In good hands

Tackling labour rights concerns in the manufacture of medical gloves

European Working Group on Ethical Public Procurement

MEDICAL FAIR&ETHICAL TRADE GROUP

BMA

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British Medical Association

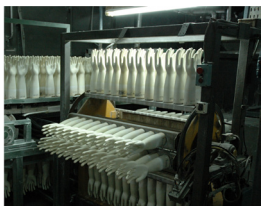
The British Medical Association (BMA) is an apolitical professional association and independent trade union representing doctors and medical students from all branches of medicine across the UK and supporting them to deliver the highest standards of patient care. We have a membership of more than 170,000 which continues to grow each year.

BMA Medical Fair and Ethical Trade Group

The BMA Medical Fair and Ethical Trade Group was established in August 2007 to investigate, promote and facilitate fair and ethical trade in the production and supply of commodities to the healthcare industry.

European Working Group on Ethical Public Procurement

The European Working Group on Ethical Public Procurement (EWGEPP) is a collaboration of representatives from public authorities, governmental bodies, multi-stakeholder initiatives and NGOs from several European countries. The mission of the EWGEPP is to work towards ethical procurement becoming a natural and integrated part of public procurement processes in Europe and beyond.



Cover picture: Glove manufacture in Sri Lanka.
Picture courtesy of Martin Kunz, Fairdeal trading.

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Executive summary

The manufacture of medical gloves is a large global industry, producing in the region of 150 billion pairs of gloves per year, with a market value of over USD $5 billion. Most production is outsourced to factories in Malaysia and Thailand, and a handful of other Asian countries.

Many factories in these regions are reliant on migrant workers. There are documented serious labour rights concerns at many of these factories, including excessive working hours and production targets, inadequate pay, payment of extortionate recruitment fees, illegal retention of passports, and anti-union activities. In some factories there are allegations of illegal imprisonment of workers, and beatings.

Members of the BMA Medical Fair and Ethical Trade Group and the European Working Group on Ethical Public Procurement have coordinated a response to the concerns raised by building a collaboration of purchasing organisations, and through dialogue with some of the companies they purchase from. Procurement agencies for the NHS in England, and for national procurement in Sweden and Norway have instigated contractual requirements for those supplying medical gloves to evaluate and improve labour standards in the factories from which they source. Several large manufacturing factories have started to improve labour standards in their supply chain.

This report suggests that those who use, procure, supply, or manufacture medical gloves instigate policies and practices to protect workers in this industry, and suggests ways that this may be realised, and challenges that may be encountered.

1 Introduction

The manufacture of disposable gloves is a large global industry that produces in the region of 150 billion pairs of gloves per year, with a market value of over USD $5 billion.[1] Of all disposable gloves, an estimated 85-95% are used in the medical sector,[2] and most of the remainder in the food sector.

In recent years there have been a number of audits or investigations of labour conditions in the medical gloves industry, undertaken by labour rights groups or by those procuring gloves for the medical sector. These have revealed endemic and serious labour rights abuse of workers in factories in Thailand, Malaysia, and Sri Lanka. This includes both factories manufacturing for small-scale medical glove suppliers, and those manufacturing for major international brands.

The initial response from some of the glove suppliers was a denial of the concerns raised, and it seemed, a failure to take these concerns seriously. Consequently, in 2015 the BMA Medical Fair and Ethical Trade Group convened a group to tackle labour rights concerns in the medical gloves industry, which included members of the European Working Group on Ethical Public Procurement (EWGEPP). We instigated discussions with senior management at some of the major global glove brands implicated in labour rights abuse, with the aim of influencing the response from the industry. Those involved in national or regional procurement of gloves in the UK, Sweden and Norway put in place requirements such that suppliers of gloves to these regions are now contractually required to evaluate and improve labour standards in their supply chains.

This report summarises the concerns about labour rights that have been documented in the medical gloves manufacturing sector, and discusses the response from suppliers and from procurers. It highlights that at present this sector should be considered at high risk of labour rights abuse, but also details some of the positive changes that have occurred in the industry. We support the notion that those who use, procure, supply, or manufacture medical gloves instigate policies and practices to protect workers in this industry.

This report is authored by the BMA Medical Fair and Ethical Trade Group and the European Working group on Ethical Public Procurement (EWGEPP). The BMA Medical Fair and Ethical Trade Group is a leader in the UK and international agenda to publicise and promote the protection of workers in medical supply chains. The group has previously developed strategy for ethical procurement in the UK health sector,[3] has successfully lobbied for change in national and international public procurement law to enable worker protection, and has demonstrated effects on the ground, notably in working conditions in the manufacture of surgical instruments in Pakistan.[4] The EWGEPP was co-founded by the BMA Medical Fair and Ethical Trade Group, and is a collaboration of key representatives from Europe working in procurement or procurement policy in the public or health sector. The EWGEPP exists to share resources, and to coordinate response across Europe in the protection of worker rights, especially in the health sector.

