages Act, the Payment of Gratuity Act and the Employees Provident Funds and Miscellaneous Act. The existence of these laws does hence not seem to have a substantial impact.

7.2 Working hours

In line with the results of CCC\textsuperscript{180} the workers confirmed forced work on Sundays and lack of compensation in overtime payments. All of the interviewed workers and the researcher disclosed that many factories have the practice to close down the factory on the particular day whenever there is an electricity or water breakdown, telling the workers that this is their day off. To compensate for this ‘free time’ workers often have to work Sundays instead, without overtime payment. Confirming the studies by ILO in 2018\textsuperscript{181} one group of workers also reported that there is forced overtime on Sundays whenever there is a demand from H&M:

Overtime is on a regular basis on Sundays when there is a lot of work. We get 500 rupees a day. H&M’s large production makes it almost worse than other brands because that is the reason for the overtime. It is not voluntary; they will hold us in the factory until it is done. -Workers 1

This overtime creates a seven-day long workweek without rest and recuperation from the demanding work pressure and despite being paid for the 500 rupees extra a day the workers reported are not close to the 200 % overtime payment they are entitled to according to law. The Hours of Work (Industry) Convention which states 8-hour working days and a maximum of 50 hours of overtime in three months is not followed.\textsuperscript{182} These findings go hand in hand with ILO’s research which shows widespread overtime and severe lack of overtime payments.\textsuperscript{183} The supplier pointed out that overtime has become an integrated part in the fast fashion production system which is impossible to get around since the extreme work pressure arises from H&M’s high production targets. Suppliers are more or less forced to use overtime to be able to meet H&M’s demands. Therefore, according to the Supplier, a change of the

\textsuperscript{180} See p.22.
\textsuperscript{181} See p.22.
\textsuperscript{182} See p. 30.
\textsuperscript{183} See p.22 and p.25.
fundamental structures needs to happen if one wants to get rid of the overtime. All interviewees also confirmed unreasonably high production targets. One union gave an example to illustrate the working pace:

In Bangalore, garment workers produce one shirt every forty seconds. A group of 32 workers and machines stitch this one shirt. - Union 1

The interviewees reported that if the production targets are not met the worker has to stay until they have produced their number of pieces, overtime which is not paid for. Due to this, the soul break of 30 minutes at lunchtime is often skipped by the workers and NGO 1 reported that there are cases with workers who do not drink sufficient water because they want to avoid using the restroom since it limits their working time. Furthermore, NGO 1 disclosed that overtime is also mainly extracted from migrant workers who lack awareness of their rights. One example was given with migrant workers who get forced to work 15 minutes extra every day without realizing that it is overtime:

So the regular workers have to log in at 9.30, and they leave at 5.30. It’s the same case with migrant workers, they log in at 5.30, but they are asked to leave at 5.45. - NGO 1.

Paid leave was not mentioned by any of the informants and the findings of short-term contracts and lack of other payments indicate that paid leave is highly unlikely which would constitute breaches of the Factories Act.\textsuperscript{184}

7.3 Freedom of Association and Collective Bargaining

All interviewees except the supplier emphasized the very low unionization in the garment sector and perceived it a major problem affecting the minimum wage. Interviews with the workers entailed that the long working hours is an explanation since unions are not allowed to work from within the factories. This limited time off from work makes it almost impossible for the workers to organize and the long days hence constitute a physical problem for unionization. Moreover, many of the interviewees emphasized that the combined burden of the women’s household responsibility together with the forced overtime makes union activities take place

\textsuperscript{184} See p.30.
on Sundays in a café or the workers’ homes, at its best. However, since forced overtime on Sundays is regular, the gatherings are sporadic.

Unlike the previous reports by the ILO and the World Bank about frequent harassments of unionized workers\(^{185}\) the workers interviewed in this study declared that their union membership did not expose them to threats any longer, although the management sometimes showed discontent. Several interviewees also mentioned that the traditional national trade unions have done close to nothing to support the garment sector. The interviewees with insight to the political sphere highlighted the fact that well-paid private industries with male workers have many members while there is little interest in this working group made up of poor and vulnerable workers. The researcher mentioned that since the small trade unions lack bargaining power and have few resources they can not systematically bring cases to the court or support the workers.

Furthermore, it was pointed out by the researcher the seasonal demand also creates difficulties for unionization since short-term employment gives fewer incentives for workers to engage in union activities. The constant presence of a large and desperate labor pool makes the seasonal workers cherish their jobs and scares them to demand improvements. Moreover, the researcher and the ILO-Expert emphasized a critique against the focus of the active unions. According to them, the unions are not putting forward a critique against the supply chain paradigm and the position of ‘third world countries’:

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\text{The union has a very very minimalist view upon itself. Talking a little bit about wages, about social insurance, sexual harassment, health and so on… so within that self-limited framework, what is possible?... It is not like the union has come with a messianic message and has tried to organize the women and did not reach; it is not that. It is a completely unstructured preparedness of the workforce, matched by the unions’ very very limited goals in terms of what to do and it definitely does not want to challenge the functioning of these unions in the city. - Researcher.}
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The researcher also pointed out that the largest trade union in Bangalore, GATWU’s, most significant contribution has been to maintain a steady pressure for the upward revision of the minimum wage. Despite this it is apparent that many workers earn less than the minimum wage which is a relative failure. However, the researcher reported that a high ranked profile in one

