



**BRIEFING**

Paying the price for fashion: securing a living wage for Bangladesh's garment workers

**SWED  
WATCH**

**Swedwatch** is an independent not-for-profit organisation that conducts in-depth research on the impacts of businesses on human rights and the environment. The aim of the organisation is to contribute towards reduced poverty and sustainable social and environmental development through research, encouraging best practice, knowledge sharing and dialogue.

Swedwatch has six member organisations: Afrikagrupperna, ACT Church of Sweden, Diakonia, Fair Action, Solidarity Sweden-Latin America and the Swedish Society for Nature Conservation.

This report was authored by Swedwatch with input from stakeholders in Bangladesh. Swedwatch wants to thank all participants for generously sharing their time and insights during interviews, and in particular Awaj Foundation and Fair Trade Advocacy Office (FTAO) for their valuable input.



Cover & photos: Swedwatch  
Layout: Åse Bengtsson Helin  
Publisher: Alice Blondel  
Published: November 2024  
ISBN: 978-91-88141-46-0

This report has been financed by the Government of Sweden. Responsibility for the content lies entirely with the creator. The Government of Sweden does not necessarily share the expressed views and interpretations.



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## Introduction

Bangladesh is one of the main suppliers of apparel to the European Union (EU), yet most of its garment workers are underpaid. These workers are trapped in an exploitative system that prevents them meeting their basic needs, and that primarily serves the interests of global brands. Despite decades of activism and corporate pledges, there is still a disparity between national minimum wages and the right to earn a living wage in many garment-producing countries. In Bangladesh, the recent increase in the national minimum wage from 8,000 taka to 12,500 taka (€94) per month<sup>1</sup>—its first rise since 2019—still leaves garment workers earning only 38% of what would be considered a living wage.<sup>2</sup>

Recent crises such as the COVID-19 pandemic, geopolitical conflicts, inflation, and climate-related disasters have further worsened the already precarious situation of Bangladesh's garment workers.<sup>3</sup> For instance, between January and August 2023, the EU saw a 14.64% drop in garment imports compared to the same period the previous year.<sup>4</sup> As global brands cancel or delay orders, the financial and social burdens of these crises are increasingly passed onto low-wage garment workers, deepening wage insecurity and social inequality.

For decades there has been concern about the impact of low wages on garment workers, with their lack of bargaining power cited as a major barrier to achieving a living wage – a basic human right recognised by both the United Nations (UN) and the EU.<sup>5</sup> In accordance with the UN Guiding Principles on Business and Human Rights (UNGPs), global brands are expected to identify and address the risks posed by inadequate wages in their value chains. The recently adopted EU Corporate Sustainability Due Diligence Directive (CSDDD) goes further than the UNGPs, imposing binding obligations on companies to address these issues.

This briefing draws on firsthand accounts from workers and factory managers in Bangladesh's garment sector to shed light on the ongoing challenges garment workers encounter in securing fair wages. It also seeks to provide critical insights for global clothing companies about the scope of the CSDDD, and for EU Member States responsible for its transposition and implementation. These insights aim to ensure that the directive is applied in ways that truly advance the interests and rights of garment workers, promoting fair wages and improved working conditions.

## About this briefing

This briefing on Bangladesh's garment sector highlights pervasive issues with fair wages, which affect millions of workers. Garment workers earn well below a living wage, with Bangladesh's current minimum wage falling significantly below levels advocated by unions. Swedwatch's research found that low pay forces workers to rely on excessive overtime to overcome indebtedness and poor living conditions. Many workers struggle to access essential services like childcare, affordable housing, and healthcare. While these findings relate specifically to Bangladesh, they are indicative of a broader structural issue across garment-producing countries.

Primary drivers behind this predicament are workers' limited bargaining power and the irresponsible purchasing practices of global brands that suppress wages. The briefing recommends that global brands improve their due diligence efforts, notably by adopting fair purchasing practices and investing in meaningful stakeholder engagement. Additionally, it calls on EU Member States to ensure that the EU Corporate Sustainability Due Diligence Directive (CSDDD) delivers on its promise, genuinely supports living wages, and intensifies oversight to eradicate exploitative practices in the garment sector.

