

Briefing

Wage theft and pandemic profits: The right to a living wage for garment workers



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Millions of vulnerable workers in the garment industry have been denied full wages legally owed to them for work already completed due to order cancellations, non-payment and other harmful commercial practices by brands during the COVID-19 pandemic. When brands don't pay their suppliers, or demand discounts, it has a direct impact on suppliers' ability to pay their workers even for work already completed. In many cases workers – the vast majority women – have been owed wages for several months and are left struggling to support themselves and their families.

In stark contrast to the destitution faced by garment workers in their supply chains, most major fashion brands are once again turning profits – in some cases unprecedented profits – having already recovered from the initial disruption caused by the pandemic.

This report demonstrates how the business model of fashion brands and the structure of global garment supply chains create and sustain poverty wages for garment workers. It features eight case studies from **Cambodia, Myanmar, the Philippines, Bangladesh and Ethiopia**, involving allegations of unpaid wages and benefits (wage theft) linked to the COVID-19 pandemic affecting over **9,800** garment workers. These workers were producing for 16 international brands: **Carter's Inc., Hanesbrands, H&M, Levi Strauss & Co., LIDL, L Brands, Matalan, Mark's Work Wearhouse, Next, New Look, Nike, PVH, River Island, Sainsbury's, s.Oliver and The Children's Place.**

Combined, these 16 brands have recorded over **US\$10 billion in profits** in the second half of 2020 alone. All brands included in the report have policy commitments to ensure workers in their supply chain are paid. Ten go further and explicitly refer to aspirations to pay a living wage, and five of these brands are members of the key voluntary initiative on living wage payment, [Action Collaboration Transformation \(ACT\)](#).

In all but one of the eight cases, at least a portion of wages, benefits and severance are still owed to workers months later, highlighting a significant gap between company commitments to ensure full payment of wages and benefits and implementation in factories. Three cases are unresolved. In five cases workers received a portion of what was owed, and in just one case workers received the full amount owed to them.

Living wages are a human right and fundamental to a just recovery within the fashion industry. On average, garment workers are paid four times less than a wage needed to live on. For this right to fair wages to be realised, an overhaul of the commercial buying practices of fashion brands is required, alongside the ability to enforce compliance.



Garment workers' monthly minimum vs living wage
Infogram

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Press Release

Fashion brands bring US\$10bn in pandemic profits as thousands of their garment workers face wage theft

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Media Coverage

<https://www.reuters.com/article/fashion-workers-pay/fashion-brands-urged-to-fix-broken-industry-with-pledge-on-workers-pay-idUSL8N2LD1S9>

<https://thefinancialexpress.com.bd/trade/brands-protect-bottom-line-but-workers-face-destitution-1615776539>

<https://www.newagebd.net/article/132752/rmg-workers-face-wage-theft-in-july-dec-report>

<https://www.businessoffashion.com/news/global-markets/garment-workers-remain-unpaid-even-as-fashion-giants-return-to-profit>

<https://sourcingjournal.com/topics/labor/garment-workers-wage-theft-pandemic-business-human-rights-resource-centre-267520/>

<https://www.ecotextile.com/2021031127517/fashion-retail-news/workers-lose-wages-as-brands-profit-report.html>

<https://wwd.com/business-news/retail/fashion-industry-factory-workers-pay-issues-during-coronavirus-pandemic-1234777432/>

<https://www.vox.com/the-goods/22278245/garment-workers-bangladesh-unpaid-factories-sweatpants>

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