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The disposable gloves industry

Disposable gloves are primarily used in the healthcare and food industries. In healthcare, gloves are designed to protect healthcare workers and patients from bodily fluids and transmissible diseases. Present revenue from global sales of disposable gloves is estimated at US $5.2 billion (2013 sales).[1]

Disposable gloves were first used in healthcare in the late 19th Century, when technological advances enabled the manufacture of suitably flexible products made of natural rubber latex.[5] The global market for medical disposable gloves showed steady growth until a rapid expansion in the late 1980s, in response to heightened awareness and concern about transmissible diseases, in particular the HIV virus.[5,6] This growth in the market, and increasing price competition, led many European and US suppliers at that time to shift their manufacturing to South-East Asia, where labour costs are lower, and there was an accompanying explosion of glove factories. In particular, many companies started manufacturing in Malaysia, which is now one of the world's leading sources of natural latex[6] and the leading country for glove manufacture. The shift to Malaysia was supported through investment incentives offered by the Government of Malaysia. Subsequently there has been a consolidation of manufacturing firms, as larger companies have taken over smaller companies, and increasing automation has made it difficult for smaller companies to remain price competitive. In 1990 there were more than 200 global rubber glove manufacturers, by 2009 this had reduced to only 45.[2] The market for medical gloves continues to grow by 6-8% per annum.

At present around two-thirds of all disposable gloves are manufactured in Malaysia, where the largest manufacturers are Top Glove, Supermax, Hartalega, and Kossan.[7] Top Glove is the largest manufacturer in the world, producing up to 45 billion gloves per annum.[8]

Significant glove manufacturing also occurs in Thailand, where the largest companies are Sempermed, Safeskin Corporation, Ansell, Mala Intertrade, MRI Company, and Dr. Boo.[7]

Manufacture occurs on a smaller scale in China (e.g the company Hongray) and Indonesia (e.g the company Medisafe). There are also pockets of manufacture in Sri Lanka, the Philippines, Singapore, and a handful of other countries. The leading regions for export are the USA, European Union, and Japan.[9]

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Medical glove materials

Medical gloves are of two quality grades: examination gloves and (higher grade) surgical gloves. Contemporary materials used for the manufacture of medical gloves include natural rubber latex, synthetic rubber, nitrile, neoprene, and vinyl (table 1). [1] Latex has excellent fit and feel, making it the preferred material for surgical gloves, and latex gloves comprise 40% of all global disposable glove sales (2012).

Latex can however lead to occupational allergy amongst healthcare workers,[10] including contact dermatitis or (less often) respiratory tract symptoms such as wheezing. Consequently, there is a growing market for gloves less likely to induce allergy, including protein depleted and powder-free latex gloves, and gloves manufactured from latex-free petrochemical polymer materials. In particular, demand for nitrile gloves has grown, spurred by anti-latex policies in hospitals or other healthcare settings.

Table 1. Properties of materials used in glove manufacture.[11]

Material	Origin	Properties	Use
Natural latex	Natural extract of rubber tree *Hevea brasiliensis*	Excellent fit and feel, but potentially allergenic	Surgical gloves, examination gloves
Synthetic rubber	Polychloroprene or synthetic polyisoprene	Excellent fit and feel	Surgical gloves, examination gloves
Nitrile	Polymer of butadiene with acrylonitrile	High strength and chemical protection, good elasticity	Examination gloves, surgical gloves
Neoprene	Polymers of chloroprene (2-chloro-I, 3-butadiene)	Good fit and feel, comfortable	Examination gloves, surgical gloves
Vinyl	Polyvinyl chloride (PVC), polymer of vinyl chloride monomer	Poor elasticity and poor chemical resistance	Examination gloves (short-term procedures)

4 Glove manufacturing processes

The most common raw material for gloves in latex, which is extracted from the rubber tree *Hevea brasiliensis*, a species that is native to South America but has been introduced into South and South-East Asia and tropical West Africa. Synthetic gloves are produced from polymers of petrochemical origin.

Gloves are manufactured using machines that cycle molds or "formers" onto which chemical and raw materials are applied and processed (figure 1). The details of each stage of manufacture will vary depending upon the factory and the raw material, but generally for latex gloves includes:[12]

1. Compounding. Latex material is mixed with other chemicals (e.g. accelerators to support the vulcanization and improve performance of the latex film).
2. Cleaning of residue from the former. This can be achieved using alkaline solutions, acidic solutions, oxidizing agents, surfactants, or a combination of these.
3. Coating of the former with coagulant (typically calcium nitrate) to control the amount of latex that will de deposited (and hence the thickness of the glove).
4. Immersion of the former in latex solution. The latex is generally mixed or compounded with curatives, antioxidants, and stabilizers.
5. Leaching with hot water to remove residual calcium nitrate and soluble protein.
6. Drying oven and vulcanization.
7. Post-vulcanisation leaching.
8. Surface treatment of the glove: gloves are powdered or (for powder free gloves) chlorinated or coated with a polymer for easier donning.
9. Stripping. Gloves are removed from the formers. This process can be fully automated (on most advanced lines) or semi-automatized (majority of the facilities), whereby the glove is reversed by the combined use of compressed air and mechanical grasp (allowing the worker to strip it by pulling the cuff). Older facilities may still require manual stripping of gloves.

Finished gloves will then be packed, and may also be sterilised. The process for the manufacture of non-latex gloves is similar. Testing of gloves for quality includes evaluation for permeability and for latex protein residues.

Figure 1: Glove manufacture in Malaysia using "formers".