## Main recommendations

- Global brands should enhance their due diligence efforts by meaningfully engaging with garment workers, unions, and non-governmental organizations (NGOs) to address adverse impacts, adopting responsible purchasing practices to prevent wage suppression and ensure worker well-being, promoting supply-chain transparency, providing accessible grievance mechanisms, and staying engaged to support suppliers and living wages.
- EU Member States should strengthen and effectively enforce the EU Corporate Sustainability Due Diligence Directive by aligning its implementation with international frameworks like the United Nations Guiding Principles on Business and Human Rights and The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. This includes broadening the scope to cover more brands and financial entities, imposing clear and strict obligations concerning responsible purchasing practices, removing obstacles for workers to seek justice, establishing a well-resourced national authority for enforcement, and adopting a unified definition of a "living wage" across Member States.
- The European Commission should swiftly issue guidance for CSDDD implementation, clarifying how companies can adopt responsible purchasing practices that support living wages. Additionally, the Commission should evaluate options to curb unfair purchasing practices through complementary legislation and leverage the revision of the 2014 Public Procurement Directive to promote social and environmental sustainability across global value chains.

## Methodology

This briefing builds on on-site research conducted by Swedwatch in Bangladesh in May 2023, with the support of the Awaj Foundation, an organisation dedicated to advocating for garment-sector workers' rights. The research took place in the major garment production hubs of Dhaka, Ashulia, and Tongi. Swedwatch carried out three focus group discussions involving a total of 27 people working in factories responsible for the end-manufacturing of garments and textiles for the EU market.<sup>6</sup>

In addition to the focus group discussions, Swedwatch conducted four in-depth interviews with female workers. Two of these women had over 15 years of experience in the garment sector, while the other two were new to their jobs. Moreover, Swedwatch visited residential areas where the workers live, including one previously visited in 2014.<sup>7</sup> To get insight on the current purchasing practices and relationships with global buyers, Swedwatch also interviewed two executive managers from factories that are producing garments for more than ten global buyers including major EU brands.

It should be noted that the testimonial evidence gathered is not meant to represent the entire garment sector or the value chain of any specific company. Instead, the findings aim to offer additional insights into the systemic negative impacts that workers face due to the lack of a living wage, along with the broader consequences this deprivation has on their communities and environments.

## The garment sector in Bangladesh: Context

According to the International Trade Union Confederation (ITUC) 2024 Global Rights Index, Bangladesh is one of the ten worst countries to work in, primarily due to its low wages, and laws that hinder the right to form trade unions.<sup>8</sup> In December 2023, the Bangladesh Minimum Wage Board set the national minimum wage for Bangladesh's garment sector at 12,500 taka (€94) per month, a figure that is close to – and in some cases, even below – the World Bank's poverty line for lower-middle-income countries.<sup>9</sup> This wage is significantly lower than the 23,000 taka (€198) demanded by workers, unions and international organisations, including unions affiliated with IndustriALL Global Union Bangladesh.<sup>10</sup> This higher figure is based on an extensive cost of living study conducted by the Bangladesh Institute for Labour Studies – which determined the minimum amount needed to support a family in Bangladesh – and is supported by international organisations.<sup>11</sup> Table 1 sets out key statistics for Bangladesh's garment and textile sector.

Table 1: Bangladesh garment and textile sector – key statistics

Share of country's Gross Domestic Product (GDP) (% of total GDP in fiscal year 2022–23) <sup>12</sup>	<b>10.35</b>
Share of total export earnings (%) <sup>13</sup>	<b>84.58</b>
Total workforce (workers aged 15 or older) (millions) <sup>14</sup>	<b>4.3</b>
Minimum wage for garment factory workers <sup>15</sup> (taka converted to Euro on 17 October 2024)	<b>€93.75</b>
Minimum wage for textile factory workers <sup>16</sup> (converted to Euro on 17 October 2024).	<b>€75</b>

Despite maintaining economic growth of 7.1 percent during the COVID-19 pandemic and reducing extreme poverty from 12.9 percent in 2016 to 5.6 percent in 2022,<sup>17</sup> Bangladesh has faced significant challenges since 2022 due to a series of global crises. These include the Russia-Ukraine war, supply chain disruptions, power and gas shortages, and rising energy and commodity prices.<sup>18</sup> On top of this, a 16 percent devaluation of the taka against the US dollar between 2022 and 2023 increased inflation to more than nine percent – the highest in a decade.<sup>19</sup> This in turn drove up the cost of living, worsened income inequality and diminished ordinary citizens' purchasing power.<sup>20</sup>