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\(^{185}\) See p. 26.
of the national unions has very clearly told the researcher that they do not want a ‘confrontational bath’. The reason behind this is the fear of losing employment opportunities and the dilemma of no wage/low wage is hence present again. The researcher also brought up that not even the largest Marxist Indian party, CITU, have shown any interest in mobilizing garment workers despite it being the first generation of workers. CITU’s (and other parties’) highly patriarchal structure and politics does, according to the researcher, not recognize the gendered problems nor considers them important. These lacking ties are confirmed in studies by Roy Chowdhury who argues that the local situation has to be understood in a broader sense where political ties between unions and parties are missing. Protesting against unfair dismissals of individual workers is not likely to change the system unless they are framed in broader terms that apply to more systematic causes and translates into political resistance. Furthermore, the lack of inspiring and motivating working-class communities was problematized and made visible:

It is important to understand that the garment workers are an isolated workforce without a vibrant working-class community with which political alliances are made, experiences shared, and visions collectively talked about - Researcher.

Finally, it should be remembered that trade unions are banned from working within factories in Bangalore and are severely constricted by resources. Unionization is thus a challenge with multiple dimensions that several actors have to commit to.

7.4 Discrimination, Diversity and Equality
All interviewees except for the supplier who avoided the topic reported that verbal harassment is part of the workers’ everyday life with male supervisor screaming and threatening the women workers. One group of workers disclosed that almost all supervisors in their factory were drunk during the daytime at work which made them very aggressive. It was their first wish to change this:

If we could change one thing it would be to get rules that forbid being drunk at work. That is the most urgent thing. Increased salary is secondary. - Workers 2

The behavior of most male supervisors seemed to be a recognized problem and the ILO expert, the researcher and the supplier revealed that there have been a few experiments made with
female supervisors. Although the production targets and working hours were on the same levels as before, the factory workers did not experience the work as hard since the female supervisors, who proved to be fully capable of handling the supervising tasks, were being less angry and violent. The work environment was, therefore, improved but due to the prevailing patriarchal norms amongst most factory managers female supervisors is not a common sight in factories. None of the workers had ever had a female supervisor nor been offered an opportunity themselves. Gender discrimination is furthermore also reported by the factory workers who discloses that there are different kinds of work assigned to workers based on their gender:

- Men and women get different kinds of tasks; the boys get easier tasks and women more difficult.  
- Workers 2

This practice is a clear breach of the Equal Remuneration Act and several of the ILO conventions regarding equality of treatment. Sexual harassment seems to be less prevalent than verbal harassment but it seems to vary between factories. One group of workers revealed that being called into the supervisor’s room for a ‘meeting’ always meant that one would get raped. Since this was so commonly occurring and applied to everyone working in the factory they reported that the older workers taught this to newly employed workers to prepare them for it. The Sexual Harassment at the Workplace Act is hence also violated and this gendered violence is reflecting the findings in Roy Chowdhury’s and ILO’s studies. It was apparent that there is a massive stigma around sexual violence and the workers appeared too ashamed to make a case out of it. The ILO expert pointed towards the root causes:

- There have been kind of some recent developments which have been positive in a sense that some of the managers who have been involved in violence have been fired, but generally because of the low status of women in India, because of the atmosphere and the factory work floor, very aggressive. Sometimes also caste-based but very anti-gender... -ILO expert.

Grievance mechanisms as required in the Sustainability Commitment are rare and factory committees did not seem to exist in any of the interviewed workers’ factories. There was however one exception of one worker who perceived it possible to complain to the management about bad supervisors who probably would take necessary actions. All workers interviewed in

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188 See p.30. 
189 See p.30. 
190 See p.23 and p.28.
this study said that they were granted a paid six months maternity leaf but one group of workers revealed that the Provident Fund and Gratuity payment was stopped during this time.

NGO 1 pointed out that although sexual harassment education for workers has been evolving recently it does not make a big difference since workers continue to get targeted by the management. The short-term contracts, which gives the employer flexibility to hire and fire the workers according to shifting demands, is a constant threat to the workers and the explanation to the unwillingness to complain about workplace violence. According to ILO, self-monitored CSR work neither addresses risk factors for violence nor offers substantial help for workplace violence\(^{191}\), which seems true in this case.

### 7.5 Migrant workers

The interviews revealed that many of the labor problems are connected to migrant workers, a structural feature of the workforce which has evolved relatively recently. According to the researcher, in 2005 one did rarely find anyone who came from other states. Today the situation is different because the workers from Karnataka avoid putting their children in the same industry. Thus, there is no second generation of workers from Karnataka overtaking the previous workers’ place which forces suppliers to recruit from other regions.

They came from backward states like Orissa...Bihar...where they are picked up from very poor families in backward rural regions, brought to the capital cities, given 2-3 months training, then the HR person from here goes, employs them, brings them in trucks trainloads, puts them in small hostels. So they have a language problem, and unionization is out of the question. Not because of language, because they are lost. They just stay there, they go to the factory, do their work and come back. - Researcher

Migrant workers thus face many violations due to their extraordinary vulnerable situation with lack of language skills and knowledge about their rights.

Many of the interviewed revealed, for example, that formal contracts written in a language the workers understand are very rare. One of the unions emphasized the lack of formality and two of the interviewees said that migrant workers do not even get a meeting with the management before starting.

