

Overworked and Underpaid



Excessive hours, wage theft and poor working conditions in Pakistan's garment export factories

Arisa

The Netherlands

July 2025

Contents

| | |
|---|-----------|
| Abbreviations | 3 |
| 1 Introduction | 4 |
| 1.1 About this report | 4 |
| 1.2 Research methods | 6 |
| 2 Context | 9 |
| 2.1 Pakistan | 9 |
| 2.2 The textile and garment sector in Pakistan | 12 |
| 3 Labour conditions in the production units | 17 |
| 3.1 Investigated units, manufacturers and customers | 17 |
| 3.2 The interviewed workers | 20 |
| 3.3 Employment relations | 22 |
| 3.4 Excessive working hours and forced overtime | 27 |
| 3.5 Wage violations and poverty wages | 35 |
| 3.7 Silenced workers | 51 |
| 3.8 Comparing the investigated units | 55 |
| 4 Buyers' responses | 57 |
| 5 Conclusions and recommendations | 62 |
| 5.1 Conclusions | 62 |
| 5.2 Recommendations | 65 |
| Endnotes | 68 |

Abbreviations

| | |
|------------------------|---|
| CSDDD | Corporate Sustainability Due Diligence Directive |
| CSRD | Corporate Sustainability Reporting Directive |
| EOBI | Employees' Old-Age Benefits Institution |
| ESSI | Employees' Social Security Institution |
| EU | European Union |
| EUR | Euro |
| GDP | Gross Domestic Product |
| IDSN | International Dalit Solidarity Network |
| ILO | International Labour Organization |
| NGO | Non-Governmental Organisation |
| OECD Guidelines | OECD Guidelines for Multinational Enterprises on Responsible Business Conduct |
| PKR | Pakistani rupee |
| UNGP | UN Guiding Principles on Business and Human Rights |
| USA | United States of America |
| USD | United States Dollar |

1 Introduction

1.1 About this report

A living wage for standard working hours is a fundamental human right and a cornerstone of decent work. Decent work not only provides fair and adequate income, but also ensures secure employment and safe working conditions. It upholds the freedom for individuals to voice their concerns, organise collectively and participate in decisions that impact their lives. Decent work guarantees equality of opportunity and of treatment for all women and men.¹

For millions of workers in the global textile and garment industry, the promise of a living wage and decent working conditions remains largely unfulfilled. While these rights are established in international labour and human rights conventions, as well as in company policies and codes of conduct, their implementation is still the exception rather than the rule. Despite decades of commitments from international brands and voluntary initiatives promoting responsible business conduct – such as commitments to fair or living wages – a significant gap persists between written policy and the daily realities workers face on factory floors.

A substantial body of evidence the Clean Clothes Campaign and other labour rights organisations has consistently demonstrated that working conditions in the textile and garment sector frequently fall short of national and international standards. Systemic issues persist, including wages significantly below living wage benchmarks, excessive and often mandatory overtime, unsafe and unhealthy workplaces, and the suppression of workers' rights to freedom of association and collective bargaining.

These persistent violations of labour and human rights are deeply rooted in the structural power imbalances that define global garment supply chains. International brands and retailers, positioned at the top of these chains, wield disproportionate influence over pricing and sourcing decisions, often leading to compromises on workers' rights. Despite these well-documented abuses, the production and retail ends of the supply chain continue to generate substantial profits.

In the global fashion industry, internationally operating brands and retailers predominantly source their collections from countries where wages are low and labour law enforcement is weak. This sourcing model significantly increases the risk of labour rights violations within supply chains. In this vacuum, NGOs and trade unions play a crucial role in monitoring the policies and practices of these companies, and advocating for effective measures to prevent, identify, and remedy labour rights abuses in their supply chains.

This current research by Arisa in close collaboration with labour rights researchers in Pakistan reveals insights on wages and working conditions in export units in Pakistan that produce garments for large international brands and retailers. Pakistan has increasingly become an important producer and exporter of fabric and ready-made garments to Europe.² However, compared to countries such as China, India, and Bangladesh, there is relatively limited information available on employment and working conditions in Pakistan's export-oriented garment industry.

Recent reports, including *No Room to Bargain: Unfair and Abusive Labor Practices in Pakistan* (Human Rights Watch, 2019)³, *Hanging on by a Thread – Garment Workers’ Rights amidst Rising Costs and Wage Violations in Pakistan* (Labour Behind the Label, 2023)⁴ and *No Contracts, No Rights: How the Fashion Industry Avoids Paying Minimum Wages in Pakistan* (FEMNET and ECCHR, 2023)⁵, have documented persistent labour rights violations in Pakistan’s textile and garment sector. These publications highlight exploitative purchasing practices and underscore the responsibility of international brands to address these issues.

Building on these findings, this research focuses on a specific segment of Pakistan’s textile and garment industry: denim-based ready-to-wear garments produced for the international market. The production units examined in this study are part of large industrial conglomerates and vertically integrated manufacturers, which together represent a significant share of Pakistan’s textile and garment production for export. By analysing eight production units within this segment, the research provides a detailed account of working conditions and systemic challenges workers face in these supply chains.

Current developments underscore the urgency of this research. The sector is navigating a highly unstable environment, marked by persistent high inflation, recurring natural disasters, disruptions caused by armed conflict, and the anticipated impact of recent tariff changes introduced by the USA under President Trump. In such a volatile business context, workers remain especially vulnerable, as their rights and interests are frequently overlooked. We therefore urge international brands and retailers sourcing from Pakistan to ensure decent work and compliance with international labour standards in their supply chains – now more than ever.

Avoiding retaliation against workers and researchers

Arisa collaborates closely with researchers based in South Asia to ensure our research reflects a deep understanding of the local context. These labour rights organisations play a key role in all stages of the research and in engaging with authorities, manufacturers and buying companies to pursue follow-up actions.

Conducting research of this nature involves risks. Therefore, in consultation with our research partners in Pakistan, we jointly decided to withhold the names of the production units included in this study. We have done this to protect both interviewees and respondents from potential repercussions. Workers who participate in such research may face intimidation, threats or even dismissal if their involvement becomes known to employers. For similar reasons, we have withheld the names of partner organisations in Pakistan, as both researchers and their organisations may be subject to threats and intimidation.

Throughout this report, the eight production units are referred to as Unit 1, Unit 2 and so forth. To ensure the verifiability of the research, we confidentially shared the names of the investigated units and their parent companies with the buying companies mentioned in this report. We shared draft chapters of the report with the 11 buying brands and retailers to give them the opportunity to review and respond to the research findings.

Report outline

The next section gives details of the research methodology. Chapter 2 provides background information on Pakistan, its textile and garment industry, and recent development affecting the industry. Chapter 3 presents our research findings and describes the wages, working hours and working conditions in the eight production units. Chapter 4 summarises the responses from the 11 buying brands included in the report. Chapter 5 presents our conclusions and recommendations.

1.2 Research methods

To gain a comprehensive understanding of working conditions in export-oriented garment factories in Pakistan, we conducted research on labour recruitment, working hours, wages, benefits, social security and access to remedy. Interviews and focus group discussions were conducted with a 126 workers in total. Additional interviews were held with representatives of labour rights organisations, trade unions, multistakeholder initiatives, as well as brands and retailers. We also conducted supply chain research to trace the investigated production units to their international buyers. Draft chapters of this report were shared with the brands and retailers mentioned, in order to incorporate their perspectives.

Selection of production units

We looked at prevailing working conditions at eight production units of export-oriented (denim) garment manufacturers in Pakistan: four in Karachi and four in Lahore. Karachi, with an estimated 2,500 to 4,000 textile and garment factories, and Lahore, with around 1,500 to 2,000 such factories, are the sector's largest production hubs in Pakistan, as well as being the country's two largest cities by population.⁶ The selected production units are part of large, vertically integrated manufacturers, with each of them representing a different manufacturer.

We used the S&P Global/Panjiva⁷ subscription-based supply chain intelligence platform to generate a list of large textile and garment manufacturers in Karachi and Lahore that supply international buying companies, using data for the years 2022 to 2023. In addition, we used data from the Open Supply Hub platform and supplier lists published by buying companies to identify relationships between buying companies and the production units of those manufacturers. Our research partners in Pakistan then selected manufacturers and specific production units for investigation. Selection criteria included factories' geographical location and access to workers.