Bangladesh is a major production hub for fast-fashion – a sector that significantly contributes to the climate crisis. Research by the UN Environment Programme (UNEP) in 2023 states that the fashion industry has the same energy consumption as international flights and shipping combined<sup>21</sup>. The industry produces around 8-10 % of global carbon emissions annually<sup>22</sup>. If unchecked, fast-fashion's greenhouse gas emissions could rise by over 50% by 2030. At the same time, Bangladesh faces some of the gravest consequences of the climate crisis, hitting women the hardest. The country ranks as the world's seventh most extreme disaster risk-prone country. It contends with rising sea levels and frequent natural disasters, including floods, coastal storms, droughts, and river erosion – reported to be key drivers of migration.<sup>23</sup>

There are signs that a growing number of people displaced by climate-related events are finding employment in the garment sector.<sup>24</sup> Many are relocating to Bangladesh's capital, Dhaka, and to surrounding areas due to loss of livelihood resulting from the overexploitation of natural resources and natural disasters in their home villages.<sup>25</sup> In addition, climate-change impacts can also be linked to a rise in health issues, which further weaken workers' resilience to crisis.<sup>26</sup>

### Box 1: What is a living wage?

The living wage concept has existed since the establishment of the International Labour Organization (ILO) in 1919,<sup>27</sup> and is included in the 1948 Universal Declaration of Human Rights. It upholds the right to ‘just remuneration’, ensuring a standard of living, dignity, and well-being for workers and their families.<sup>28</sup> The ILO’s Minimum Wage Fixing Recommendation (No. 135) advises that minimum wages should reflect the cost of living, worker and family needs, and social security, among other factors.<sup>29</sup> For this briefing, Swedwatch uses the following definition from the Global Living Wage Coalition (2024): “The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.”<sup>30</sup>

## Findings: The consequences of low wages

Swedwatch findings confirm that low wages, coupled with a constant pressure to maintain production rates, have created several negative ripple effects for workers both on and off the job. For instance, prolonged periods of poor pay and indebtedness have forced workers to rely heavily on overtime work to make ends meet. Additionally, the lack of living wages has created a spillover effect on other working conditions at the factories and impedes workers’ access essential public goods like quality housing, education, and social protection.



Photos from on-site research in Ashulia and Tongi, Bangladesh.



## Dependency on overtime

Long working hours and excessive overtime are a major concern among Bangladesh's garment workers. Under pressure from global buyers to meet production targets and unreasonable deadlines, factory owners often impose 12–16-hour shifts, seven days a week.<sup>31</sup> Workers have limited options and accept these excessive hours. A declining proportion of their so-called 'basic salary' (see Table 2) has forced them to rely on overtime,<sup>32</sup> while refusal may lead to punishment.<sup>33</sup> All of this takes a heavy toll on their well-being, with many workers reporting health concerns such as stress-related illnesses, depression, and fatigue.<sup>34</sup>

FACT

### Box 2: The importance of a 'basic salary' for workers

The minimum wage in Bangladesh consists of a range of elements, including a "basic salary" plus allowances for health, housing, transport, and food. The basic salary percentage is especially important for workers as their overtime payment, bonus, yearly pay rise, and all other bonuses and benefits, including maternity payments, are calculated based on this basic salary amount.<sup>35</sup> Therefore, during the latest wage negotiations, members of IndustriALL Global Union Bangladesh not only demanded a minimum monthly wage of 23,000 taka but also that 65% of this amount should be allocated as the basic salary for entry-level workers.<sup>36</sup> However, despite these calls, the percentage of the basic salary has significantly declined over the years (Table 2).

Table 2: Garment workers' basic salary as proportion of total minimum monthly wage<sup>37</sup>

Year	Minimum monthly wage BDT/Euro <sup>38</sup>	Basic salary BDT/Euro	% of the minimum wage
2006	1663 (€19.63)	1125 (€13.28)	67.67%
2010	3000 (€33.52)	2000 (€22.35)	66.66%
2013	5300 (€50.44)	3000 (€28.55)	56.60%
2018	8000 (€83.25)	4100 (€42.66)	51.25%
2024	12,500 (€93.75)	6700 (€50.25)	53.6%

Interviews with garment workers revealed a troubling reliance on excessive working hours, explaining how they are often pressured into working overtime, regardless of their willingness or capacity. Despite this, many workers shared that their garment factory had ceased offering the chance of any overtime in the past six months due to a reduction in orders from global brands, further intensifying the financial strain on those trying to support their families. This ongoing dilemma of whether to reject excessive overtime to safeguard occupational health or accept it to maintain financial stability underscores the challenges of securing just pay.