Image courtesy of Grete Solli, Helse Sør-Øst.

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General labour rights concerns in Malaysia, Thailand, and Sri-Lanka

The majority of medical gloves are manufactured in Malaysia and Thailand. Smaller numbers are manufactured in Sri-Lanka (and a handful of other countries in Asia). In Malaysia, Thailand and Sri Lanka there are widespread concerns about labour rights abuse in the manufacturing industries.

Factories in both Malaysia and Thailand are highly reliant on migrant labour from neighbouring (less affluent) countries, under "guest-worker" programmes,[13] although many migrant workers also arrive illegally. In Malaysia there are over 3 million migrant workers. In Thailand there are estimated to be at least 1.8 million.

In both of these countries migrant workers are often given jobs that are less attractive, so-called 3D jobs: **"dirty, dangerous, and difficult"**. Migrant workers are routinely subject to conditions that differ from domestic employees, which may include short-term contracts, restrictions on place of work, and limited avenues for redress of labour abuse. In addition such labour often involves third party intermediaries who facilitate recruitment, but these intermediaries are often unregulated, leading to extortionate fees being charged to migrant workers. Because of these attitudes many low-skilled migrant workers in Malaysia and Thailand are vulnerable and systematically marginalised, putting them at risk of further labour rights abuse.

In Sri-Lanka concerns have been raised about anti trade-union activities, particularly in "Export Processing Zones" (EPZs). EPZs are regions created by the Sri-Lankan government to encourage foreign investment, and in these regions labour guidelines are less stringent and less often enforced.[14] In particular employee councils replace many trade unions with members of such councils selected by company management. True employee representation is difficult, and attempts to do so are often met with intimidation. Contract labour and temporary employment is also becoming more common in EPZs.

"dirty, dangerous, and difficult"

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Labour rights abuse in medical glove manufacture

The manufacture of disposable medical gloves is at high risk for labour rights abuse. This is because of the widespread use of low-skilled migrant workers in Thailand and Malaysia, and anti-union activities such as in EPZs in Sri-Lanka.

There are also hazards specific to this industry.[15] This includes exposure to chemical products such as caustic soda, potassium hydroxide, ammonia, chlorine gas, and hydrochloric acid, often with inadequate storage of these chemicals, or inadequate personal protective equipment for employees. Boiler areas present a risk of fire. In the production lines temperatures can be hot, often above 45°C and sometimes as high as 70°C. Parts of the factory may have high noise levels, for example in the stripping area machines can regularly emit noise as high as 90-100 decibels, which puts workers at risk of noise induced hearing loss. In factories that use manual stripping of gloves there is a risk of skin burns from hot formers. There is a risk of physical injury from repetitive motion and frequent lifting. Aerosolised latex powder puts workers at risk of allergic lung disease.[16,17]

There have been reports of serious labour rights abuse in several glove factories in Malaysia, Thailand and Sri-Lanka. These reports have included published reports from the labour rights groups Swedwatch and Finnwatch, a complaint from the international trade union IndustriALL, and reports from the labour conditions auditor Goodpoint (table 2). In addition there have been several media reports relating to the medical gloves sector, and in particular to the largest glove manufacturer in the world, Top Glove.

Table 2: Published reports on labour rights concerns in the medical gloves manufacturing industry. This table exclude media reports (see text for details).

Date(s)	Report author(s)	Organisation	Supply chain		Manufacture location
2010	Kristina Bjurling[18]	Swedwatch	Procurer: Supplier: Manufacturer:	Region Västra Götaland, Sweden Papyrus AB Kossan	Selangor, Malaysia
2013	Jyrki Raina[19]	IndustriALL	Manufacturer:	Ansell	Biyagama, Sri Lanka & Melaka, Malaysia
2014 - 2015	Sonja Vartiala & Sanna Ristimäki[20 21]	Finnwatch	Procurer: Supplier: Manufacturer:	Finland (hospital districts) One Med (Finland) Sempermed	Hat Yai, Thailand
2015 - 2016	Sara Gripstrand & Ellysna Muchlizar	Goodpoint	Procurer: Supplier: Manufacturer:	Region Jönköping, Sweden Bröderna Berner Ansell	Melaka, Malaysia

Swedwatch report

Swedwatch is an independent organisation that examines Swedish companies' business operations abroad with regards to environmental and social performance.

In 2010 the Västra Götaland procurement region in Sweden commissioned Swedwatch to investigate their supply chain for nitrile gloves from the supplier Papyrus AB. The factory was traced to Selangor, Malaysia and Swedwatch commissioned the local Kenan Institute Asia to conduct the audit.
The manufacturer was not named in this report, but it was stated that it produced gloves for a number of global brand names, and that it is one of the largest glove manufacturers in Malaysia. We have subsequently learnt that the factory belongs to the company Kossan.

In the Kossan factory all production workers were found to be migrants, including both permanent employees (largely from Bangladesh, Nepal and Vietnam) and temporary workers (largely from Cambodia, Burma, and Indonesia). However all supervisors and managers were local Malay.