\(^{191}\) AFW 2018b.
She does not know how much her salary is before the money is transferred from the bank, then she
knows... - Union 1

This constitutes violations of the adopted Inter-State Workmen Act which guarantees basic
information about the employment. Furthermore, one union also pointed out that some
migrant workers are underaged:

Many are abused also because many of them don’t understand what they are saying so when they
try to find out what they are shouting about they actually find out that there were bad words. And
there are young kids also. I think they have been trained to say that they are over 18 years. And
many of them are underaged, and they cannot even communicate with people outside. Not even
talk. It doesn’t look like they are over 18, but they say they are. -Union 2

This exploitation of migrant workers creates obstacles to the implementation of the
Sustainability Commitment since employers are given an additional opportunity to take
advantage of the situation through extraordinary vulnerable people.

7.6 Responsibility of various Actors

When analyzing how the Sustainability Commitment is functioning it becomes clear that there
are many gaps in the implementation. The interviews indicate that different actors bear
responsibility for different areas that affect the policy implementation. The following part
therefore sets out to map how various actors could change their actions to contribute the
fulfilment of the policy.

Despite H&M’s theoretical efforts to secure decent labor conditions none of the interviewed
considered H&M to differ from other brands, besides the supplier who argued that most of
H&M’s requirements were being carried out, which makes H&M better than other cheaper
brands, such as Primark. Union 1 also pointed out that since factories produce for several
brands at the same time labor standards are the same in all of the factories regardless of which
brands that are being produced for.

Factory workers produce for GAP, C&A and H&M and PVH and all these brands. What is the
difference between the workers for H&M and GAP? Nothing. The same worker produces for

192 See p.31.
H&M, same worker produces for GAP and all brands and this. What H&M say is a lie. A lie... - Union 1

Union 2 even found H&M to be worse than other companies due to their massive production coverage. Several of the interviewees mentioned the fact that H&M claims to have special work programmes in certain factories but H&M’s refusal of publishing these factory names makes it very suspicious. NGO 2 told that H&M had said been willing to join together about a fact-finding about migrant workers but nothing happened and no report came out of that. On the contrary, the ILO expert highlighted the positive sign that H&M was one of the only two brands who turned up to a roundtable meeting with various actors. Nonetheless, the majority of the interviewees did not believe that transnational brands like H&M cared about human rights and pointed out that it was understandable but did not make them less accountable to it.

We don’t think that the brands are really serious you know, about human rights. And we don’t care you know. Your motivation doesn’t matter, results matters. What you actually do matters. What are you motivated by? Nobody cares. You can be motivated by your profit, okay fine, but what is the result of that? - NGO 2

This view of H&M’s accountability goes hand in hand with what the ILO expert emphasized; the essential part of conducting business is outsourcing which means that both production and labor responsibilities are outsourced, something one has to take responsibility for:

By H&M claiming to do their best and “talking to unions and employers” they are at the same time not taking any responsibility to change the root problems by constantly moving production if higher demands are put in place. The brands’ possibilities to move to new destinations such as Ethiopia or Myanmar creates a continuing situation of vulnerable workforces and cheap labor. - ILO expert

According to the NGO 2, the so far accomplished improvements are too minuscule to make a significant difference. If H&M lowered the production targets for example, the amount of stress on both workers and suppliers would be reduced which would have a positive impact on overtime and harassments.

It can be foolish to say that there hasn’t been any changes, there have been changes definitely, but too slow for the benefit of workers. You know, too slow. - NGO 2
The ILO expert shared this view and pointed out that there is a hypocrisy in H&M’s statements of goodwill which is common amongst many other brands too and that H&M are outstanding in that sense due to their huge public image machinery. Furthermore, it was highlighted by several of the interviewees and not at least the supplier that the relationship between suppliers and H&M has to change. The supplier reported that the contracts between the supplier and H&M are very short, often stretching over a 90 to 120-day period. These short-term contracts create vulnerability since the supplier must constantly ensure that new agreements will be signed which scares the supplier of increasing wages and raising other standards. If a more long-term relationship would be established, the supplier believes that one could effectively improve the working conditions by creating trust and security between the partners. Moreover, a clear majority of the interviewees mentioned that different brands have to start working together in labor issues since supplying factories produces for several brands simultaneously. NGO 2 said:

> You are sourcing from a factory, you can work with each other you know when raising the standards and due diligence. So there are a hundred different things. But who should do what? And what are the five important actions? So yes. And who has to work committed to that? And who has the money? The brands has the money. So, what.. what the brands are doing now is to have a projects which has no results. You have Tiruppur, many projects in that child labor issues, so it is called the human rights hotspot. So everybody will put in money, without really caring about an evaluation or what is the output. - NGO 2

The ILO expert also pointed out that it is doubtful that labor standards will be improved unless all brands decide to do it simultaneously since the competitive market probably would go bankrupt otherwise. Commonly excuses about lack of power would be eradicated, as NGO 1 put it:

> If there are other brands then they are sometimes saying “oh we are only sourcing 4 % from this factory and we don’t have enough leverage”.- NGO 1

In addition to this, the supplier also emphasized the time consuming and difficult task to fulfil several CSR-policies of different brands at the same time. The requirements could become more effective if they were streamlined. However, all labor rights violations are not due to pressure from H&M. The interviewees highlighted that an eyewash was happening when H&M announces audits, announcements made three days in advance. Security gear, hygienic bathrooms, drinking water etc. is put up for show and later taken away again:
When the brands visit the factory everything is there, hygienic. Clean. Soap, everything is there. When brand go back to office they remove - Union 1

One group of workers also reported that the management selects certain workers who get educated to answer the visitor’s questions. Threats of jobs losses are used as a tactic to keep the rest from complaining.