***“If we do not get at least two hours of overtime income, and only have the salary from regular working hours, it is impossible to make ends meet for the full month. The prices of onions, lentils, cooking oil, green leaves are doubling every day. What will we put on the table for our kids?”***

*Fatema, Sewing Operator*

## Indebtedness

Research indicates that many garment sector employees struggle to save any portion of their already limited income and often rely on loans.<sup>39</sup> A study by the Bangladesh Institute of Labour Studies (BILS) found that around 68% of workers have no family savings, while around 42% are burdened with long-term debts.<sup>40</sup> To bridge the gap between income and expenses, particularly to pay for non-food items such as medical emergencies and education, families frequently borrow money from relatives, neighbours, friends, and local lenders, often at high interest rates.<sup>41</sup> Additionally, purchasing essential goods on credit from local shops is a common practice among workers.<sup>42</sup>

Swedwatch’s findings reveal that the absence of a living wage puts workers at risk of significant debt. The majority of respondents reported having no savings, even after years of employment in the factories. Many find themselves trapped in a cycle of debt, running out of money by the end of each month and struggling to afford food or other essential needs for their families. To manage this, some workers take out loans from different sources each month to avoid accumulating large interest payments from a single lender.

***“As we have not had any overtime work for the last six months, most of us are living life on a loan. When I get my salary, I repay the first person that I took a loan from and then take a loan from someone else. This is how the cycle of borrowing continues. Taking out loans has become part of our life now.”***

*Shapna, Helper*

## Poor occupational health and safety

More than a decade after the Rana Plaza factory collapse in the outskirts of Dhaka and the subsequent creation of the International Accord on Fire and Building Safety in Bangladesh (also known as the Bangladesh Accord), concerns about occupational health and safety and lack of social protection persist.<sup>43</sup> Workers continue to face physical and mental health-related issues linked to ergonomic, physical, psychological, mechanical, and chemical hazards.<sup>44</sup> According to the ILO, common health complaints include headaches, muscle aches, hunger, dizziness, fainting, miscarriages, and long working hours without any toilet or water breaks. Reports also

highlight gender-based violence, along with physical and verbal abuse.<sup>45</sup> Additionally, increased workload and production pressure have reportedly led to a rise in incidents of abuse in factories.<sup>46</sup>

Interviewees in this study reported that their production targets have nearly doubled since before the COVID-19 pandemic, leading to a considerable strain on their physical and mental well-being. Their situation worsened when management cut overtime hours while increasing production targets within regular working shifts. This pressure has, according to those interviewed for this study, allegedly led to an increase in workplace accidents, such as injuries from hastily handling needles and scissors, as well as delays in taking essential water or toilet breaks. Workers also described being subjected to verbal abuse and harassment when failing to meet heightened production targets.

Despite these obvious risks, workers revealed that they seldom take sick leave fearing a loss of income or the possibility of being laid off. This under-reporting of work-related illnesses can lead to delayed medical care and other serious consequences, further worsened by the lack of funds to cover medical expenses or a nutritional diet. Moreover, the scarcity of alternative formal employment opportunities forces workers to stay in garment factory jobs, even though the sector fails to provide a living wage.

Workers and the managers interviewed by Swedwatch confirmed that female workers aged 35 to 40 are often labelled as “older” and deemed unsuitable for handling the factory workload. According to all respondents, these women are particularly vulnerable to bullying or dismissal by factory management, and typically lack access to health insurance or pension benefits.

***“The high production targets force us to skip breaks for drinking water or going to the toilet or just to breathe. We are developing a lot of sicknesses related to these issues. But it is not possible to take a day off and forgo that income. Our quality of delivery deteriorates as well, leading to an increase in accidents with needles or scissors.”***

*Nahida, Helper in the sewing section*

The absence of a national social protection act in Bangladesh, combined with the limited provisions in the current labour law concerning provident funds, group insurance, and compensation, significantly hampers workers’ ability to address health concerns while securing decent work. Additionally, the lack of a pension system in garment factories for older workers results in financial hardship and increased dependence on their families.<sup>47</sup>

Workers reported that the absence of social security and welfare benefits places them in a precarious social and economic position, highlighting ongoing difficulties with settling termination dues and receiving legal retirement benefits. All participants expressed their concerns about the uncertainty they would face if they lost their jobs, whether through termination or resignation.