Most "permanent" migrant workers were on a one-year contract, others were employed on an ad-hoc or day-to-day basis. Most production workers were employed for 12 hours a day with no overtime pay, and most worked a compulsory and contracted seven-day week. The employer routinely retained workers' passports without their permission. Employees had no written contract or payslip, yet there were deductions from wages that were not accounted for. There was risk of harassment of workers, for example management stated that if an employee returned to their dormitory later than midnight, they would be called to the office and made to stand there for up to 2 hours to embarrass them. The production line was hot and some workers had suffered burns removing gloves from hot ceramic formers. The factory had fire safety breaches. The on-site accommodation of workers was infested with cockroaches.

IndustriALL complaint (Ansell Ltd)

IndustriALL is an international trade union federation representing 50 million workers in 140 countries worldwide.

In 2013 the secretary of the union submitted a complaint to the contact point for Australia for the Organisation for Economic Co-operation and Development (OECD) about factories in both Sri Lanka and Malaysia operated by the company Ansell.[19] Ansell is a major global manufacturer and supplier of medical gloves, incorporated in Australia, and with headquarters in the US. There are 52 Ansell facilities in 35 countries.

IndustriALL submitted the complaint on behalf of its affiliated unions the Free Trade Zones and General Services Employees Union (FTZGSEU) of Sri Lanka, and the National Union of Employees in Companies Manufacturing Rubber Products (NUECMRP) of Malaysia. The complaint states that at Ansell's factory in Sri Lanka in the Biyagama EPZ, production targets were introduced that led to inhumane conditions. The targets were so severe that workers were reportedly fainting and even urinating at their workstations in order to keep up. Ansell made these and other unilateral changes to working conditions in both their Sri Lanka and Malaysia factories, which were deemed unfair by workers, but Ansell failed to recognise or negotiate on these matters with the trade union representing workers at either of these sites. Many trade union representatives at these sites have been dismissed from their positions. In 2013 the Sri Lankan local trade union president was chased and physically assaulted, and there are (unproven) concerns that employees of Ansell were involved in this attack. Concerns were also raised about poor wages (less than $0.8 USD per hour in the Sri Lanka factory and no overtime pay), poor housing for employees, and potential occupational related disease.

Reports on the IndustriALL website report that their was subsequent strike action at the Sri Lanka factory in protest at 11 dismissals at the company, which was met with further dismissal of nearly 300 workers. This was deemed unfair, but to date there has been a failure to compensate these workers as recommended by the Sri Lankan courts. Similarly in Ansell's Malaysia factory there was a picket involving hundreds of workers, after which ten leaders of the NUECMRP union were dismissed.

We made contact with the secretary of IndustriALL, who confirmed the nature of the concerns raised. He stated that Ansell for many years had denied the allegations, and refused to enter into dialogue or respond to letters. More recently however, Ansell has begun to engage in discussion about such matters. Because IndustriALL has made a formal complaint this has now become a legal matter, and consequently IndustriALL were not in a position to discuss further details.

Finnwatch reports (Sempermed factory)

Finnwatch is a Finnish non-profit organisation that studies the responsibility of global business.

In 2014 Finnwatch reported on poor working conditions in the packing department at the Siam Sempermed factory in Thailand,[20] which manufactures gloves for the brand Sempermed. This factory also produces gloves for the brands Marigold, Sensicare, Nova and Fitguard. Sempermed is the medical division of the Semperit group, which has headquarters in Vienna and is one of the world's largest suppliers of medical gloves. Sempermed has 7 factories located in Malaysia and Thailand, producing 20 billion gloves per year.

In this factory, interviewed workers were all found to be migrants. They were given strict daily production targets and were paid piece-rate wages, with threat of termination of employment if targets were not met. This meant some workers began work as early as 4:30am, even though they could only register as starting work at 7am. Many would work 13-hour days with insufficient breaks, including restricted toilet breaks. There was no overtime pay, and requests for overtime pay could lead to dismissal. Employees had no written contract or payslips. Migrant workers were required to pay a recruitment fee of €200, and the company further charged excessive and illegal monthly salary deductions for work permits. Employees were unaware of health and safety regulations. They were not entitled to annual leave or sick leave, and reported exhaustion (figure 2).

The report was based only on interviews with workers outside of the factory, and so working conditions inside the factory were not verified. We know that in particular there is some dispute over pay structure, where other assessors have stated that employees are paid a minimum wage, and a performance related piece-rate bonus.

Figure 2: Exhausted workers at the Siam Sempermed factory, Thailand.

Image courtesy of Finnwatch, ©Annina Mannila

Goodpoint audits (Ansell factory)

In 2015, Region Jönköping in Sweden asked the audit firm Goodpoint to look at the supply chain for the gloves it procured through the Swedish supplier Bröderna Berner. Bröderna Berner is the regional distributor of gloves for the firm Ansell. Goodpoint audited Ansell's factory in Melaka, Malaysia.[22]

Goodpoint reported that although the factory provided adequate salary, there were some breaches in labour standards. For example, migrant workers were charged recruitment fees in their home country amounting to up to three months salary. The employer held workers' passports. Contracts stipulated that foreign workers were not allowed to join a union allowed to terminate their contract without good reason, nor allowed to marry or get pregnant. There were fire safety breaches in the workers' accommodation block. Overtime was in some cases contractually obliged, and many workers were employed for excessive hours. One employee had worked 140 hours in a week, and another had worked 45 days consecutively without a day off.