They train them about the functions of their machines and give them education in that moment about only what they need to know. Why it is used and “safety”. For example, needle handle - Workers 2

However, workers who were employed in different factories reported some variations which indicates the possibility to achieve a better work environment for the workers depending on the mindset of the management. However, considering the available information, most of the factories seem to be stuck with leaders who do not take human rights violations seriously.

During the interviews, it became clear that the Indian government must be more committed to implementing the existing labor laws. The juridical structures for decent work conditions are in place but enforcement is low, something mentioned by the ILO expert, the politician, the researcher and NGO 1 and 2.

The state has its limitations you know because we need to have and attract investments. We need to have this business. Their hands are tight to some extent. But I will say that in India we still have one of the best labor juridical labor law. We have about the best. It has been changed, but the foundations are strong. - NGO 2

It was pointed out that the state has to set aside more resources for the garment sector and support fact finding. The researcher told that not even institutions like the ILO are in a position of doing in-depth fact-finding since the government refuses to give them any information. It was also mentioned that researchers face difficulties to obtain funding for projects about the garment sector. The researcher disclosed that he/she takes money from other research projects with ‘sexier’ titles, more appreciated by the government. Besides this, the politician acknowledged that a retired labor inspector’s position is never filled up which creates a huge shortage of inspectors and that their functions have been redefined to ‘administration to
welfare’ which means they have other tasks next to factory regulation. The Karnataka
government also set up a committee to deal with the manufacturing sector problem but:

...nothing ever came out of that committee. Nothing! - Researcher.

There is also a common understanding amongst the interviewees that corruption is a significant
problem although not mainly responsible for the unfortunate situation of the workers. The
politician emphasized that the government functions as a corporation and that the fraud cases
in Karnataka are highest in Bangalore, which indicates that corruption has a considerable
impact. The politician explained that the city is divided into different zones which all have a
local administrative council that is subordinated to the Labor Office. Below the Labor Office
is the Labor Inspector who is the most influential person in this chain. Since the law requires
each factory employer to declare how many workers he has employed, what the employer pays
them and prove that the employer pay their insurance, this inspector collects a regular ‘bother
me not’ fee from the unit owners. This fee is paid three or four times a year to make the
inspector not to question or further investigate the documents given to him. The politician gave
a detailed explanation of the structures:

The problem is that the employer only entails that they employed maybe six people, and add proof
for this “sector A people” but in fact, there is maybe 300 people in the dark, “sector B people”.
These are never recorded in the documents and the employer can, therefore, escape to pay them
proper wages and insurances etc. Each inspector has a certain “target” number of workers that
has to be reached. They get allocations based on these numbers. So all inspector try to get posted
in zones with many units such as 200… and the sector B people are not registered, and H&M
does not even know about this. They always act in the aftermath. And sector A looks good because
it is increasing, slowly but study because each year the fees increase and they show that they hired
some amount of new workers. – Politician

This kind of corruption creates obstacles for the improvements the Sustainability aims to
achieve. Furthermore, there was a common view shared by most interviewees that the garment
sector has to become genuinely organized to raise the labor standard. However, the researcher
and the trade unions emphasized that larger national trade unions must start supporting the
smaller unions with funding, knowledge and help to mobilize workers. This support would
enable real collective bargaining and create power in for example wage negotiations. Today,
the local unions are on their own, relying on the limited skills of a few dedicated persons who
sometimes is not even educated. In addition to this, a change in the political discourse was requested. According to the researcher, India’s left parties have to take a clearer stance for workers’ rights in the globalization:

Left parties definitely need to have a clearer message on global supply chains, export zones, so on and so forth., which we have not seen actually. So yes. Ideally, that would be the paradigmatic change which has to come about in the politics of the country. Again like I said, I don’t mean a revolutionary politics but definitely a more robust in a stronger commitment in social democracy to workers rights. Which is possible! Even in a very very capitalist system. It’s possible to have you know, just and fair rights for workers... so yeah. Somehow the monumental past is completely gone. It is completely dried out. There is a lot of confusion within the leftist too... whether they need to have a critical perspective or not on the global supply chain, so you know.. there isn’t any clarity. – Researcher

The fact that unions are hesitating about which labor standards to demand indirectly weakens the support for the Sustainability Commitment.

All interviewees from NGOs, ILO and the state agreed upon that the underlying problem of H&M’s exploitation of workers is the business model and the global neoliberal economy. The garment sector is a huge earner of foreign exchange so if one pushes for higher wages the perception is that capital will flee. The politician and NGO 2 expressed that the current system makes it more rational, in terms of resources, to put down fires whenever there is a scandal instead of investing money in actual improvements. Despite that H&M is making small improvements, the underlying problem is prevalent:

…but we must not be fooled by that because there are no structural changes you see. I mean, same demands 20 years back, you know, ten years back, why is it? Because there is no structural change. It’s no change in the business model. - NGO 2

A similar answer was given on the question if it would be easier to improve the working conditions if every factory only would produce clothes for one brand since there would be fewer actors involved and accountability more clear. However, due to the high risks for suppliers to have only one customer, neither the researcher or NGO2 thought it is not likely to happen.
The interviews also lead to discussions about the responsibility of consumers in the ‘west’ and their ability to impact. The ILO expert, NGO 2 and the researcher highlighted that consumers of H&M’s products must step up and show a continued will to purchase their products although the price would increase. However, the supplier believed that one has to visualize the working conditions for the consumers for this to happen. One way could, for example, be ‘wage labelling’, a new idea where the label not only would entail information about the fabric and origin of the clothing piece but also the wage of the worker with the lowest salary in the production of that particular piece. The supplier told that initiatives like this that makes the labor visible for the consumers are being explored together with ILO.