*“I have spent my 18 golden years working in the factories, struggled to live a decent life while working. After finishing my work life, I will struggle again to live a decent old-age life. As garment workers, we do not have any future. We never have any value, respect, or dignity in the society.”*

*Mala, Sewing Operator*

## Lack of access to basic services

The demand for a living wage is not only a matter of economic justice but also essential for garment workers to access universal basic goods, including quality housing, childcare and healthcare.

### **Housing**

With the Bangladesh government only able to fulfil 7 % of the annual housing demand, it relies heavily on the private sector to bridge the gap. This reliance forces low- and middle-income families into expensive informal housing arrangements.<sup>48</sup> Due to their low income, most garment workers have no option but to reside in densely populated areas with poor sanitation and insufficient basic amenities.<sup>49</sup> The dwellings in these slum-type areas typically consist of several rooms, averaging nine to twenty square meters each, and the living spaces feature shared kitchens, toilets, and showers.<sup>50</sup> Workers frequently find themselves in one room, sharing it with up to three other family members.<sup>51</sup>

There is also an indication that workers face irregular increases in rent at least once a year and when a new wage is announced, due to the lack of written contracts with their landlords.<sup>52</sup> All interviewees in this study reported that whenever they receive a wage increase, their rent – typically consuming 50 to 60 percent of their income – rises correspondingly.

### **Inadequate childcare facilities**

Despite requirements under the Bangladesh Labour Act 2006, which mandates that employers with 40 or more female workers with children provide childcare and breastfeeding facilities, many factory premises reportedly fall short of offering adequate or practical provisions.<sup>53</sup> A 2019 study by the International Finance Corporation, which surveyed 306 companies legally obliged to support childcare, found that only 23% of them actually provided any form of childcare for their employees.<sup>54</sup>

The lack of conveniently located, high-quality, and affordable childcare facilities that match parents' working hours, values, and needs limits women's ability to enter the formal labour market.<sup>55</sup> One study found that the proportion of female workers in the garment factories dropped from 56% in 2015 to 53% in 2022. The survey identified childcare as the primary reason for this decline, with 26% of the former women garment workers citing it as the main factor for leaving their jobs.<sup>56</sup>

All participants in the study noted that while there are childcare facilities in the factories, they are inadequate, with daycare facilities limited to a single room with one caretaker, accommodating only up to 20 children under six years old. In the women-only focus group, this limitation was identified as a major reason for female garment workers leaving their jobs. Some interviewees also expressed concern about the low quality of the childcare services and were reluctant to leave their children there. Additionally, one female factory-based trade union leader mentioned that if workers have multiple children, only the youngest is allowed in the factory daycare, regardless of the age of the older child(ren).

### **Access to quality healthcare**

A lack of access to affordable health care in Bangladesh reportedly leaves 40 percent of garment workers without proper medical treatment.<sup>57</sup> This issue is exacerbated by the inadequate facilities, such as water, sanitation and waste management, in the slum areas where most of the garment workers reside, making them more vulnerable to illness. To manage treatment costs, most garment workers turn to informal healthcare providers.<sup>58</sup>

The majority of the participants told Swedwatch that they often go to a pharmacist or a local homeopathy or kabiraji (“Ayurvedic” or “herbal” treatment) practitioner due to the high costs of quality healthcare services, such as private doctors and hospitals. They also mentioned that taking time off when their children are sick is not an option, as this would result in a loss of income.

## **Key drivers of low wages – two areas of concern**

### **Lack of negotiating power**

While some factories foster positive relationships with garment trade union federations by educating both worker representatives and management, reports persist of intimidation, physical violence, and mass layoffs when workers attempt to form unions.<sup>59</sup> The arbitrary denial of union registration by authorities, as highlighted by the ITUC, is particularly concerning.<sup>60</sup> Furthermore, the presence of fake unions (so called yellow unions), corruption, and political influence contribute to the overall ineffectiveness of the union movement in Bangladesh.<sup>61</sup> Both labour leaders and manufacturers agree that approximately half of the registered trade unions in the garment sector are ineffective.<sup>62</sup>

The lack of effective trade unions in garment factories forces workers to protest wage issues, leading to vandalism and unrest.<sup>63</sup> This systemic problem escalated in 2023 after the government announced the new minimum wage, which sparked a series of severe incidents, including the murder of union representative Shahidul Islam over an unpaid salary dispute.<sup>64</sup> These protests also saw a series of violent attacks on peaceful demonstrators, resulting in the deaths of four workers, nearly 100 arrests, and the filing of criminal charges against workers.<sup>65</sup>

Despite increased attention in Bangladesh's garment sector to safeguard workers' right to organise and their freedom of association,<sup>66</sup> Swedwatch found varying levels of awareness about trade union rights among workers across different factories and tiers of the garment sector.