Worker interviews and focus groups

Interviews with workers form a key component of this research. Our research partners in Pakistan held both individual interviews and focus group discussions with workers employed in the selected production units. The interviews took place between January and October 2024. Through contact with workers in the selected units, the researchers got to know other workers employed in the same unit and asked them for an interview.

A total of 124 workers participated in the individual interviews, 95 male workers and 29 female workers. The researchers used a questionnaire with both closed and open questions for individual worker interviews to gather comprehensive insights into workers' personal background, employment conditions and workplace experiences. Interviews lasted 35 minutes on average. In some cases multiple conversations were held with the same workers.

The focus group discussions used an open interview format and involved 25 male workers in four focus group discussions. All but two of these workers also participated in the individual interviews. Thus in total 126 workers participated in the research. The average duration of focus group discussions was two hours.

All interviews and focus group discussions took place outside the workplace, in workers' homes, in private areas of restaurants or in the office of the research partner, and in the workers' spoken language.

Table 1 provides an overview of the respondents from the investigated factories.

Table 1 Workers in individual interviews and focus group discussions

| Unit | Number of individual interview respondents | Number of male workers | Number of female workers | Number of respondents in focus group discussions (all male) |
|------------------|--|---------------------------------|---------------------------------|---|
| 1 | 15 | 15 | 0 | 3 |
| 2 | 15 | 15 | 0 | 4 |
| 3 | 21 | 6 | 15 | 3 |
| 4 | 15 | 15 | 0 | 3 |
| 5 | 11 | 10 | 1 | 3 |
| 6 | 17 | 12 | 5 | 4 |
| 7 | 15 | 12 | 3 | 2 |
| 8 | 15 | 10 | 5 | 3 |
| Subtotals | Karachi 66 Lahore 58 | Karachi 51 Lahore 44 | Karachi 15 Lahore 14 | Karachi 13 Lahore 12 |
| Total | 124 | 95 | 29 | 25 |

The researchers also spoke to eight Pakistani trade unions and NGOs with expertise on working conditions in the country’s textile and garment sector. Their perspectives helped the researchers interpret the research data in relation to contextual factors and developments.

Supply chain research and company review

As noted above, we used S&P Global/Panjiva, Open Supply Hub and buying companies’ published supplier lists to establish links between the investigated factories and international buyers. Prior to publication of this report, in April 2025, we shared the research findings with 11 international clothing brands and retailers that source from the investigated production units and their parent companies. We asked these buyers to comment on the findings and to inform us of any factual errors in the draft chapters we sent them. As part of the review process, we urged buying brands and retailers to consider the vulnerability of the interviewed workers and to ensure, when discussing the research findings with their suppliers, that there would be no repercussions for them.

Methodological challenges

Many workers were initially reluctant to participate in the research, primarily due to fears of employer retaliation and job loss – concerns heightened by Pakistan’s high unemployment rate. Respondents were concerned that, if their managers or colleagues knew they were taking part in the interviews, they could be sacked or even denylisted (preventing their being hired at any unit of the same company or by any company in the same industrial area). If this happened, they also risked missing out on the Eid al-Fitr

bonus.ⁱ Few respondents in Karachi and Lahore reported cases of workers being dismissed or denylisted for interacting with researchers.

To protect workers' jobs and secure their access to financial bonuses, Arisa and partners decided not to name the investigated production units and their parent companies in this report, so that employers cannot trace data to workers and use it for retaliation. In addition, the interviewers ensured workers' anonymity in the data files and hence in this report.

Another challenge was to include female workers in the research. Travel challenges and limited availability due to additional after-work household responsibilities made it difficult for women to participate. Unlike their male colleagues, women usually do not ride motorcycles in Pakistan, and public transportation options are limited. To address these barriers, our partners arranged transportation for female respondents and compensated their travel costs.

Time constraints were another challenge, as most workers worked six days a week in 10- to 12-hour shifts, leaving only late evening hours for interviews. To accommodate workers' limited availability, interviewers sometimes made multiple short visits to workers to ensure they covered all the research topics.

Interviewed workers' limited knowledge of labour rights further complicated the research. Many respondents had never received a copy of their employment contract and were therefore unaware of the terms and conditions of their employment, including wages, overtime and benefits. Interviewers had to explain to workers the various terms and issues, such as the Employees' Old-Age Benefits Institution (EOBI), during the one-on-one interviews.

Given these challenges, it took considerable time and effort to involve potential respondents in the study.

There is also very little publicly available information on the production units studied. For example, addresses are unclear; some production units are located at different sites with multiple addresses; in other cases several production units are registered at the same address. Public information on the number of workers employed at each production unit is either unavailable or based on rough estimates. Because of these challenges it also took longer than expected to complete the selection of production units and of respondents.



Lahore's garment manufacturing sector includes a significant cluster of factories situated along the Hudaira Drain

i Eid al-Fitr is one of the two major holidays celebrated by Muslims and marks the end of the holy month of Ramadan, during which Muslims fast daily from before dawn until sunset. It is common for textile and garment workers to receive an Eid al-Fitr bonus.

2 Context

2.1 Pakistan

Population

Pakistan became a separate state in 1947, following partition of the Indian subcontinent into the independent states of Hindu-majority India and Muslim-majority Pakistan.⁸ Pakistan is home to several key linguistic and ethnic groups, or nationalities, including Baloch, Pashtuns, Punjabis, Saraikis, Sindhis, and Urdu-speaking Muhajirs who migrated to Pakistan during the partition.⁹

Pakistan's Constitution recognises Islam as the state religion.¹⁰ While the Constitution guarantees religious freedom and the right of minorities to practise their faith, in reality, these rights are often undermined. Religious minorities in Pakistan often face discrimination and may encounter restrictions that limit their freedoms, despite the constitutional protections in place.¹¹

According to the 2023 census, Pakistan's population exceeds 240 million, with around 4 per cent belonging to minority groups. Among these groups, Hindus make up about 1.6 per cent of the country's population and Christians around 1.4 per cent.¹² Many members of Pakistan's Christian community trace their origins to the Hindu Dalit population.ⁱⁱ Over time, many Hindu Dalits have converted to Christianity in search of social mobility and equality. Other minority groups include the Ahmadiyyaⁱⁱⁱ, Parsi and Sikh communities.

While women comprise almost half of Pakistan's total working age population, their official labour force participation was only 23 per cent in 2021.¹³

ii The term Dalit literally means "broken people" and is a self-designation adopted as part of the growing self-awareness and self-empowerment of the Dalit movement. Caste-affected communities do not use any single term to describe themselves. Terms used vary from country to country across the world. <<https://idsn.org/terminology/>>

iii The 500,000-strong Ahmadiyya community in Pakistan is a religious minority that considers itself Muslim but is barred under Pakistan's strict blasphemy laws from referring to itself as such and from practising aspects of its faith. See Amnesty International, "Pakistan: Authorities must end escalating attacks on minority Ahmadiyya community", June 2024 <<https://www.amnesty.org/en/latest/news/2024/06/end-escalating-attacks-on-minority-ahmadiyya-community/>>

Box 1 Pakistan's caste system

The caste system in South Asia divides people by birth into hierarchical and unequal social groups. Mobility between groups is generally impossible. Caste permeates all aspects of life, determining where people live, whom they can marry and what job opportunities are available to them. People facing caste discrimination have limited access to land, water and education, and are usually unrepresented in decision-making positions.

Caste-based discrimination affects hundreds of millions of people, mainly in South Asia. While rooted in the Hindu caste system, caste divisions exist across various religions and cultures. Similar systems of social hierarchy and discrimination also occur in other parts of Asia and in parts of Africa, the Middle East and the Pacific, and among diaspora communities.¹⁴

The caste system in Pakistan is a complex and often overlooked aspect of the country's social fabric. While it is most commonly associated with the Hindu community, caste divisions also exist among Pakistan's Muslims and Christians and in other religious groups. In 1956, the Pakistani government declared 32 castes and tribes to be Scheduled Castes. The term Scheduled Castes refers to historically marginalised communities that have faced systemic social discrimination and exclusion.