This chapter has presented the research results based on thematic analysis. The following section discusses the findings and suggests possible improvements.
8. Discussion & Conclusions

The primary objective of this study is to examine how the Sustainability Commitment works in India to better understand which factors that influence the gap between CSR theory and practice. This chapter summarizes the results, explains them by applying the chosen theoretical frameworks and discusses possible improvements.

The consistent results show frequent violations of nearly all fundamental requirements of the Sustainability Commitment and meager results of H&M’s prioritized areas of living wages and human rights. It is remarkable that the supply chains of H&M, one of the world’s leading ethical companies, appear to have similar characteristics as the average Indian garment industry, findings that are in line with previous research.193 The presented circumstances also violate a vast number of Indian and ILO laws, laws that seem to be forceless.

Considering that this study only has included the requirements stated as ‘fundamental’ in the commitment, one must acknowledge that the Sustainability Commitment seems to have a marginal effect but it has been clarified that the failures are not only due to H&M. Contextual factors controlled by actors such as the Indian state, trade unions and local suppliers have emerged as partly influencing the policy’s poor functioning and the problems require every actor to take actions within their frames of power. The low wages are, for example, dependent on inaccurate calculations of the state, but also by the amount of money paid to suppliers by H&M. The working hours are intimately connected with the production targets and work pressure which seems to be built into the core system of the industry. Interestingly, the Sustainability Commitment does not mention production targets, hence leaving the decision of workload to their suppliers. Production targets and overtime are critical challenges to address since the extensive overtime leads to very limited unionization.

Unionization for its turn lacks resources, members, a clear and confrontational vision and support from other instances, perhaps partly due to the gendered composition of the workforce. The low levels of unionized workers also partly explain why the poor labor conditions in the garment industry continue to exist. Short-term contracts influence both the motivations to unionize and low wages, problems that have been highlighted by India's National Commission

193 See p.22-23.
on Enterprises in the Unorganized Sector. Despite this the Sustainability Commitment does not demand suppliers to avoid short-term contracts.

The fact that verbal and sexual harassments are taking place towards female workers in combination with cheating on various payments, bonuses and maternity leave indicates that the Sustainability Commitment is affected by the local gendered norms of the management. Patriarchal norms in the state also seem to affect the low interest of improvements in the work conditions, hence, not all Indian actors necessarily shares H&M’s values, which may explain a certain dissonance. This refers to De Nevee’s point about to what extent CSR norms should be imposed with force and questionable consequences of it. Clearly, there is no short answer to this question but one can conclude that a good intention by a TNC is not enough to successfully implement a norm that clashes with existing cultural practices. There is a contradiction in how TNC’s can gain local legitimacy will at the same time advocate for moral improvements.

Moreover, migrant workers add a particular dimension to the existing challenges which the Sustainability Commitment does not explicitly recognize. Migrant workers who may be more vulnerable than other workers are hardly in a position to demand work improvements and have an indirect impact on labor conditions. For instance, increased unionization gets more complicated with the rapid changes of workers in the workforce since valuable knowledge and experience of the sector amongst the workers is lost, something crucial to triggering unionization. The advantages taken of migrant workers may also be linked to the cast system. Since coming from poor regions, one can assume that many migrants belong to a low cast which potentially increases the management’s degrading view upon them. Changing these deep-rooted norms will most likely take time.

Despite that H&M is trying to address the consequences of their outsourcing H&M contributes to the Race to the Bottom. If the exploitative business model is not addressed most actions will be like putting a bandage on a wound, temporary helping but not curing the disease. While being part of the global economy it is unrealistic to expect H&M to break any ribbons or be constantly occupied with fulfilling human rights while their competitors continue to take advantage of the situation. The Race to the Bottom, therefore, calls for an increased cooperation between TNCs and a mutual agreement to raise the labor standards. Increasing the payments to the suppliers is necessary, because the supplying companies are corporations who, just like
H&M, are ruled by their stakeholders’ interests and will not lower their profits so that higher wages can be given simply because H&M or a TNC says so. Ksiezak’s remark of the importance to fight corruption and change internal structures in order to achieve successful CSR outcomes is also relevant since H&M continues to contribute to the underlying problem. One could expect a significant improvement in H&M’s supplying factories if H&M allocated more money to their suppliers and made unannounced inspections, although that this would not solve the entire problem.

The economic structures of the Race to the Bottom also creates contradictions for the government who shapes the labor conditions too. Since the garment industry is the second largest job creator in the country it is economically rational that the Indian state avoids demanding improvements in labor conditions as long as there is a threat of capital flight. The fear of losing jobs undermines incentives to act for change, as improving labor inspections, which is one of the governance priorities. At the same time, H&M and other TNCs are provided with an opportunity to continue to take advantage of the given situation. This vicious spiral which no one dares to break therefore requires a collective agreement of improved labor standard in which companies would not risk to getting bankruptcy due to being economically irrational. Global brands must therefore come together and cooperate to end the Race to the Bottom which would enable the Indian state to support labor improvements. However, the results indicate that, to start with, left parties and trade unions have to dare to criticize the exploitative structures. An undefined, never spoken of conflict which lacks partners who clearly identify themselves with the working class will hardly manage to organize support to address the root causes.