Many participants in this study were members of factory-level trade unions and shared both positive experiences and challenges in addressing workplace issues with management. For example, a trade union leader with over two decades of experience in the garment sector highlighted the positive impact unions have had in promoting worker safety and resolving issues before they escalate. He noted improved factory inspections, fire safety training, and systems to address structural risks, as well as the role of unions in fostering cooperation between workers and management. Yet despite these advances, he stressed that the fear of retaliation and job loss continues to prevent many workers from organising unions, even more so in home-textile factories.<sup>67</sup> Resistance from factory owners, coupled with complex procedures, further obstructs efforts to establish unions, limiting workers' ability to effectively advocate for their rights.

Another participant employed at a garment factory shared his ongoing efforts to organise workers and establish a union. He expressed appreciation for the education and training provided by a trade union federation, which equipped him with the skills to organise and form a trade union at the factory level. Additionally, he received guidance on his roles and responsibilities as a prospective union representative.

## Irresponsible purchasing practices

Companies' purchasing practices play a crucial role in ensuring workers' right to earn a living wage. As outlined in the Common Framework for Responsible Purchasing Practices, these practices encompass "the actions taken by a buying company in order to purchase a product or service (in whole or in part) from a supplying business".<sup>68</sup> The significance of these practices was particularly highlighted during the COVID-19 crisis. As the pandemic unfolded, widespread cancellations or suspensions of garment orders by international buyers led to factory closures, layoffs, and wage payment delays in Bangladesh.<sup>69</sup> Research from the Centre for Global Workers' Rights revealed that over 91 percent of buyers refused to cover production costs for suppliers, resulting in the loss of over one million garment jobs – the only source of income for many workers. Of these, 74.5 percent were sent home without any pay.<sup>70</sup>

Two prominent examples of unfair purchasing practices in Bangladesh's garment sector are the so-called "price squeeze" and "sourcing squeeze". In the case of a "price squeeze", global buyers impose lower prices with suppliers, who in turn reduce labour costs to cut production expenses, resulting in wage suppression for workers. In the case of a "sourcing squeeze", companies demand shorter lead times, forcing workers into excessive – often mandatory – overtime to meet tight deadlines, further damaging their physical and mental well-being.<sup>71</sup>

While a growing number of global brands now advocate for living wages, few have made significant progress in implementing fair purchasing practices.<sup>72</sup> According to

the director of the Bangladesh Garment and Manufacturing Employers' Association, while nearly all brands committed to adjusting for the increased minimum wage, 79 percent had not acted on this commitment. Instead, many continue to pay a price that does not cover the rising production costs faced by suppliers in Bangladesh.<sup>73</sup>

To curb this trend, several civil society organisations have called for legislation that promotes better wages and working conditions and holds brands and buyers accountable for their purchasing practices.<sup>74</sup> In June 2023, the European Parliament echoed such calls when it voted on an own-initiative report in response to the EU Strategy for Sustainable and Circular Textiles.<sup>75</sup> This report urges the European Commission to draft legislation aimed at minimising unfair trade practices in the garment sector, like the approach taken for the agricultural and food supply chain.<sup>76</sup> While not a dedicated law as described above, the CSDDD offers a first and tangible opportunity to tackle this issue, as it requires companies within its scope to “adapt business plans, overall strategies and operations, including purchasing practices, and develop and use purchasing policies that contribute to living wages and incomes for their suppliers, and that do not encourage potential adverse impacts on human rights or the environment”.<sup>77</sup>

Whether the directive delivers on this promise is partly contingent on the extent to which EU Member States transpose it beyond minimum requirements – for example by including more garment and textile companies in implementation – as well as how effectively it is being enforced. Similarly, the CSDDD can only work if the European Commission stays committed to drafting and publishing, without delay, guidance that provides clarity to stakeholders.

Lastly, global brands must also recognise that respecting workers' right to earn a living wage should not merely be viewed as another item on a lengthy list of human rights addressed by the directive. Instead, it is a crucial measure to prevent the emergence of other significant human rights violations stemming from inadequate pay.

### **Box 3: Power imbalance - a factory manager's perspective**

Our factory is producing and exporting ready-made garments and denim jeans for more than ten European buyers. Like most of the factories producing garments in Bangladesh, our factory is experiencing the impact of high inflation, money devaluation, and increases in prices of energy and raw materials.

