Briefing

Intertek and the failures of Social Auditing

Most high street fashion brands use Social Audits. These are checks carried out to see if factories are treating workers fairly. This briefing covers a worker case where social auditing failed and looks at how this exemplifies the failings of the audit industry.

What happened in the VK Garment case?

A group of 130 Burmese migrant workers were working 99-hour weeks making jeans for Tesco in Thailand. For 3 whole years, they were paid an illegally low wage - as little as £3 a day to work from 8am to 11pm with just one day off a month. They had to work through the night for 24 hours at least once a month to fulfil large F&F orders, and became so exhausted they fell asleep at their sewing tables.

The VK Garment workers are suing Intertek and Tesco for negligence.

The VK Garment factory opened bank accounts for them and then confiscated the cards and passwords so they could make it appear they were paid minimum wage while paying much less in cash. The VK workers say they were shouted at and threatened by managers within the factory if they did not keep working overtime and meet targets. They were made to live in overcrowded factory accommodation sleeping on concrete floors, with dirty pond water in a bucket to wash with. Charges for rent and immigration documents were deducted from wages, often leaving the workers so short of money that they had to turn to loan sharks. This put them in a state of debt bondage with no alternative but to remain working at the factory in order to service the debts.

Retail giant Tesco had a contract with Intertek to provide auditing services in its supply chain. The factory was audited over the years by Intertek but the exploitation, forced labour, debt bondage and fraud were not flagged to the brands and no remedy was provided. Finally, in 2020, after auditors passed on worker reports of exploitation to the factory management (rather than creating an action plan to protect the workers) the workers were fired. They are now suing Tesco and Intertek for negligence.

Who is Intertek?

Intertek Group Plc describes itself as a 'Total Quality Assurance Provider' to businesses across the world. The company offers services such as assurance, testing, inspection, certification, and auditing. It caters to manufacturers, governments, retailers and traders in various industries, including the garment sector.

Intertek Group PLC's revenue in 2023 was £3.3 billion. It is headquartered in London and operates in over 100 countries, with 43,908 global employees.

Intertek features in the top ten companies in the social audit services market globally, alongside companies such as TUV Rheinland, SCS Global Services and Bureau Veritas.

What have Intertek done?

Intertek consistently conducted audits at the VK Garments factory between 2017 and 2020 and did not accurately identify or report what was happening at the factory and housing. This negligence meant years of exploitation for the VK workers.

Audit documents show that some interviewed workers told the auditors they were not paid a legal day rate or the minimum wage, that they worked on Sundays and that they were scared to speak out. They also show one worker reported having their ATM card taken from them, but auditors conclude in the report that they could not verify non-compliance because of 'inconsistencies in the records'.

The global social auditing industry is forecast to reach $27 billion by 2026.

Intertek's audits were further used to undermine legal processes that could have resolved workers' wage claims. In 2020, the workers filed a complaint with the Thai Department of Labor Protection and Welfare (DLPW) about the factory's failure to pay two years' of full wages including holiday pay and overtime, severance pay and severance pay in lieu of advance notice, totalling £765,000.

Relying on the evidence shown in an Intertek audit, the department dismissed the wage part of their claim and refused to order the factory to pay the wages workers were owed.

The reason? Intertek's audit did not say that workers were paid illegally and this was taken as superior evidence.

Social auditing as an industry does not protect workers' rights

Despite industry claims, the multi-billion dollar social auditing industry does not keep workers safe or protect their rights. There are many examples from the last decade that demonstrate how social auditing has failed to protect workers, and instead has been used by corporations to distance themselves from the responsibility of protecting workers' rights and lives

For example, the July 2017 boiler explosion in the Multifabs factory in Bangladesh, killing and injuring dozens of workers, was a factory that had passed an Amfori BSCI audit months before the disaster. Or the Top Glove factory in Malaysia that was shown in 2018 to be employing migrant workers seven days a week, a minimum of 12 hours a day, with only one day off per month, in conditions that met the ILO's criteria for modern slavery. This factory had passed an Amfori BSCI audit also in preceding months.