The necessary actions are most likely held back due to the most influential stakeholders, which points towards Stefan Persson’s family and company who own 47,5% of H&M. Despite H&M’s ethical marketing image H&M is a profit-driven company prioritizing interests of its stakeholders which is considered morally right due to owner’s rights to control their investments. Unfortunately, this study can not make any comments about the management’s mindset due to their absence in this study. However, one can conclude that if stakeholders are primarily concerned about money, society must find a way to turn the profits on the expense of human rights into consequences that financially affects companies. Increased legal accountability would not only bring justice to the workers but could also be a fundamental game changer of how business is conducted since TNCs would no longer be accountable to
weak domestic laws. A strengthened legal accountability in the TNC’s home country could therefore be key. Furthermore, could psychological ‘nudges’, such as wage labelling, also be a good compliment to the legal accountability since affecting purchasing power. Nudges has proven to change habits in other issues, such as not requiring a new towel every day in hotels due to environmental reasons.\textsuperscript{194} The vital link to change structural behaviors is about making the ethical consideration an easy choice because in many cases consumers do not have strong preferences, it is rather a matter of comfort. Imagine if information or pictures about the factory worker’s lives were printed on the purchasing bags, just as the deterrent pictures on cigarettes packages, or if the cashier asked you at every purchase if you would like to pay a small extra sum to support the workers’ wage. There are plenty of options that companies such as H&M could afford to try which should not be underestimated since research shows that a majority of the people in general adjust to a majority of the nudges they are exposed to.

In sum, the functioning of H&M’s CSR is influenced by many factors and the responsibility for different issues has to be separated. Nonetheless, one can conclude that the Sustainability Commitment does not secure decent work conditions, change asymmetrical power relations, reduce workers’ fear of getting fired nor change violent practices by the local management. CSR policies such as the Sustainability Commitment is hence not a sufficient tool to secure labor rights, as the stakeholder theory would predict since H&M’s financial investments, constrained by stakeholders, overpower the ethical commitments. Although multiple actors have to address the problems within their limit the underlying cause of the problems is the global economic structures which spur unsatisfactory labor conditions. For a substantial change to happen the Race to the Bottom needs to stop, something which requires harmony and increased cooperation amongst global brands. This would, in turn, enable the Indian state to improve the labor standards.

Lastly, while writing this thesis it has become apparent that both migrant workers and the gendered dimension has particular dynamics which deserve further research attention. Moreover, the problems of global cooperation calls for future studies to explore possible enablers for urgent change.

9. Recommendations

The power and ability to impact the situation varies between actors and H&M does possess a substantial amount of power to improve the functioning of the Sustainability Commitment. The following recommendations are suggestions of how H&M could improve the realization of their policy:

- Reducing the numbers of suppliers so that long term relationships can be established.
- Demanding orders on a more stable, continuous basis. This would ease work pressure due to seasonal demands.
- Provide detailed specifications about price settings and production deadlines in the orders.
- Propose an estimated time of production for each product, something that would lower unreasonable production targets.
- Educate their suppliers about the benefits of paying living wages. A stable workforce will for example develop more skilled workers.
- Conduct unannounced audits in supplying factories instead of always informing about their visits.
- Require union presence within its supplying factories.
- Recognize the importance of external factors and engage in lobbyism to increased minimum wages in India for example.
- Address short-term contracts since informal workers suffer from labor rights violations on many levels. This would also affect gender discrimination since female workers most likely would speak up against harassments if knowing that they are not risking their jobs.
- Encourage their suppliers to employ female supervisors.
- Address the dynamics of migrant workers.
- Cooperate in labor issues with other brands to end the Race to the Bottom.
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Appendix 1: Interview guide

Introduction
Could you please tell me a little bit about your occupation? How long have you worked in this sector? Are you a worker representative?

Health & Safety
Could you please tell a little bit about the work environment regarding safety? How is it with drink water? Toilets? Breaks? How are inspections carried out?

Discrimination, diversity & equality
Are there any physical or mental harassments of workers? Is there any discrimination in the compensation or salary? In the access to job training and career development? How does caste influence the status as employed? Religion? Age? Is there a grievance mechanism? How are the opportunities for women to get back to work after maternity leave?

Recognized employment
Do workers get a written contract in their own language? How is the hiring procedure? Are workers allowed to stay at the same workplace for an unseen future? How common is it that employers are cheating with workers legal rights?

Fair living wages
How much do the workers earn? Is it in line with the national legislation? To what extent covers the wage the basic needs of the family? Are salaries paid regularly? How is it with payment on holidays? How are the rising living costs reflected in the wage?

Working hours
How many hours a week are workers generally working? How common is overtime? Is overtime voluntary? What is the overtime compensation?

Freedom of association
Is there a right to join trade unions? How many workers are a union member? How is the management's’ attitude towards unions? How is the situation of the union representatives at work?

Child labor
How is it the situation when it comes to child labor?

Forced labor
To what extent do you perceive forced labor to exist? Have you heard of anyone who needs to deposit her ID documents to you employer? How is the freedom of movement? Are salaries always given unconditionally?
Migrants
Is it common with migrant workers at the workplace? How does their situation differ from the ones who are not migrant workers?

Enforcement
How is the enforcement of labor regulations carried out?
How does H&M differ from other brands when it comes to labor conditions?