Despite our significant investments to be socially and environmentally compliant, global buyers are not adjusting their prices to reflect these increased financial implications. The high production costs, including workers' wages, yearly pay raise, and increasing prices of raw materials and utilities, are not taken into consideration when calculating the unit prices for the products. There are no incentives in production agreements, instead the prices we receive for our products remain flat or are decreasing. Thus, we are forced to accept orders below production cost out of fear of losing business. So, right now we are not making any profit, we are just trying to minimise our losses and keep the factory running.

**We fully understand that the current salary for garment workers is not enough to support a family of four, even if both adults work in the factories.** With the existing minimum wage and an average 1.5 percent yearly pay raise, it will take five to seven years for the workers to earn an income of 20,000 BDT per month – the amount workers are demanding now to cope with the increasing living cost. It is not possible for us to pay a living wage to all our workers. We have no leverage in negotiating prices with the buyers, not even for 1 cent per unit. It is a challenging situation, but we are doing our best to navigate it.

In this global supply chain, the power dynamics are multifaceted and challenging. An example of this power imbalance is that we must disclose all our financial information to the buyers before signing a new order agreement, but we never receive any such information from them. Notably, there is a lack of communication between the socio-environmental compliance units and the business unit on the buyers' side. To my opinion, a transparent pricing procedure can ensure a living wage for the workers leading to a win-win for both the brands and suppliers.

*/Asif, Executive Manager*

## Conclusion and full recommendations

This briefing underscores that the persistent lack of fair pay for workers in Bangladesh's garment sector denies workers secure and dignified livelihoods. It highlights the significant challenges workers face due to global buyers' failure to ensure a living wage or implement fair purchasing practices. As a result, workers often struggle to repay debts and provide essential needs such as quality healthcare, childcare, housing and nutritious food for themselves and their families.

Combined with inadequate or non-existent social protection, insufficient income leaves workers with little power to challenge unscrupulous company practices. For instance, our study reveals that people are heavily dependent on the additional income from working overtime to make ends meet, even though these excessive hours can jeopardise their health and safety. Now, in times of recession, workers face further struggles as they are offered fewer overtime hours, which is increasing pressure to meet unreasonable production targets within regular hours and prompting some to request more overtime. While this highlights the economic vulnerability of garment workers and the urgent need for fair wages tied to reasonable working hours, it also reflects the complexity of ensuring fair compensation.

These and other challenges described in this study are not isolated but reflect a broader, systemic problem within the garment sector. A study by the World Benchmarking Alliance highlights that the industry continues to fall short in protecting workers' rights, with significant gaps in supply chain processes and



company commitments, “putting millions of garment workers at risk”.<sup>78</sup> This overall failure to meet basic sustainability standards has even led some investors to divest from the sector entirely.<sup>79</sup>

The newly enacted CSDDD could bring about much-needed change in this respect. Not only does it impose legal obligations on large companies based in or operating within the EU to prevent, mitigate and address human rights risks across their value chains, it also explicitly recognises “the right to enjoy just and favourable conditions of work, including a fair wage and an adequate living wage”, and requires companies to adapt their purchasing practices and develop policies that contribute to living wages.

However, the CSDDD should not merely be regarded as another corporate compliance tool. After decades of hardship faced by garment workers, its success should primarily be evaluated by how effectively it creates new opportunities for these workers to have their voices heard and gain access to justice. To this end, the insights provided in this briefing should serve as a stepping-stone for further, meaningful dialogue between affected rightsholders in Bangladesh’s garment sector and duty-bearers, not least EU Member States charged with transposing and enforcing the CSDDD and the large clothing brands expected to comply with it.

## Recommendations for global brands

Global brands have a responsibility to align their due diligence processes with international normative frameworks, including the UNGPs and OECD Guidelines for Multinational Enterprises. Swedwatch urges brands to pay particular attention to the following components:

- **Avoid contractual cascading or seeking blanket assurances from suppliers but instead invest in meaningful stakeholder engagement** when identifying potential and actual impacts and developing corrective action plans. Such engagement should draw on the experiences and perspectives of affected garment workers, local and international trade union representatives, and NGOs.
- **Regularly review and adapt purchasing practices** to prevent wage suppression and ripple effects on workers’ physical and mental well-being, and enable access to living wages.
- **Step-up collaborations with trade unions** to support garment workers in organising and advocating for their rights, including targeted training programmes aimed at capacitating workers to collectively address working conditions and secure fairer wages.
- **Implement accessible and confidential grievance mechanisms** that enable garment workers to file complaints without fear of retaliation. Ensure that mechanisms are available in local languages and culturally appropriate.