Pakistan's 2023 census classifies 1.3 million people (0.6 per cent) as belonging to Scheduled Caste communities, but in fact the number is likely to be much higher. According to an expert on minorities in Pakistan, 80 to 90 per cent of the Hindu community belong to Scheduled Castes.¹⁵

Further, a significant portion of the Christian community in Pakistan, particularly in rural areas, consists of people from Scheduled Caste communities who have converted from Hinduism to Christianity. Scheduled Caste Hindus who have converted to Islam or Christianity are not officially recognised under the Scheduled Caste category, although they still, even after generations, face the prejudice and discrimination reserved for Scheduled Caste Hindus. This creates an issue of invisibility and underrepresentation.¹⁶

The Pakistani government does not officially acknowledge caste as an issue and denies the existence of caste-based discrimination in the country. However, caste continues to play a significant role in determining people's social status. Pakistani society is sharply divided along class lines, with additional divisions based on religion, gender, urban versus rural background, and caste. Caste-affected communities in Pakistan face persistent discrimination and severe socioeconomic hardship.¹⁷

For more information about caste-based discrimination in Pakistan, see the International Dalit Solidarity Network's (IDSN) website.

Political system

Pakistan is a federal parliamentary republic with a multiparty democratic system, as outlined in its Constitution. This structure ensures a clear division of powers between the executive, the legislature and the judiciary. Provincial governments enjoy a high degree of autonomy (see map, Figure 1).

Despite these democratic structures, Pakistan's democracy faces significant challenges. The military exerts considerable influence, often interfering in civilian affairs and influencing government policy. In addition, dynastic politics dominate the major political parties, limiting intra-party democracy and the effectiveness of policy-making. Institutional weaknesses and political instability have led to frequent changes of government, affecting the continuity of democratic processes.¹⁸

Figure 1 Map of Pakistan



Economy

With a gross domestic product (GDP) of USD 1,407 per capita in 2023, the World Bank classifies Pakistan as a lower-middle-income country.¹⁹ Its relatively young population of over 240 million people makes Pakistan the fifth most populous country in the world, boasting a large and active labour force.²⁰

Over the past decade, Pakistan's economy has swung between periods of growth and severe instability. While sectors such as services have driven moderate growth, repeated crises have undermined economic progress.²¹ The Covid-19 pandemic, catastrophic floods in 2022 and 2023, and an energy crisis that hit manufacturing and agriculture hard have deepened economic vulnerabilities.²² Global shocks, including disruption from the Russia–Ukraine war, soaring international inflation and climate change have further strained Pakistan's economy.²³

Structural problems also continue to hold Pakistan back. High debt levels of over 70 per cent of GDP, persistent inflation and climate-related disasters have forced reliance on austerity measures backed by the International Monetary Fund to stabilise finances.²⁴ Despite these pressures, a fragile recovery is emerging, with growth expected to reach 3 per cent in 2025 and 4 per cent in 2026 if reforms take hold.²⁵ Structural reforms in fiscal management, energy and governance remain critical to address economic instability and ensure sustainable growth.²⁶

In addition, the recent 29 per cent import tariffs imposed by the US Trump administration on Pakistani products may negatively impact Pakistan's textile and garment sector, which accounts for the bulk of the country's exports to the USA.²⁷

Civic space

Civic space in Pakistan has faced significant challenges in recent years, with the government imposing increasing restrictions and regulations. CIVICUS Monitor currently classifies civic space in Pakistan as "repressed", indicating the existence of severe restrictions.²⁸ In March 2025, CIVICUS Monitor added Pakistan to its watch-list, citing recent developments that have rapidly undermined civic freedoms.²⁹ The government has criminalised activists, stifled opposition and minority protests, and imposed restrictions on digital space. Human rights defenders face arbitrary charges, often under anti-terrorism laws, for their activism. Additionally, journalists and media outlets face intimidation, harassment and surveillance, leading to self-censorship and a climate of fear.³⁰

For trade unions and NGOs, shrinking civic space has significant implications. Many organisations face challenges in operating efficiently and independently, with increased scrutiny and restrictions on their activities. Over the past decade, legislative measures have suppressed civil society's ability to operate freely. For instance, since 2019, the Economic Affairs Division of Pakistan's Ministry of Finance has rejected hundreds of applications for "no-objection certificates", which are now mandatory for all registered non-profit organisations seeking to promote and protect human rights or engage in development work.³¹

Similarly, trade unions in Pakistan face significant limitations. In 2024, Punjab and Sindh provinces developed new labour codes to consolidate existing labour laws. Unions and labour organisations have criticised these codes for undermining workers' rights and weakening union capacity. Concerns include restrictions on forming trade unions, limitations on the right to strike, and provisions that could legitimise exploitative practices like contract labour.³²

2.2 The textile and garment sector in Pakistan

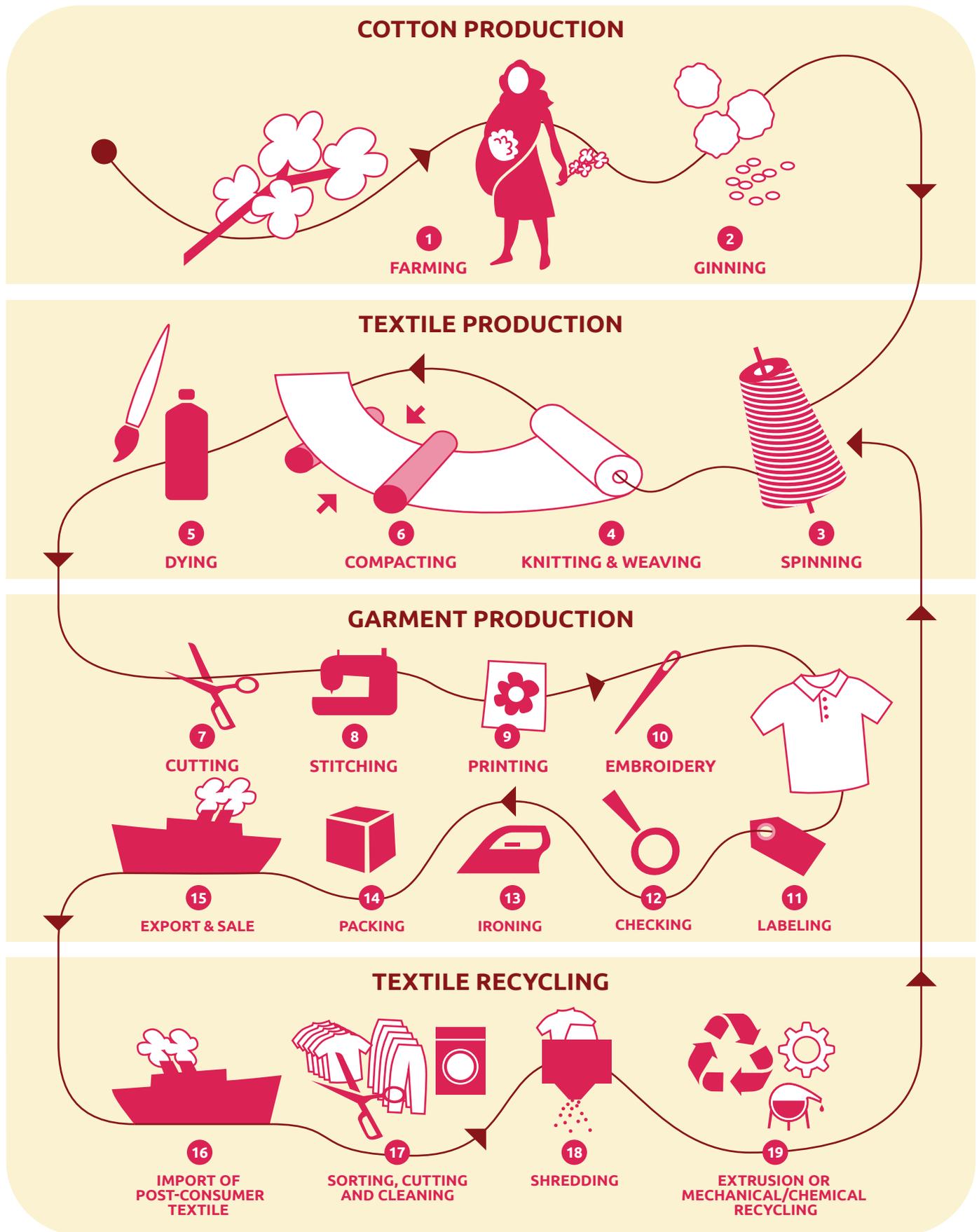
Place in the economy

After agriculture, the textile and garment industry is Pakistan's second largest national economic sector.³³ Cotton, textiles and garments are a pillar of the economy and an important source of agricultural and industrial employment, annually worth more than USD 18 billion and making up roughly 60 per cent of the country's total exports.³⁴ The European Union (EU) and USA are its main export markets. Although Pakistan's economy is not highly export driven, with exports accounting for only 10.4 per cent of GDP in 2023, because of the country's overall trade deficit – more than USD 27 billion in fiscal year 2023 – it depends heavily on textiles and garments as a source of export revenue and foreign currency.³⁵

Due to its unique geography, climate and demography, Pakistan has a largely vertically integrated supply chain, in which production activities, ranging from cotton farming to yarn spinning, textile production, sewing and recycling, are present domestically.³⁶ See Figure 2.