Media report: Top Glove

In 2014 there were media reports of alleged serious mistreatment of workers at a factory in Meru, Malaysia owned by the company Top Glove.[23] Top Glove is a Malaysian company, and the world's largest producer of gloves. It runs 27 factories in Malaysia, Thailand, and China, comprising 484 production lines and a capacity of 45 billion gloves per annum, which are exported to 195 countries. Top Glove produces its own brand of gloves, but 80% of its production is for other global brands.[24]

The allegation relates to a migrant Indian national employed at the Meru factory, named Dhanusuvel Nadesan, who was employed at the safety and quality control section, and had been an employee at Top Glove for 9 years. Mr Nadesan had an argument with another factory worker leading to a physical altercation. According to the press report, Top Glove invoked its disciplinary procedure, which comprised forcibly detaining the employee for five days in the factory. It was also alleged that Top Glove staff also forcibly removed the employee's ATM card and his PIN number in order to pay for his food while being illegally held and was told that he would be beaten if he did not surrender his ATM card and PIN code.

The report suggested that this was not an isolated incident at this factory. A Nepali worker was allegedly held at the same time as Mr Nadesan, and he was held for 15 days. The report went on to allege that other workers had also been detained, and some had even been hit with batons by Top Glove's security.

We understand that these accusations were the subject of a local police investigation, the results of which we do not know.

Other reports

Several other reports have confirmed poor working conditions in factories manufacturing medical gloves.

Grete Solli, who procures for the region Helse Sør-Øst in Norway (and a member of the EWGEPP) visited an unnamed Malaysian glove factory in 2013. In an online article,[25] she reported that at this factory 12-15 hour days were commonplace to earn a sufficient wage, with up to 30 days work without a day off. More than 90% of the workforce were migrant workers, who live and sleep in the factory, and whose passports were routinely retained. Factory temperatures reached up to 40-50°C, and there were reports of frequent burns from hot formers.

A survey in 2010 of 200 employees in a Thai glove factory (manufacturer not named), showed that over a quarter of them considered their job to be highly stressful, and that their reporting of stress was strongly correlated to their perception of job insecurity and of poor support at work from managers.[15]

There have been many news stories of fires, chemical spills, or explosions in medical glove factories in Malaysia, Thailand, and Indonesia (table 3). These underline a persistent concern for safety at such factories. There is little doubt that less serious breaches of health and safety occur more frequently, but are not reported.

Table 3. Media reports of health and safety concerns in medical glove manufacturing factories. In many instances the company has not been named in the media report (as local law may prevent such disclosure), but has been inferred by information from other sources.

Year	Company	Location	Incidents	Reference
2015	Smart Glove	Selangor, Malaysia	Half of factory burnt	http://www.newsplus.my/newsrooms/ntv7/glove-factory-damaged-in-fire/
2015	APL Healthcare	Senawang, Malaysia	Fire in container, Nepali worker badly burnt	http://www.bernama.com.my/bernama/state_news/news.php?id=1180449&cat=st
2015	Careglove	Senawang, Malaysia	20% of factory burnt	http://www.themalaysianinsider.com/citynews/seremban/article/firemens-quick-action-saves-rubber-glove-factory-from-total-meltdown/firemens-quick-action-saves-rubber-glove-factory-from-total-meltdown
2014	WRP	Sepang, Malaysia	Burnt warehouse	http://www.thestar.com.my/News/Nation/2014/04/21/Warehouse-of-rubber-glove-factory-razed-in-fire/
2014	Great glove	Manik, Thailand	Fire in warehouse	http://www.thephuketnews.com/fire-at-phuket-great-glove-factory-44854.php
2013	Supermax	Alor gajah, Malaysia	Fire in compounding area	http://www.thestar.com.my/Business/Business-News/2014/09/08/Supermax-eyes-high-growth-Glove-maker-to-boost-OBM-products-in-India-China-and-Japan/?style=biz
2013	Master gloves	Rayong, Thailand	70% of factory destroyed	http://www.thestar.com.my/Business/Business-News/2014/09/08/Supermax-eyes-high-growth-Glove-maker-to-boost-OBM-products-in-India-China-and-Japan/?style=biz
2012	PT Indoglove	Sumatra, Indonesia	Factory fire, explosion	http://www.cambodiantimes.com/index.php/sid/210485723 http://www.kim.co.id/news/read/90/factory_gloves_kim_iburned/
2011	Englotechs	Kulim, Malaysia	Factory fire	http://www.thestar.com.my/story/?file=%2F2011%2F7%2F20%2Fnation%2F9134641&sec=nation
2009	Hartalega	Selangor, Malaysia	Discharge of chemical waste	http://www.thestar.com.my/story/?file=%2f2009%2f7%2f8%2fnation%2f4272656&sec=nation
2009	Kossan	Jeram, Malaysia	Fire at packing & storage building	http://kossan.com.my/RubberDivision/ir/news.html/id/154087html.html

7

Labour rights concerns in the harvesting of latex

Raw material costs are a significant proportion of the cost of glove production, which leads to price competition. For latex gloves, the cost of latex typically comprises 55-60% of the manufacture cost.[24]

Labour rights concerns have also been reported for the rubber tappers who harvest natural rubber from trees. In 2012 Danwatch (in collaboration with Finnwatch) looked at several rubber plantations in Indonesia and Malaysia, where they found that most tappers worked 7 days a week, many were employed long-term as “day labourers” (with no job security or guaranteed income), most were paid less than the living wage, and that there was use of toxic pesticides (such as paraquat) without adequate personal protective equipment.[26] Danwatch did not establish whether these rubber farms were supplying medical glove manufacturers, but they did note that of eight medical glove suppliers to Denmark, two did not have any stated code of conduct for their manufacturing process, four had a code of conduct that covered the factory but not the rubber plantation, and of the two companies that did have a code of conduct covering the rubber plantation (Abena and Mölnlycke), neither monitored this in practice.