Problem solving
If you could change something, what would you like to adjust? What is needed to overcome the main problems that you have mentioned? How do you think a better arrangement could be done? Which actors are responsible for improving the situation?

Before finishing
Do you know someone else on this topic that you think I should speak with?
Do you have something you would like to add before we end this interview?
Appendix 2: The Sustainability Commitment H&M Business Partner (part about Labor Conditions)

Sustainability Commitment

H&M Business Partner

At H&M, we are convinced that sustainability is a natural part of being a successful business. Therefore we always strive to act ethically, transparently and responsibly and we expect our Business Partners to do the same. H&M represents all affiliated companies and brands within the H&M Group.

Compliance with the law is the fundamental starting point, but our ambition is that together we go beyond what the law says to advance the following issues;

Healthy workplaces: Besides providing an income, employment enables people, their families and communities to flourish. Providing a safe and healthy workplace, guaranteeing rights at work, 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.

Healthy ecosystems: Ecosystems provide us with natural resources, such as clean air and water, which are essential to people, communities and business. To meet the needs of present and future generations, the long-term health of ecosystems must be protected by preventing harm to the environment and by using natural resources responsibly.

Animal welfare: Animals are entitled to humane treatment. This must be respected through the adoption of good animal husbandry and non-animal test methods.

H&M also expects Business Partners to apply the requirements and approach outlined in this Commitment in their supply chains.

H&M has a zero tolerance policy on all kinds of corruption and commits to a strong anti-corruption program. The Code of Ethics/Business Partner Commitment is a separate commitment that all Business Partners have to sign and commit to comply with. This Sustainability Commitment covers the following issues:
H&M’s requirements and expectations for these issues are explained in the Specifications section of this Commitment. For each issue there are two levels of sustainability performance;

‘**Fundamental** — Refers to performance in line with internationally agreed standards, applicable UN and ILO Conventions as well as national legislation, and where there is discrepancy between requirements the one that offers the greatest protection for workers, the environment and animal welfare shall apply. Compliance with fundamental requirements is expected of all H&M Business Partners.

‘**Aspirational** — Refers to performance that goes beyond legal responsibility and international standards at Fundamental level to advance sustainable impacts of Business Partners’ own operations, as well as contributing to addressing social and environmental concerns outside their own operations.

Performance within these areas is an integral component in H&M’s overall evaluation of Business Partners. H&M will continue to engage, grow with and reward Business Partners that share our ambition to advance sustainability and our commitment to continuous improvement. This Sustainability Commitment applies to the direct operations and subcontractors of Business Partners which have a contractual business relation with H&M. H&M may also engage with non-direct Business Partners in the supply chain to voluntarily sign this Sustainability Commitment in order to work together for improved sustainability performance.

Specifications to Sustainability Commitment

**H&M Business Partner**
Foundations for our Specifications

Our Specifications reflect our commitment to promote adherence to internationally agreed standards, including the Universal Declaration of Human Rights, the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights. A number of multilateral conventions and multi-stakeholder standards and guidelines on human rights, environment and animal welfare issues are also referenced within the Specifications.

We recognise that many of our Business Partners are committed to uphold and promote these standards in their operations and supply chains. We also recognise that some aspects of our Specifications are more relevant to our manufacturing Business Partners than to our service Business Partners. In presenting the Specifications in a holistic format, our aim is to provide clarity and sufficient detail for all Business Partners on our requirements.

Performance evaluation

Mutual trust and transparent dialogue are central to H&M’s intentions to continue to grow with Business Partners that show continuous improvements in their sustainability performance.

To enable effective performance evaluation and dialogue, H&M reserves the right to request sustainability performance data from Business Partners and to conduct unannounced visits to facilities producing goods or services for H&M. Business Partners may also be subject to assessments conducted by assessors representing organizations of which H&M is a member. Therefore, Business Partners are obliged to keep H&M informed of where production and services for H&M takes place, unless H&M has explicitly confirmed, in writing, an exemption from assessment, unannounced visits and/or direct disclosure of sustainability performance data to H&M. The scope of this obligation includes sub-contracting and home-working to produce goods or services for H&M. Business Partners that utilize outsourced production need to ensure relevant documentation is maintained for verification purposes.

To ensure stable compliance with fundamental requirements and enable continuous improvement to reach aspirational performance levels, we expect our Business Partners to implement well-functioning management systems. These shall include clear policies, an accountable organization, routines, communication and feedback mechanisms to identify, correct and improve social, health & safety and environmental impacts.

When submitting information on sustainability performance, Business Partners are expected to be transparent and not intentionally mislead H&M. Non-transparency is regarded as a violation of this Sustainability Commitment. Unwillingness to cooperate or violations of this Sustainability Commitment and/or local law, may lead to reduced business and ultimately termination of the business relationship with H&M.

Transparency is also the essential starting point to recognise and address industry-wide and systemic sustainability challenges. H&M will continuously engage with Business
Partners, industry, civil society and governments to promote collective actions and systemic changes needed to improve social and environmental sustainability. H&M encourages our Business Partners to do the same.