Pakistan is the world's second largest exporter of home textiles and the third largest exporter of cotton yarn and fabrics.³⁷ Nearly 90 per cent of its garment exports go to the EU, the USA and the United Kingdom, with the EU the largest market, accounting for over 40 per cent of total exports.³⁸ The EU has become the world's largest importer of garments from Pakistan over the last decade, largely due to duty-free trade under Pakistan's Generalised Scheme of Preferences Plus (GSP+) status, granted in 2014. Within the EU, the Netherlands, Spain, Germany and Belgium are the largest importers of garments from Pakistan.³⁹

Figure 2 Pakistan's cotton, textile and garment value chain



There are an estimated 10,000 garment manufacturers in the country.⁴⁰ These range from large vertically integrated conglomerates that make everything from yarn to garments, to small informal home-based production units. Roughly one-third of the total value of the country's manufactured textiles and garments are produced by a handful of large firms, one-third by a few dozen medium-sized firms, and the rest by a few hundred smaller firms and thousands of small-scale informal production units.⁴¹

In Punjab province, the garment and textile industry is clustered in Lahore, Faisalabad and Multan; in Sindh province, most garment production takes place in the country's economic capital, Karachi.

For more information on Pakistan's cotton, textile and garment industry, read Arisa's 2024 report.⁴²

Workforce

Pakistan's cotton, textile and garment supply chain is estimated to employ up to 15 million people, with approximately 1.8 million working in textile manufacturing and 2.2 million in garment production.⁴³ Workers are employed in different ways, ranging from permanent employment to contract labour and piece-rate or daily wage labour.

Unlike most other garment-producing countries, where the majority of workers are female, only an estimated 28 per cent of Pakistan's garment workers are women. This reflects the generally low female employment rate in the country and the highly patriarchal nature of Pakistani society. Although the textile and garment sector is largely dominated by men, it is still the country's second largest employer of women, after agriculture. Female workers are mostly concentrated in specific segments and lower-skilled jobs such as cutters in cutting departments and helpers in stitching and trimming departments. Women are increasingly employed in export factories and make up the vast majority of informal home-based workers.⁴⁴

Box 2 Caste-based discrimination in Pakistan's garment sector

Caste-affected communities in Pakistan face deep-rooted discrimination and severe socioeconomic hardship. As the IDSN highlights, many live in segregated rural areas of Punjab and Sindh, enduring extreme poverty, landlessness, illiteracy and entrenched social exclusion. Forced labour remains a serious concern, particularly in the cotton and cotton seed sectors, where Scheduled Caste workers are highly vulnerable due to social exclusion, lack of landownership and economic deprivation.⁴⁵

In recent years, there has been a growing presence of workers from oppressed caste communities in Karachi's garment sector. Most of these workers come from the Sindh districts of Mirpur Khas, Sanghar, Tharparkar and Umerkot, having migrated in search of better employment opportunities or to escape environmental challenges such as floods and other climate-related impacts that have devastated rural livelihoods.⁴⁶

In the urban garment sector, these workers are largely confined to low-paid, insecure jobs, often hired through contractors without permanent employment or access to social protections. Without strong social networks or trade union representation, they face significant barriers to voicing concerns and remain highly susceptible to exploitation.⁴⁷

Learn more about the position of workers from Scheduled Caste communities in the report, *Precarious labour and silenced workers: The position of workers from Scheduled Caste communities in the textiles and garment industry in Pakistan*.



Inside a garment factory (not under investigation)

Unionisation

According to estimates, the trade unionisation level among Pakistan's garment workers is less than 1 per cent.⁴⁸ This reflects the generally low union density^{iv} of 4.7 per cent across all industries in the country.⁴⁹

Collective bargaining exists mainly at factory level and on a very limited scale.⁵⁰ Factory owners and managers offer short-term contracts and often refuse to grant permanent employment, even after extended service, creating significant barriers for workers to join unions. They also dismiss or harass union representatives to stop independent unions from forming, sometimes supporting "yellow" unions with fake members.^v Union leaders claim that bribing workers to retract their demands is common, illustrating a broader pattern of silencing workers. Meeting legal union registration requirements, such as having one-fifth of the workforce as members, becomes difficult under these circumstances. There is also a lack of government support for trade unions.⁵¹

Wages

Pakistan's minimum wage system is governed by a complex framework of laws and regulations, including the Minimum Wages Ordinance 1961 and the West Pakistan Minimum Wages for Unskilled Workers Ordinance 1969. The latter provides the basis for a centralised minimum-wage-setting process that does not require consultation with employer representatives and trade unions. At provincial level, there are tripartite minimum wage boards that recommend wage rates to be declared by the provincial government, but the government has the final say in setting the minimum wages.⁵²

Over the past decade, Pakistan's textile and garment industry has seen nominal wage growth, the minimum wage for unskilled labour rising from PKR 13,000 (EUR 43.03) in 2014/15 to PKR 37,000 (EUR 122.47) in 2024/25.^{vi} However, real gains have been undermined by inflation and persistent gender inequalities.⁵³ Cumulative inflation over the past decade has eroded purchasing power, with average

iv Trade union density is the ratio of wage and salary earners who are trade union members to the total number of wage and salary earners in the economy – a standard measure to compare the associational power of unions across countries. <<https://www.eurofound.europa.eu/en/european-industrial-relations-dictionary/trade-union-density>>

v A "yellow" union is a workplace collective or association sponsored, controlled and often financed by the employer or management. While it may appear to represent workers, it is not based on employees' free choice. Such unions are also known as "white" unions, "pocket" unions or "paper" unions. <<https://www.ethicaltrade.org/insights/resources/foa-worker-representation-company-guidance/step-3-develop-strategy/working-trade>>

vi For all currency conversions, we have used the conversion rate at 3 June 2024 of PKR 1 : EUR 0.00331 <<https://www.oanda.com/currency-converter/en/?from=PKR&to=EUR&amount=1>>

consumer retail prices of rising by 83 per cent between 2021 and 2025. Despite nominal wage increases, stagnant minimum wage adjustments have limited real income gains, particularly for informal and low-skilled workers and women.⁵⁴

According to an International Labour Organization (ILO) 2025 policy brief, women in Pakistan continue to earn significantly less than men, with the gender pay gap standing at 25 per cent for hourly wages and 30 per cent when assessed on a monthly basis.⁵⁵

Non-compliance with minimum wage regulations is another problem in Pakistan. In a demographic analysis of minimum wage compliance, researchers found non-compliance rates as high as 88 per cent for some categories of workers, using Pakistan Labour Force Survey data for 2018 to 2021. The research also showed non-compliance was higher among female workers, those with low levels of education, contract workers and informal sector workers, highlighting the vulnerability of these workforce segments.⁵⁶

Pakistan lacks adequate mechanisms to ensure compliance. Poor governance, corruption and highly politicised decision-making all play a role. Weak collective bargaining by garment workers, minimum wages below a living wage, a lack of alternative employment opportunities and the easy availability of new workers keep many workers below subsistence level.⁵⁷

A 2021 case in Sindh province highlights resistance to minimum wage increases and non-compliance. In June 2021, the Sindh provincial government announced a 43 per cent increase in the minimum wage for garment workers. Employers rejected the increase. They argued that the government had failed to properly consult the Sindh Minimum Wage Board and vowed to take the case to the Supreme Court, threatening to leave the province if the PKR 25,000 (EUR 82.75) minimum wage remained in place.⁵⁸ See the full story on the website of the Business and Human Rights Resource Centre: [*Pakistan: Clothing brands criticised by labour groups as Sindh suppliers dispute garment worker wage increase.*](#)