Similar labour rights abuses are found in rubber plantations across Asia[27,28] suggesting that the problems reported by Danwatch likely signify a widespread concern.

8 Response from procurement organisations

In recent years, several procurement organisations in Europe have developed policies to protect workers in supply chains for healthcare goods. This includes NHS Supply Chain (the largest supplier of goods to the National Health Service in England), all regions in Sweden, and national procurement in Norway. All of these regions have representative members in the EWGEPP.

NHS Supply Chain[29] has a Supplier Code of Conduct, which includes provision for the protection of labour standards. The code of conduct has been in place since 2009. A Labour Standards Assurance System (LSAS), developed in collaboration with the UK Department of Health, supports the code of conduct. LSAS makes it a contractual requirement of suppliers (of specified goods) to demonstrate they have effective systems in place to evaluate and respond to labour standards concerns. The LSAS system was piloted on the procurement of surgical instruments in 2012, and has demonstrated benefit to workers' lives in this supply chain.[4] The system has also been applied to the framework agreements for textiles, intra-ocular lenses, ophthalmic packs, instruments and consumables, procedure packs, suction consumables & urology products. More procurement with LSAS provisions are planned for theatre clothing, wound care and polymer products.

In December 2015, NHS Supply Chain applied LSAS to the new contract for gloves. This contract has a total value of £70-80 million, and includes 21 suppliers across examination gloves and sterile gloves. Approved suppliers include Sempermed and Ansell, and NHS Supply Chain representatives have been in contact with these (and other) companies to ensure labour rights evaluations and improvements have been made, as contractually required by LSAS.

Sweden procures in the region of £4 million of gloves annually. Contracts for medical goods supplied to any region in Sweden stipulate that suppliers can be investigated for labour rights standards by the procuring organisation. Two regions in Sweden (Västra Götaland and Region Jönköping) funded the investigation of labour rights in their supply chain for medical gloves.[18,22,30] The results of these investigations were discussed earlier in section 5, which include some serious concerns about labour standards. Several corrective measures have been put in place by suppliers for the deviations found. Sweden purchases Ansell gloves through the Swedish distributor Bröderna Berner, and the Halland region of Sweden is known to purchase Sempermed gloves.

Norway procures in the region of £2.5 million of gloves annually. The tender for medical gloves supplied in Norway is through the national procurement company Helseforetakenes innkjøpsservice AS (HINAS). Contracts stipulate that suppliers must have in place a system for improving labour standards, and that labour standards can be investigated by the procuring organisation or by external parties. One region in Norway (Helse Sør-Øst) has investigated their supply chain, as discussed earlier in section 5.[25] Corrective measures have been put in place by suppliers for the deviations found.

Earlier this month ARPAT (Agenzia regionale per la protezione ambientale della Toscana), the environmental protection agency of Tuscany, Italy, also stated that they would ask their Italian suppliers of examination gloves to verify labour standards in their supply chains.

9

Response from suppliers

A contractual relationship usually forms a strong basis to promote change to the practices of specific organisations. Because the UK, Sweden and Norway together constitute a significant customer for the companies Sempermed and Ansell, the BMA Medical Fair and Ethical Trade Group and members of the EWGEPP had discussions with senior management at both of these companies to promote positive stepwise change.

Sempermed

Sempermed's initial response to the 2014 Finnwatch report of labour rights abuse at their factory in Thailand was to dispute the findings[20,21] and to commission a further independent audit. This second audit suggested that the only real concern at Sempermed's factory concerned overtime hours. Finnwatch disagreed, and consequently performed a further evaluation of this factory in 2015.[21] This showed some improvement to working conditions, but also persisting serious concerns. To date, improvements include that workers receive a contract and payslip, and are now given some leave entitlement. The persisting concerns are that workers continued to be given unrealistic work targets (with threats of relocation or dismissal if targets are missed), pay below the legal minimum wage, and ongoing unfair recruitment fees through a third party.

Following continued pressure from members of the BMA Medical Fair and Ethical Trade Group and the EWGEPP, Sempermed has acknowledged that the labour concerns at its factory are serious, and has now instigated a plan for continual improvement, including involvement of senior management at Sempermed. In 2015 Sempermed released a sustainability strategy,[31] which will apply across the entire company, and includes a commitment to the protection of labour standards in its supply chain, including the use of regular independent audits of its suppliers and subsidiaries to Business Social Compliance Initiative (BSCI) standards.

In a more recent visit to Sempermed's Thailand factory in December 2015, a Norwegian group – Sykehuspartner, reported further improvements. Workers were now paid the minimum wage as per national regulations, and management were willing to address housing conditions for their workers. Communication is ongoing between Sempermed, NGOs and European public procurement organisations to ensure that a system is in place to address any further labour rights issues.