1 Healthy Workplaces

A Health and safety
Our approach is based on upholding ILO Conventions 155 and 183, ILO Recommendations 164 and 191

Fundamental:
Workplace safety and the health & safety of employees must be a priority at all times and a safe and hygienic working environment shall be provided. At a minimum, this means:

- Compliance with applicable laws and regulations.
- No unsafe buildings.
- No unsafe exposure to hazardous machines, equipment and/or substances.
- Fire Safety shall be maintained through adequate equipment and facility conditions, regular firefighting training and evacuation drills and prevention of fire hazards.
- There is access to clean drinking water and toilet facilities. Adequate ventilation and temperature is provided.
- Accommodation/Housing, when provided, must be separated from the workplace and is subject to all above fundamental requirements concerning health and safety.
- Prevention of accidents and injury to health arising out of, associated with, or occurring in the course of work and employees receive regular and recorded health and safety training.
- Reasonably accommodate the needs of pregnant workers.

Aspirational:
The employer promotes, and actively works to ensure long term safety, good health and well-being of employees applying a gender perspective and good practice, especially including pregnant workers.

B Discrimination, diversity and equality
Our approach is based on upholding ILO Conventions 100, 111 and 159, ILO Recommendations 90, 111 and 168
**Fundamental:**
Every employee is treated with respect and dignity at all times. No employee shall be subject to humiliating or corporal punishment or subject to physical, sexual, psychological or verbal harassment or abuse. There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement on the grounds of gender or sexual orientation, race, color, age, pregnancy, marital status, religion, political opinion, nationality, ethnic origin, caste, disease or disability. There is a grievance mechanism in place enabling employees to put forward complaints without risk of retaliation.

**Aspirational:**
The employer actively works for diversity and an inclusive workplace. The employer also actively engages with local community and/or NGO’s to understand how minorities and/or disadvantaged groups can be considered for employment and how barriers can be countered proactively.

**Recognized employment**
Our approach is based on upholding ILO Conventions 122, 158 and 175, ILO Recommendation 166

**Fundamental:**
All work performed must be on the basis of recognized employment relationship established through national law and practice.
Every employee shall be entitled to written contract, in their own language, that stipulates conditions for the employment.
Obligations to employees, under labor or social security laws and regulations arising from the regular employment relationship, shall not be avoided through the use of labor-only contracting, fixed-term contracts or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment.

**Aspirational:**
The employer takes steps beyond those required by law to limit the use of fixed-term contracts of employment. In countries where the social security system falls short – the employer provides alternative insurance for employees, including medical and retirement insurance.

**Fair living wage and benefits**
Our approach is based on upholding ILO Conventions 131 and 183, ILO Recommendation 135
Fundamental:
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. All wages shall be paid on a regular basis and in full, and the particulars of the wage for a pay period must be provided in written and understandable form. All fringe benefits required by law or contract are provided. Deduction from wages as a disciplinary measure shall not be permitted. The employee shall be granted and correctly compensated for any type of paid leave to which they are legally entitled.

Aspirational:
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.

Working hours
Our approach is based on upholding ILO Conventions 001, 014, 106 and 030

Fundamental:
Working hours in a week, as well as overtime hours, shall comply with national law, ILO Conventions or collective agreement, whichever affords the greater protection for workers, and be defined in contracts. In any event, employees shall not on a regular basis be required to work in excess of 48 hours per week and should be provided with at least one day off for every 7 day period. The total hours in any 7 day period shall not exceed 60 hours. Overtime shall be voluntary, not exceed 12 hours per week and shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.

Aspirational:
The employer ensures that the workplace has a sophisticated system to measure and monitor production plan, capacity and output in order to avoid overtime hours.

Freedom of association and collective bargaining
Our approach is based on upholding ILO Conventions 87, 98, 135 and 154, ILO Recommendations 135 and 143
**Fundamental:**
All workers, without exception or distinction, have the right to join or form a trade union of their own choosing and to bargain collectively. Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace. Where the right to freedom of association and collective bargaining is restricted under national law, the employer encourages and does not hinder the development of parallel means for independent and free association and bargaining.

**Aspirational:**
The employer engages on a regular basis with employee representatives to facilitate and promote social dialogue. The employer engages directly with local and regional trade unions to proactively address issues of concern to the workforce and is member of an employers’ association.

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**Child labor and young workers**

Our approach is based on upholding ILO Conventions 138 and 182, ILO Recommendations 146 and 190


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**Fundamental:**
Child labor is not accepted. No persons shall be employed at an age younger than 15 (or 14 where ILO Convention 138 makes an exception) or younger than the legal age for employment if this is higher than 15. All legal limitations regarding employment of persons below the age of 18 shall be followed. They should be protected from any hazardous work, night shift and any kind of work that might hamper their development or impose any physical harm.

Necessary measures shall be taken to prevent that no one under the legal age of employment is recruited. The employer shall develop, or participate in, and contribute to policies and programs which provide transitional arrangements for any child found to be performing work in the workplace to enable her or him to attend and remain in quality education until no longer a child. The best interest of the child should always be applied in consultation with the child’s parents and/or guardian and the child it concerns in a way conducive to the child’s age and healthy development.

**Aspirational:**
The employer actively engages with local communities and stakeholders to promote education and sustainable solutions to address child labor and youth unemployment.
Forced, bonded, prison and illegal labor

Our approach is based on upholding ILO Conventions 29 and 105, ILO Recommendation 35

**Fundamental:**
Forced, bonded, prison or illegal labour is not accepted. If contracted labor is hired, the employer is responsible for payment of employment eligibility fees of contract and/or foreign workers, including recruitment fees. Employees shall not be required to lodge “deposits” or identity papers with their employer and shall be free to leave their employment after reasonable notice. The employee’s freedom of movement is not restricted. No part of wages is withheld.

**Aspirational:**
See Recognized employment.