Not to mention the well documented Ali Enterprises fire in Pakistan – a factory that had passed SAI and WRAP audits and was declared safe. In this case, assessment was made by auditors who reportedly never even visited the building.

These foreseeable and avoidable disasters exemplify systemic failures of corporate-controlled social auditing; an industry which is dictated by the wishes of the customer.

Brands cannot be trusted to regulate themselves

In the global garment industry, social auditing has become a major feature of how fashion companies do business since the early 2000s when auditing became a popular response in the face of exposés of supply chain exploitation. Yet, the social audit industry has failed spectacularly in its proffered mission of protecting workers' safety and improving working conditions. Instead, it has protected the image and reputation of brands and their business models, while standing in the way of more effective models that include mandatory transparency and binding commitments to remediation.

Social auditing has been shown time and time again to fail to accurately record worker rights breaches.

Brands pay for social audits from companies like Intertek, in order to cover their responsibility and provide plausible deniability for serious human rights infringements and environmental damage. In a contractual business relationship with a conflict of interest, where the brand is the client, auditors provide brands with the information they want to hear.

Deadly by design

The social auditing system is not just ineffective but actively deadly by design. Auditors do not have the skills, time, or incentives to properly detect human rights violations, yet they issue reports that reassuringly tell brands that there's nothing to worry about. When this comes to safety concerns it can mean the difference between life and death. The Rana Plaza building collapse was a man-made disaster and completely preventable - a building certified as safe by social auditors. Brands were wilfully blind to the factory conditions, which were not detected or were ignored by the social audits they commissioned. It is startling that no one – not a brand or an auditing firm – was held to account by the legal system for the massive loss life.

The alternative to social auditing

Brands need to engage proactively with unions and worker movements on the ground in meaningful social dialogue to understand conditions from the factory level upwards. This should come from democratically elected worker structures at a factory level, transparent and effective complaints mechanisms established in collaboration with unions, and legally binding agreements with trade unions to improve conditions and pay.

The alternative is transparency, accountability, and genuine worker involvement.

Transparency is also vital. Whereas the social auditing system as it stands treats data on workers' rights as a commercial asset traded for a fee, this information should be open. Open information about corrective action plans (as modelled in the International Accord) would allow engagement from the labour movement in fixing factory issues.

We also need laws that hold corporations to account for their negligence – mandatory human rights due diligence legislation that can encourage brands to take their due diligence responsibility seriously, and provide sanctions and access to justice for when this duty fails.

Bring an end to Impunity

The social auditing industry is operating with impunity; there have been few, if any, negative repercussions for the auditing companies and social compliance initiatives involved in deadly disasters and human rights violations. In fact, these initiatives continue to grow, with revenues and profits of the industry key players increasing over the years, in tandem with the growing number of audited factories.

Intertek's role in the VK Garments case is a clear example of the failure of social auditing – a model that needs full reform, as in its current format it actively puts workers at risk.

The industry has been able to keep these many failings under the radar because of its notorious lack of transparency and the opaque chains of accountability which preclude sharing any outcomes with the outside world, including the workers whose rights, lives and health are at stake.

This is the reason why the VK Garment workers case is important. UK law firm Leigh Day are representing the workers in bringing charges against Intertek, holding them to account in this landmark case, for the harm experienced due to the negligence of social auditing practice. If successful, the case will not only right a wrong enacted upon these Burmese migrant workers, seeking justice in a global supply chain; it will also create a legal precedent demonstrating the complicity of social auditing firms in human rights violations, and their duty to provide remedy.

Labour Behind the Label campaigns for garment workers' rights worldwide. We support garment workers' efforts to improve their working conditions and change the fashion industry for the better. We raise awareness, provide information and promote international solidarity between workers and consumers. We represent the Clean Clothes Campaign in the UK.

Labour Behind the Label
The Old Co-op
38-42 Chelsea Road
Easton
Bristol BS5 6AF

www.labourbehindthelabel.org
info@labourbehindthelabel.org

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