Ansell

In response to the concerns raised by the Goodpoint audit of their Malaysian factory in 2015,[22] Ansell have actively engaged in communication and development of corrective action plans. This includes support from the CEO of Ansell, instigation of specific corrective actions, and an internal market and stakeholder assessment. Ansell intend to take this agenda forward throughout 2016, working with partners that are established in the field of labour rights protection, including the Supplier Ethical Data Exchange (SEDEX) and Business for Social Responsibility (BSR).

Following corrective actions, Goodpoint re-audited this factory in January 2016.[30] Of 23 non-compliances reported in the 2015 audit, 21 had been corrected. This includes the return of all passports to employees, and a new policy that the employer will from now on assume all recruitment fees for migrant workers. The remaining concerns centred on overtime working hours, and these are also in process for corrective action. Ansell have also begun a program to support the employment of more women on the production line to address gender inequality.

At the time of writing the dispute concerning the dismissed workers at Ansell's Sri Lanka factory has not yet reached resolution. Ansell have, however, advised us that the statement concerning workers urinating at their workstation was applicable only to a single employee with a pre-existing medical condition.

Kossan

Labour rights concerns at the Kossan factory in Malaysia were identified by the Swedwatch report of 2010.[18] Audits have subsequently been conducted of this factory, which allegedly show significant improvements, but these reports have not been available to us, and cannot therefore be substantiated.

10 Discussion

Endemic labour rights concerns in the medical gloves industry

A number of reports in recent years have documented labour rights abuse in several of the largest medical glove-manufacturing units, particularly in Malaysia and Thailand. We find that in many of these factories there is a heavy reliance on migrant workers, and exploitation of and a lack of respect shown towards such workers. Workers are often asked to pay fees to join the factory, they work long hours with limited rest, their passports are often held, they are offered poor standards of accommodation, there are anti-union activities, and there is a lack of awareness of safety, particularly relating to risk of fire. In the Top Glove factory in Malaysia there are even more serious allegations – of illegal imprisonment of workers, and beatings. We have received information that similar illegal imprisonment, beatings, and even withholding of food has occurred in another major medical glove manufacturing unit. This latter information was disclosed in confidence, and so at present we are unable to name the company involved.

Outside of Malaysia and Thailand, IndustriALL have documented anti-union activity at Ansell's factory in the Biyagama Export Processing Zone in Sri Lanka. No significant reports have been issued about labour rights abuse in other countries that manufacture medical gloves, but most of the other countries where medical gloves are manufactured are recognised as regions at high risk of labour rights abuse.

Based upon this evidence, it seems that exploitation of workers is endemic within the medical gloves manufacturing industry. The procurement of medical gloves must therefore be considered a high-risk product in terms of labour standards abuse.

Those involved in the supply chain for medical gloves have the power, and some of the responsibility, to protect workers in this supply chain. This includes manufacturers, suppliers, purchasing organisations, and end-users.

Role of purchasing organisations

Purchasing organisations can implement policy and contractual requirements to support and indeed drive ethical trade practices. The UN guiding principles on business and human rights suggest that state purchasing has an obligation to do so (principle 6):[32]

> "States should promote respect for human rights by business enterprises with which they conduct commercial transactions".

In England this is realised in the LSAS system of NHS Supply Chain, and in Sweden and Norway, through a requirement of suppliers to provide minimum standards for working conditions, and a right to external audit of labour conditions. The requirement to evaluate and improve working conditions by these three national procurement agencies collectively applies to in the region of £80 million per annum of gloves purchasing. The coordination of such policy through the BMA Medical Fair and Ethical Trade Group, and members of the EWGEPP, creates a clear signal to suppliers that we consider ethical trade as the future business model in this industry. This has contributed to policy development to protect workers at the factories of two of the largest global glove suppliers, Sempermed and Ansell.

We are concerned by the allegations of serious labour rights abuse at Top Glove and at another (here unnamed) major Malaysian glove manufacturer. Top Glove is the largest manufacturer of gloves in the world, but most of its products are produced for other brands, meaning there is as yet limited transparency of their supply chain. It is likely that many countries are purchasing gloves made in Top Glove factories. The same is true of several

other manufacturing companies, for example the large Malaysian manufacturers Kossan and Hartalega also produce the majority of their gloves for other brand names.[24] Purchasing organisations will need to develop and exploit their contracts to explore supply chains for medical gloves such that as many glove manufacturers as possible are included, and improvement in working conditions are engendered across as much of the sector as possible.

There is an opportunity to expand the work of purchasing organisations through recent legislative changes, and through an adoption of similar policy by other procurement organisations.

In the UK, the Modern Slavery Act 2015 requires companies undertaking business in the UK (including supplying goods to the public sector in Britain) to publish a public annual slavery and human trafficking statement, which includes an evaluation of labour conditions in their global supply chains. In the European Union the 2014 update to the EU Procurement Directive gives authority to those procuring for the public sector to stipulate adherence to labour rights in the tendering or award phase of public contracts. These legislative changes make it easier for other organisations procuring medical gloves either in the UK (e.g. other UK purchasing organisations), or in Europe, to contractually protect workers in supply chains.