- **Rigorously map direct and indirect suppliers coupled with transparent disclosure of due diligence efforts**, including measures and processes in place to prevent, mitigate and remediate adverse impacts on garment workers' wages.
- **Actively adopt a living wage benchmark** endorsed by reputable organisations in the field, such as the Global Living Wage Coalition, the Asia Floor Wage Alliance and Clean Clothes Campaign, and report on how this benchmark will be used to close the living wage gap.
- **Refrain from “cut-and-run” practices.** Companies should not disengage upon detecting issues; instead, they should remain involved and work to drive change in supplier behaviour, including offering financial support when necessary.

## Recommendations for EU Member States

- **Transpose the CSDDD in time and beyond the directive's minimum requirements and in line with international normative frameworks**, notably the UNGPs and OECD Guidelines. This can include but should not be limited to:
  - expanding the company scope to subject more brands to the directive's due diligence regime;
  - including financial undertakings within the scope of the directive, compelling Member States to use their leverage to prevent, mitigate and remediate adverse impacts caused by brands they invest in or provide loans or insurances to;
  - explicitly clarifying and imposing stricter obligations on companies to develop purchasing policies that contribute to living wages and incomes for their suppliers;
  - reversing the burden of proof, enabling garment workers who have become victims of corporate abuse to easily access evidence of a company's (non-)compliance with its due diligence obligations and seek compensation for damage incurred.
- **Effectively enforce the CSDDD** by appointing and adequately resourcing a national supervisory authority with the mandate to investigate compliance among brands and impose sanctions when they fail to meet the directive's requirements.
- **Collectively agree across Member States on a definition for a “living wage”**, aligned with ILO standards, and incorporate this definition into national legislation during the transposition process. Such a unified definition can then be used by the European Commission as it develops its guidance.

## Recommendations for the European Commission

- **Promptly produce due diligence guidance** for the implementation of the CSDDD, including how companies can adjust their purchasing practices to enable living wages across their chain of activities. Such guidance should be based on meaningful consultation with, and input from, affected workers, including those employed in the garment and textile sector, and organisations representing them, including trade unions and NGOs.
- Respond to the European Parliament's call to **assess how best to minimise unfair trading practices in the garment and textile sector**, for example through legislation inspired by the existing EU Directive 2019/633, which already regulates such practices in the agricultural and food supply chain.
- **Unlock the potential of sustainable public procurement** by making sure the revision of the EU's 2014 Public Procurement Directive results in the inclusion of mandatory socially responsible and sustainable procurement criteria and clear obligations for bidders – including those active in the garment and textile sector – to carry out risk-based human rights and environmental due diligence across the value chain.

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the 1990s, the number of people in the UK who are aged 65 and over has increased from 10.5 million to 13.5 million (19.5% of the population).

There are a number of reasons for this increase. One of the main reasons is that people are living longer. The life expectancy at birth in the UK is now 77 years for men and 81 years for women. This is an increase of 12 years since 1950. The increase in life expectancy is due to a number of factors, including improvements in diet, housing, and healthcare.

Another reason for the increase in the number of people aged 65 and over is that people are having children later in life. This is due to a number of factors, including the fact that women are having children later in life, and the fact that people are having smaller families. This means that there are more people aged 65 and over who are the children of people who had children later in life.

The increase in the number of people aged 65 and over has a number of implications. One of the main implications is that there is a need for more social care services. This is because people aged 65 and over are more likely to need social care services than younger people. This is due to a number of factors, including the fact that people aged 65 and over are more likely to have physical and mental health problems, and the fact that people aged 65 and over are more likely to live alone.

There are a number of ways in which the government can meet the need for more social care services. One way is to increase the number of social care workers. This can be done by increasing the number of people who are trained to be social care workers, and by increasing the number of people who are employed as social care workers. Another way is to increase the number of social care services that are provided. This can be done by increasing the number of social care services that are funded by the government, and by increasing the number of social care services that are funded by the private sector.

The increase in the number of people aged 65 and over is a challenge for the UK. It is a challenge that requires a number of different solutions. The government needs to increase the number of social care workers and the number of social care services that are provided. It also needs to increase the number of people who are trained to be social care workers, and the number of people who are employed as social care workers. The private sector also needs to be encouraged to provide more social care services.

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