Garment worker cutting fabric

3 Labour conditions in the production units

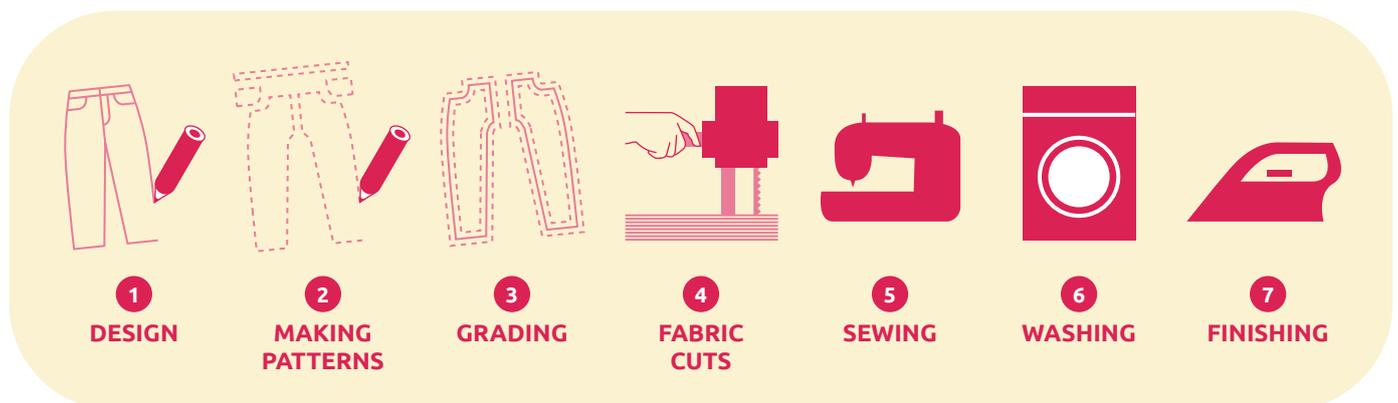
3.1 Investigated units, manufacturers and customers

This section of the chapter provides information on the eight investigated production units (referred to as **Unit 1** to **Unit 8**), their parent companies and their international buyers. We obtained information on the production units and their parent companies from public sources, including company websites^{vii} and the Open Supply Hub, and from the interviewed workers. Information on the international buyers linked to the investigated production units and their parent companies comes from the Open Supply Hub, S&P Global/Panjiva and the buying companies' published supplier lists.

Production units and manufacturers

Units 1 to 4 are located in Karachi, **Units 5 to 8** in Lahore. With the exception of Unit 4, which is a washing unit only, all the investigated production units produce ready-made garments. Production processes in these units include cutting, stitching, washing and finishing. After the fabric has been inspected for defects and shrinkage, it is cut into shapes of different garment parts. The fabric pieces are then sewn together and washed to create the different shades. The finishing process includes pressing or ironing, adding buttons, zips and labels, clipping or trimming (cutting off loose threads), quality control and packing for export. See Figure 3 for the garment manufacturing process. The investigated units manufacture both denim garments and other garment products.

Figure 3 Garment manufacturing process



vii We exclude manufacturers' company websites from our cited sources to ensure anonymity.

The investigated production units (**Units 1 to 8**) are part of vertically integrated manufacturers that operate multiple units where different processes take place, from the spinning of yarn and weaving of fabric to the manufacturing of finished denim and other garment products and/or home textiles. Company websites and the Open Supply Hub show that the investigated manufacturers operate between four and 16 different production units each. Some of the investigated companies also operate textile recycling units, energy plants and cotton farming programmes, and they have marketing and innovation offices and production units abroad. Four companies are part of larger business groups with economic activities in different sectors, such as finance, dairy production, logistics and hospitality.

The eight companies were founded in the second half of the twentieth century, half of them before the 1980s. The textile and garment divisions of these companies, consisting of multiple production units, employ an estimated 6,000 to 45,000 workers in total. Each investigated production unit employs between 2,000 and 5,000 workers, with the exception of **Unit 1**. In early 2024, the number of workers in **Unit 1** gradually reduced from about 2,500 to 250, and in May 2024 **Unit 1** closed for good (see Box 4 for more information).

The majority of workers in ready-made garment factories like the investigated production units work in stitching departments. Pakistani trade unions and NGOs consulted during the research estimate that 20 to 30 per cent of workers in garment factories are employed through third-party contractors, especially during peak production periods. Subsection 3.3 provides more information on the use of contract labour in the investigated units.

The International Accord for Health and Safety in the Textile and Garment Industry expanded to Pakistan in 2023 (see Box 3). The Pakistan Accord on Health and Safety in the Textile and Garment Industry (hereafter the Pakistan Accord) is a legally binding agreement between global unions and brands to ensure the health and safety of workers in Pakistan's textile and garment industry. Seven of the eight investigated units are listed on the Pakistan Accord's facilities list for 2024. The Accord's 2025 first quarter list of facilities includes six of the investigated facilities.⁵⁹

Box 3 The Pakistan Accord on Health and Safety in the Textile and Garment Industry

In force since 2023, the Pakistan Accord covers all cut, make and trim facilities – namely, ready-made garments, home textiles, fabric and knit accessories suppliers – producing for signatory companies. Additionally, the accord includes factory mills in Pakistan within the supply chains of the signatories. The process and timeline of including fabric mills that are not part of integrated facilities are subject to decision-making by the accord's steering committee.⁶⁰

The current 133 Pakistan Accord signatory brands are headquartered in 18 countries across Europe, the USA, Australia, Hong Kong, Turkey and Japan, and include some of the world's largest clothing brands and retailers. Collectively, these brands source approximately USD 3.5 billion worth of goods a year from over 530 suppliers in Pakistan employing more than 567,000 workers.⁶¹

International buyers

International buyers of the investigated production units and their parent companies in 2024 included **Bestseller, Boohoo** (renamed as Debenhams in March 2025⁶²), **C&A, Gap, H&M** (Hennes & Mauritz), **Inditex, Kontoor Brands, Levi Strauss, Mango, Next** and **Primark**. These 11 companies are not the only international customers of the investigated units and their parent companies. Many more international brands and retailers buy from them. We mention the above buyers by name because we were able to

link them to several investigated production units and/or to other units of the same parent companies and because they are major customers of these units and/or parent companies.

All the buying companies, except **Inditex**, had published a list of their suppliers in 2024 on their own website or on Open Supply Hub. All the companies except **Kontoor Brands** are signatories to the Pakistan Accord (Box 3).⁶³

All these international buyers outsource production to Pakistan and other low-wage textile- and garment-producing countries. Most own multiple brands and labels and have retail outlets for clothing and home textiles worldwide. **Bestseller, Boohoo, C&A, Gap, H&M, Inditex, Mango, Next** and **Primark** are considered fast fashion companies.⁶⁴ Their business models focus on rapid design-to-store production cycles, quick response to fashion trends, frequent new collections and low prices.

Table 2 provides an overview of the eight investigated production units, their products, estimated number of workers and links with international buyers. It shows the links between the international buyers and the investigated units as well as with other units belonging to the same parent company. In the latter case, even without a direct link to the investigated unit, there is still a connection to the parent company and thus to the research findings, and it continues to be the responsibility of the international buyer to follow international guidelines on responsible business conduct.⁶⁵

Table 2 The investigated units and their international customers

| Unit | Main products manufactured | Estimated total number of workers per unit | International buyers sourcing from investigated unit | International buyers sourcing from non-investigated units of the same parent company |
|------|---|---|--|--|
| 1 | Denim trousers | 2,500 to 3,000 (Jan. 2024); 250 to 300 (May 2024); closed since end- May 2024 | Bestseller (stopped sourcing Apr. 2024) Inditex | Bestseller Inditex |
| 2 | Denim trousers, denim jackets and shorts (seasonal basis) | 4,500 | C&A Mango | Bestseller C&A Gap H&M Inditex Kontoor Brands Levi Strauss Mango Primark |
| 3 | Denim trousers, denim jackets and shorts (seasonal basis) | 4,000 | Levi Strauss | Bestseller Gap H&M Inditex Kontoor Brands Levi Strauss Mango Next |
| 4 | Denim trousers | 3,000 | Bestseller (stopped sourcing Aug. 2024) | Bestseller (still sources from other units) Boohoo H&M Inditex Mango |

| | | | | |
|----------|--------------------------------|-------|---|---|
| 5 | Denim trousers, other clothing | 4,500 | Boohoo C&A H&M Next Primark | Boohoo C&A Inditex Kontoor Brands Levi Strauss Primark |
| 6 | Denim trousers, other clothing | 4,500 | Bestseller Gap Kontoor Brands Next | Bestseller H&M Inditex Next |
| 7 | Denim trousers | 4,500 | Bestseller C&A H&M Levi Strauss (stopped sourcing Apr. 2025) | Bestseller C&A Gap H&M Inditex Kontoor Brands Levi Strauss Next Primark |
| 8 | Denim trousers and clothing | 2,000 | | Bestseller Boohoo H&M Inditex Mango Next |