The development of effective procurement policy for medical goods supplied to the UK, Sweden and Norway also enables this process to be mimicked by other procurement agencies in Europe, or indeed across the globe. As yet this has not been realised, but is an ambition that we would encourage and support. Such expansion could significantly affect market forces to protect workers in the medical gloves industry. The European Union together purchases around a third of all medical gloves from Malaysia.[24] The USA also purchases around a third.

Role of suppliers and manufacturers

Suppliers and manufacturers have both a moral and legal obligation to protect workers. The UN guiding principles on business and human rights state (principle 17):[32]

> "In order to identify, prevent, mitigate and account for how they address their adverse human rights impacts, business enterprises should carry out human rights due diligence. The process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed".

Within the last year, both Sempermed and Ansell have responded to the concerns raised in some of their manufacturing units. Both companies have shown a commitment to protecting worker rights in their factories, including policy support from senior management, and corrective actions to specific labour rights concerns identified in their factories. Both Sempermed and Ansell have further improvements to make, but it seems likely that these companies already now offer better working conditions than most other manufacturers in this industry.

The adoption of such strategy to protect labour rights by two of the largest brand names should send a message to the medical gloves industry as a whole that this is the future business ethos, and that failure to engage in this process carries significant reputational risk. The expansion of ethical purchasing policy by procurement agencies should also signal to such organisations that ethically traded gloves are a future business market.

Role of end-users

Healthcare workers who use gloves, including but not limited to physicians, surgeons, and nurses, also have the power to affect change in this industry. In particular healthcare workers, including BMA members, can be ambassadors for change, and lobby those responsible for the purchasing of medical gloves to take appropriate steps to protect workers in the supply chain. Such lobbying could relate to a healthcare provider (e.g. hospital or primary care provider), to a local or regional healthcare procurement collaborative, or to a regional or national body appointed to provide healthcare. End-users can also pressurise suppliers and manufacturers, for example by asking questions about labour conditions from a gloves sales representative, or by writing to the chief executive of a glove supplier or manufacturer.

The BMA Medical Fair and Ethical Trade Group provides guidance and support for those intending to lobby for such change in the UK (www.bma.org.uk/fairmedtrade). In addition the BMA, in collaboration with the Ethical Trading Initiative (ETI), has produced "Ethical Procurement for Health", a free online workbook for healthcare organisations wishing to protect labour rights through their procurement practice.[3]

Challenges

There are several potential challenges to any strategy to protect workers in the medical gloves industry.

Most medical gloves are manufactured in Malaysia, Thailand, or low-income Asian countries. In many of these regions labour rights abuse is commonplace, particularly where manufacture involves migrant workers or occurs in export processing zones. Prevailing attitudes and practices towards worker rights in these regions can be difficult to overcome, and changes may be seen by local manufacturers as imposed based upon external values and attitudes. However, once enacted, such changes can be realised as beneficial. For example, we have shown that policies to improve working conditions in surgical instrument manufacture in Pakistan were viewed positively by local employers, as the changes attracted the best workers to their factory.[4]

Where labour rights abuses do occur it can be difficult to gather a true picture of labour conditions if workers feel marginalised and vulnerable. Audits of working conditions may fail to identify important concerns, and are often geared towards identifying generic issues such as pay and fire safety, rather than issues affecting migrant workers in particular, such as payment of recruitment fees or inadequate pre-employment information. Working with trade unions, or other stakeholders such as migrant workers organisations, can be an alternative for additional source of such information. In addition audits may focus on the areas with the most employees, such as the packing or stripping departments of a factory, and so may fail to recognise concerns affecting smaller numbers of workers in higher risk areas, such as compounding and production. Future assessments should take this into account.

The medical gloves industry is large in financial terms, and increasing automation means that most glove manufacture now occurs in large factories that distribute their product globally. Hence any single glove purchasing organisation or region will constitute only a small proportion of the total output of gloves from any one supplier, and this may limit the power of the purchaser to effect change. An expansion of ethical purchasing policy to more procurement regions, and a coordination of such policy through organisations such as the EWGEPP may help to counteract this. In addition, manufacturing companies need to consider reputational risk and associated financial repercussions if labour rights concerns are publicised by even a small purchasing organisation.

A final challenge is the changing global market for medical gloves. The market is expanding, predominantly due to a surge in demand for gloves from low or middle income countries.[2] The largest manufacturers of gloves, Top Glove and Supermax, are increasingly targeting developing world markets. Procurement of medical goods in the developing world is less often coordinated by large purchasing organisations, and such organisations may have less capacity or impetus to protect worker rights in their supply chains. This may limit the power of purchasing organisations in high-income countries to pressure for change in the industry.

11

Recommendations

Based upon the information in this report we recommend that:

- The manufacture of medical gloves should be considered a high risk industry for labour rights abuse.
- Organisations that purchase medical gloves should put in place policies and practice that protect workers in their supply chain. Where possible, they should collaborate such efforts with other procurement organisations.
- Suppliers and manufacturers of gloves should take responsibility for establishing systems to evaluate and continually improve working conditions in manufacturing factories.
- End-users of gloves, including BMA members, should lobby organisations involved in the procurement, supply or manufacture of medical gloves to support such change.

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