3.2 The interviewed workers

All 124 workers, 66 in Karachi and 58 in Lahore, who the researchers interviewed worked at the investigated units at the time of interview. The same applies to workers who participated in the focus group discussions, with the exception of the three respondents from **Unit 1**, as the focus group discussions were held after the unit had closed down. See Box 4 for more information about the closure of **Unit 1**. By the time of their focus group discussion, these three workers had found work in other garment factories in Karachi. However, in the focus group discussion, they shared information only about **Unit 1**.

Gender

Of the interviewed workers, 23 per cent were women. With the exception of **Unit 3**, the majority of interviewed workers at each production unit were male. Respondents shared information about the composition of the workforce at their unit. Respondents from **Units 1, 2 and 4** reported that there were no female workers at their unit. At **Unit 1**, only some cleaning staff were female. Respondents from **Unit 4** said that female workers were employed at other units of the same company. Only male workers participated in the focus group discussions. We explain why it was difficult to involve female workers in the research in Chapter 1's subsection on research methods.

In the focus group discussions in Lahore, male workers provided information about the number of female workers employed at their units. According to the respondents from **Unit 6**, about 50 per cent of workers were female, including all workers involved in clipping (cutting off loose thread from stitched fabric) and about 45 per cent of stitching section workers. At **Unit 7**, over 30 per cent of workers were female, and at **Unit 5**, the percentage of female workers, mainly in the stitching department, was estimated at 35 to 40 per cent. There were female workers at **Unit 8**, but no estimates were provided by interviewed workers.

Age, marital status, religion and language

Interviewed workers were between 18 and 60 years old. About 67 per cent of participants were in the 18 to 30 age range. Additionally, 24 per cent were 31 to 40, and 7 per cent were between 41 and 50. Only two participants (2 per cent) were over the age of 50.

Regarding marital status, 58 per cent of workers were married. At **Units 7 and 8**, the majority were unmarried workers in their mid-twenties.

The majority, 81 per cent, identified as Muslim, while 10 per cent identified as Christian and 3 per cent as Hindu. Six per cent did not declare their religion. All the Hindu respondents worked in factories in Karachi, while the Christian respondents were concentrated in Lahore.^{viii}

There were clear regional patterns in respondents' spoken languages. In Karachi, 70 per cent of respondents identified Sindhi as their mother tongue. In Lahore, 91 per cent identified Punjabi as their mother tongue. Urdu, Pakistan's national language, was also spoken by most respondents in both cities. Some respondents also spoke English, Saraiki, Pashto or Marwari.

Internal migrants

The majority of interviewed workers at Karachi's production units were internal labour migrants. Fifty-three respondents (80 per cent of those in Karachi) from **Units 1 to 4** had moved in the last decade, mainly in search of employment opportunities. Almost three-quarters of these respondents came from other districts in Sindh province, while 12 came from other provinces (Punjab and the conflict-affected provinces of Khyber Pakhtunkhwa and Baluchistan).

The majority of respondents from **Units 5 to 8** lived in Lahore, and some in Kasur, about 40 kilometres to the south. Twenty-five respondents (43 per cent of those in Lahore) had moved to Lahore or Kasur for work, 15 of them in the last decade. Twenty-three had moved from other districts in Punjab province, and two had moved from Sindh province. In the report, we refer to all respondents from **Units 5 to 8** as being from Lahore.



Worker operating a single needle machine

^{viii} In Pakistan, the Christian community comprises mainly converted Hindu Dalits.

Box 4 Closure of Unit 1

In 2024, **Unit 1** and other production units of the same manufacturer closed down. By mid-2024, all other units except one were closed, affecting 3,000 to 4,000 workers. According to interviewees at **Unit 1**, there had been mismanagement and escalating tensions between management and workers, and the closure was sudden and badly communicated to middle management and workers.

In April 2024, workers were initially told to take 15 days' unpaid leave, eventually extended to a month's unpaid leave, leaving workers without jobs at the end of May. Those interviewed from **Unit 1** said the company had cited financial losses as the reason for the closure. This was revealed by management only after they had asked workers to hand in their company identity cards and the workers had asked the reason. Workers were never formally informed about the production unit closing down.

The workers were paid only up to their last day of work (until the forced unpaid leave started) and did not receive any gratuity or end-of-service benefits.^{ix} The respondents approached middle management and the human resources department, but were told that even the middle management had not received payment, so they could not pay compensation to the workers.

Representatives of major buying brands did not contact the workers after the sudden closure. The workers considered protesting but said there was no point as the company had already closed down: *"How can you protest against a company that no longer exists?"*

The closure at the end of May 2024 had a huge impact on the workers, most of whom had been with the company for eight to 10 years. They were left without reference letters, making it extremely difficult for them to find work. For two to three months, workers struggled to find new employment, knocking on factory doors and using personal networks. This was financially and mentally draining, forcing them to adapt to sudden unemployment and struggle to survive.

3.3 Employment relations

This section begins by describing the legal framework for employment relations in Pakistan's textile and garment sector. It then presents the findings on recruitment and employment relations in the production units investigated.

Legal framework: employment

The production of garments and textiles in Pakistan falls under non-seasonal manufacturing, covered by the Factories Act 1934. The Factories Act defines a worker as *"a person employed directly or through an agency whether for wages or not in any manufacturing process, or in cleaning any part of the machinery or premises used for a manufacturing process, or in any other kind of work whatsoever, incidental to or connected with the subject of the manufacturing process, but does not include any person solely employed in a clerical capacity in any room or place where no manufacturing process is being carried on"*.⁶⁶

Article 18 of Pakistan's Constitution allows any person to join a trade or profession of their choice.⁶⁷ The main legislation governing the employment of workers in Punjab and Sindh is the Industrial and Commercial Employment (Standing Orders) Ordinance 1968 (applicable in Punjab) and the Sindh

ix In Pakistan, gratuity is a legal entitlement for employees who have completed at least five years' continuous service with their employer. The gratuity amount is based on the employee's wage and length of service, and it is generally paid when the employee leaves the company.

Terms of Employment (Standing Orders) Act 2015. The Punjab standing orders apply to industrial establishments that directly or indirectly employ 20 or more workers, while the Sindh standing orders apply to establishments that directly or indirectly employ 10 or more workers.⁶⁸

The standing orders in both provinces distinguish between six types of worker: (1) a permanent worker who has been employed in a permanent job for nine months and has successfully completed a three-month probationary period; (2) a *badli* – a worker who temporarily replaces an absent permanent worker or probationer; a *badli* employed for an uninterrupted period of three months or 183 days in any period of 12 consecutive months also acquires the status of a permanent worker; (3) a probationer – an employee in the first three months of employment; (4) a temporary worker employed for a temporary project not exceeding nine months; (5) an apprentice undergoing training under the apprenticeship system; (6) a contract worker engaged on a contract basis for a specific period of time through a written agreement.⁶⁹

The Sindh standing orders exclude third-party contract workers hired via an agency, middleman or contractor from the category of contract workers and do not allow contract workers to be employed in the core operations or production functions of a company. The Punjab standing orders do not define third-party contract labour but narrowly define “contract workers” as those hired directly by the employer on a piece-rate basis for specified periods, with no explicit prohibition of third-party employment.⁷⁰

The standing orders in Punjab and Sindh provinces specify a wage calculation method based on piece rates, i.e. a specific wage per piece produced, but do not define piece-rate workers as a separate category of workers.

Daily wage employment is recognised in the Minimum Wages Ordinance 1961 and provincial laws such as the Sindh Minimum Wages Act 2015. Daily wage workers are those paid on the basis of hours or days worked, with regulations varying from province to province. In Punjab and Sindh, daily wage workers are often categorised as temporary or contract workers.⁷¹

Under the Standing Orders Ordinance 1968 and its provincial variants, the employer is required to provide each employee with an employment contract (also known as appointment letter) at the time of appointment or promotion. The contract must include details of the type of employment (permanent or temporary), designation, job description, terms and conditions, wages and place of work.

Key protections and rights under both the Punjab and Sindh standing orders apply only to permanent workers. However, Pakistan’s Supreme Court has ruled that daily wage workers and third-party contract workers should have the same rights as permanent workers. Nevertheless, implementation and enforcement of this ruling remain inconsistent.⁷²

Recruitment and hiring

Sixty-nine per cent of the respondents had started working at the investigated production units between 2021 and 2023 and 19 per cent between 2016 and 2020. Eighty-nine per cent had found their job through friends, family or acquaintances. Six per cent had got their job through an advertisement, such as a vacancy notice on the factory gate. Other ways of getting a job at the units were to go to the factory gate and ask for work, to contact the human resources department, and through a third-party contractor.

In the focus group discussions with respondents from **Units 1 to 4** in Karachi, workers said that in the past factories used to post notices on the factory gate with new vacancies, but this was no longer common. Recruitment was now mainly through referrals. Three respondents explicitly mentioned that workers were increasingly hired based on their relationships with supervisors or management.

Respondents from **Units 5 and 8** in Lahore mentioned that sweepers and cleaners were only or mainly Christians. Job advertisements for cleaning staff in factories in Lahore specifically mentioned that Christians should apply. For more information about the relations between caste, religion and work, see Chapter 2.

Employment contracts and status

By law, employers should provide a letter of appointment (also known as employment contract) to their employees at the time of employment. Thirty-one per cent of respondents had not signed an employment contract, and many had not received a copy of their contract, as Table 3 shows.

Table 3 Employment contracts

| Unit: | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | Total |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Did <i>not</i> sign an employment contract | 11 | 3 | 4 | 4 | 6 | 11 | 0 | 0 | 39 |
| Did sign an employment contract | 4 | 12 | 17 | 11 | 5 | 6 | 15 | 15 | 85 |
| Received a copy of the employment contract | 2 | 1 | 4 | 4 | 2 | 1 | 14 | 4 | 32 |
| <i>Total respondents at unit</i> | <i>15</i> | <i>15</i> | <i>21</i> | <i>15</i> | <i>11</i> | <i>17</i> | <i>15</i> | <i>15</i> | 124 |

At **Units 1, 5 and 6**, the majority of respondents had not signed a contract. Of the respondents who had signed a contract, 62 per cent had not received a copy.

All **Unit 8** respondents had signed an employment contract. **Unit 7** was a positive exception, with all respondents signing a contract and 14 out of 15 receiving a copy.

Table 4 provides an overview of respondents' employment status.

Table 4 Employment status of respondents

| Unit | Number of respondents | Employment status | | | |
|--------------|-----------------------|-------------------|-----------------------------|-------------------|--------------------|
| | | Permanent worker | Third-party contract worker | Daily wage worker | Piece-rate worker* |
| 1 | 15 | 15 | | | |
| 2 | 15 | 13 | | 1 | 1 |
| 3 | 21 | 20 | | | 1 |
| 4 | 15 | 15 | | | |
| 5 | 11 | 7 | 1 | 1 | 2 |
| 6 | 17 | 12 | | | 5 |
| 7 | 15 | 15 | | | |
| 8 | 15 | 13 | 1 | | 1 |
| Total | 124 | 110 | 2 | 2 | 10 |

* Piece-rate workers can be permanent, third-party contract or daily wage workers.

Eighty-nine per cent of respondents said they were permanent workers. However, 25 per cent of these workers did not have an employment contract.

Two respondents said they had been hired by a third-party contractor (at **Units 5 and 8**). They had signed a contract with their employer. Third-party contract workers often work under the supervision of the third-party contractor at the factory. The contractor is typically responsible for managing production and human resources for a specific task or production line. This may include the payment of wages as well. See Box 5 for the different forms of contract labour and outsourcing of production in Pakistan as identified by the researchers.

Two other respondents said they were daily wage workers (at **Units 2 and 5**).

Ten respondents (8 per cent) identified themselves as piece-rate workers. Five piece-rate workers worked at **Unit 6**, the others at **Units 2, 3, 5 and 8**. Only one of the 10 piece-rate workers had signed an employment contract (at **Unit 8**).

In garment factories in Pakistan, piece-rate workers are usually machine operators. There are often different categories of piece-rate workers, depending on their skill level. Factories often pay piece-rate workers an attendance allowance for four to six hours of work per day. The rest of their pay is based on the number of garments they produce, so their total hours and pay depend on how much work is available and how many garments they produce.

None of the respondent who identified as third-party contract, piece-rate or daily wage workers knew the end date of their employment, although this should be stated in their contracts.

Box 5 Third-party contract labour and outsourcing

The researchers identified the following types of third-party contact labour and outsourcing in Pakistan's textile and garment sector:

- A third-party contractor is hired by a factory and brings a group of workers to the factory to work under his supervision.
- Work is outsourced to a third-party contractor who owns a small production unit. At the unit workers are employed by the third-party contractor.
- Work is outsourced to home-based workers through a third-party contractor.

Outsourcing of production to another (usually unregistered) production unit of the same enterprise is another practice identified. In this case no third-party contractor is involved.

Third-party contract labour and piece-rate work

To better understand the prevalence of third-party contract labour and piece-rate work in the investigated production units, focus group discussions covered this topic. Box 6 shows respondents' insights about, and estimates of, the number of piece-rate and contract workers employed in their production units.

Box 6 Respondents' insights about piece-rate and contract workers

Unit 1: Third-party contract workers were hired in the embroidery, pressing (ironing) and button stitching departments of the production unit. Approximately 30 per cent of the workforce was hired through third-party contractors. The unit paid the contractor a commission for the work, and the contractor took a portion of the wages from the workers he employed.

Unit 2: About 20 per cent of the total workforce were third-party contract workers. These workers were primarily involved in grinding, branding and scrapping (techniques used to create a distressed or vintage look on denim garments). Stitching and finishing were also done by third-party contract workers.

Unit 3: This unit employed a mix of third-party contract workers, piece-rate workers and permanent workers. There were currently around 300 third-party contract workers. These workers were paid a basic wage of PKR 15,000 (EUR 49.65) on a contract basis, with the possibility of earning additional income by working more hours on a piece-rate basis.

Unit 4: There were around 100 to 150 third-party contract workers at the unit (out of a total of 500). They were mainly involved in the dry processes in denim washing, such as spraying, grinding and brushing (techniques to give denim a faded or worn look or to create a specific style). The permanent workers in this unit worked as quality checkers.

Unit 5: Only the staff in the car park and canteen were hired through a third-party contractor. At the unit, all stitching was done by workers paid on piece-rate basis. Approximately 60 per cent of the workers were on a piece rate. They received an attendance allowance, with additional wages calculated on a piece-rate basis.

Unit 6: All the workers were directly hired by the unit; none were hired via third-party contractors. About 75 per cent were piece-rate workers. Only 25 per cent were paid on an hourly basis. The piece-rate workers worked on specific production lines. Even the helpers on the piece-rate lines were paid on a piece-rate basis. The wages of piece-rate workers included an attendance fee and a piece-rate wage.

Unit 7: Of the 4,500 workers, there were about 200 contract workers. These worked in the laundry and finishing departments. There were no piece-rate workers at this unit; all were paid on an hourly basis.

Unit 8: Third-party contract workers had previously worked at this unit. According to interviewed workers, the factory management had tried to qualify as a supplier for **Levi Strauss** and therefore stopped hiring workers through third-party contractors. Approximately 40 per cent of the workforce was employed on piece-rate basis. This included all workers involved in finishing and clipping.

Job insecurity was particularly evident among workers engaged on a piece-rate basis, through third-party contracts or as daily wage earners. When there was less work in the factories these workers were often instructed not to come to the unit or were sent home early. As a result, they had fewer opportunities to earn, leading to a loss of income. Additionally, many piece-rate workers faced challenges in accurately tracking the number of items they produced. Throughout the workday, completed pieces could be moved or mixed with others, making it difficult for workers to verify the pieces they had produced and ensure their wages were calculated correctly.

However, piece-rate work could also offer flexibility in working hours. This flexibility could be especially beneficial for women and internal migrant workers. Women often balanced paid work with domestic responsibilities and childcare. For some, the ability to adjust their working hours helped them better manage these dual roles. The flexibility of piece-rate work allowed internal migrant workers to take time off to visit their home villages.

Summary of employment conditions

Overall, 31 per cent of respondents did not have an employment contract; and of those who did, 62 per cent did not have a copy of it. The majority of workers interviewed reported being employed on a permanent basis, with only two third-party contract workers, two daily wage workers and 10 piece-rate workers represented in the research sample (although permanent and contract workers can also be paid on a piece-rate basis). Without a contract, it is difficult for workers to prove their employment status and access workers' rights.

The focus group discussions revealed a different reality. Piece-rate work and third-party contract labour were common practices in the investigated production units. While contract and piece-rate workers could potentially earn more than permanent hourly paid workers, they faced high levels of job insecurity. The heightened job insecurity, absence of formal contracts and lack of transparent wage records left piece-rate, daily wage and third-party contract workers particularly vulnerable to rights violations. Due to their precarious employment status and limited access to protection, they were more vulnerable than permanent workers with formal written contracts, who enjoyed greater job security and a wider range of benefits.

3.4 Excessive working hours and forced overtime

This section first presents the legal framework on working hours and then our survey results on working hours, overtime and work pressure.

Legal framework: working hours, overtime, breaks and leave

Working hours and overtime

Pakistan's Factories Act 1934 and provincial regulations set clear limits on working hours. The Factories Act prescribes normal working hours at 48 hours per week, usually spread over six days, with 26 working days in a month. Factories' regular operating hours are 9 hours, comprising 8 working hours and 1 hour for breaks and prayer.⁷³

Overtime is permitted, but there are restrictions. The total number of hours worked in a day may not exceed 12, including breaks for lunch, rest, prayer and overtime work. Workers can thus work a maximum 3 hours' overtime a day. Total weekly work, including overtime, cannot exceed 56 hours. Thus overtime is limited to a maximum 8 hours per week.⁷⁴

Night shifts are permitted in textile and garment factories. When workers work night shifts, their work after midnight counts as part of the previous day's hours.⁷⁵

There are additional restrictions on working hours for younger people (over the age of 14 but under 17) and female workers.⁷⁶

Breaks, weekly rest days and leave

Workers are entitled to a rest period of one hour after six hours' work or half an hour after five hours' work. If workers work more than eight and a half hours, they must have at least two half-hour breaks. Breaks are unpaid. Workers are also entitled to one holiday or rest day per week. The weekly rest day is usually Sunday but can be any day of the week, including the day the workplace is closed. Workers can

work on their weekly day off but workers must not work for 10 consecutive days without a full day's compensatory leave.⁷⁷

Employers are required to provide paid holidays and to respect public holidays (including For festivals). Every worker (excluding temporary and contract workers) who has completed 12 months' continuous service is entitled to 14 consecutive days' leave in the following 12 months. This includes weekly holidays that may occur during the leave period. Festival and public holidays are announced by the provincial government, with usually 14 per year. These are paid in full. However, if a public holiday falls on a Sunday, there is no compensation. Muslim festivals follow the lunar calendar, so their dates may change. Non-Muslim workers are entitled to paid holidays on their festivals.⁷⁸

Pakistani law also specifies other leave: maternity leave, paternity leave,⁷⁹ pilgrimage leave and bereavement leave in case a female employee loses her spouse (no other situations).⁸⁰ Breastfeeding breaks and menstrual leave are not provided for by law.

Working hours and overtime

The researchers asked interviewed workers about their daily and weekly working hours, breaks and weekly rest day. The vast majority (93 per cent) of respondents from **Units 1 to 4** worked 10 or 11 hours a day, six days a week. Most respondents (83 per cent) from **Units 5 to 8** reported working 8 or 9 hours per day, six days a week. Ten respondents from **Units 5 to 8** said they worked 57 hours per week or more. See Table 5.

Ninety-four percent of respondents said they worked overtime. The number of overtime hours worked varied between 3 and 24 per week.

In the focus group discussions, workers from **Units 1 to 4** said working on Sundays as a seventh working day in the week was common practice. Respondents from **Units 2 and 4** said working overtime was part of their job; they felt responsible for meeting order deadlines and faced consequences for refusing overtime work (see discussion of these consequences below). Workers from **Units 5, 6 and 8** said it was common practice to work beyond the regular eight hours to meet production targets. These extra hours were not registered and were usually unpaid. At **Units 5 and 6** respondents also worked one or two Sundays a month, and Sunday work was also common at **Unit 8**.



A garment worker at home

The law allows for overtime work but restricts this to eight hours per week. Twenty-six per cent of respondents worked one to eight overtime hours each week. Sixty per cent worked more hours per week than legally allowed. The number of illegal working hours varied from 5 to 20 per week. **Unit 7** was an exception, with no respondents working more than nine hours a day, six days a week.

Table 5 Respondents' weekly working hours

| Weekly working hours | Normal weekly working hours v. overtime | Unit | | | | | | | | Total |
|----------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | |
| | | Sindh | | | | Punjab | | | | |
| <48 hours | 48 hours, no overtime | 0 | 1 | 0 | 0 | 3 | 3 | 5 | 7 | 19 |
| 49–56 hours | 48 hours, 1–8 hours' legal overtime | 0 | 0 | 2 | 0 | 3 | 11 | 10 | 6 | 32 |
| 57–60 hours | 48 hours, 9–12 hours' overtime | 4 | 2 | 1 | 5 | 3 | 2 | 0 | 2 | 19 |
| 61–70 hours | 48 hours, 13–22 hours' overtime | 9 | 12 | 18 | 10 | 0 | 1 | 0 | 0 | 50 |
| >71 hours | 48 hours, 23 hours' overtime or more | 2 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 4 |
| Total | | 15 | 15 | 21 | 15 | 11 | 17 | 15 | 15 | 124 |

■ Compliant with Pakistan legislation ■ Not compliant with Pakistan legislation

The number of overtime hours varied between workers and factories. While most respondents reported working overtime as a regular part of their day, some did so only occasionally. Interviewed workers gave several reasons for working overtime: it was a standard part of the working day (5 per cent of respondents); the supervisor or manager demanded it (48 per cent); to meet production targets (14 per cent); to earn extra income (respondents in Karachi: 62 per cent); and to pay off loans or debts (3 per cent).^x

In focus group discussions, workers reported that overtime requirements were often linked to peak production seasons or large orders but also coincided with strategic workforce downsizing by the factory management. Downsizing in the sector typically takes place around June each year, when the Pakistani government announces wage increases to take effect in July. To avoid paying higher wages, companies take different measures to reduce their workforce. Some companies dismiss workers and then hire younger, inexperienced workers. Because of their vulnerability and fear of speaking out, these workers are less likely to demand the newly set legal minimum wage. Other companies rehire the dismissed workers on lower wages. Some companies retain experienced, highly skilled workers to maintain production and dismiss less productive workers.

Downsizing that follows minimum wage increases puts more pressure on workers to meet production targets. Workers said it was common after minimum wage increases for three workers to do the work of five by working longer hours and on Sundays. It was also common for factories to delay payment of wage increases or to make unfulfilled promises to pay arrears.

x Multiple answers were possible, so the percentages exceed 100.

In general, respondents in Karachi said legally permitted overtime or up to 48 overtime hours per month were usually paid at double wage rate. Workers were therefore often willing to work overtime because they needed the extra income. However, respondents in Lahore preferred to work the legal maximum of 48 hours per week, because their overtime was usually unpaid or paid only at the standard rate. Nonetheless, it was often not possible to refuse overtime work without consequences.

Consequences of refusing overtime

Sixty-five per cent of respondents said they could not refuse overtime without facing consequences. At all investigated units, respondents said supervisors or managers became angry and verbally harassed workers when they tried to refuse overtime. Except for **Unit 7**, respondents from all factories reported being threatened with dismissal if they refused to work overtime. At **Units 1, 3, 4 and 5**, employers also took measures such as denying access to the workplace, resulting in forced unpaid leave, or forcing workers to take one or two days' unpaid leave. At **Units 4 and 6**, employers also used strict control measures and harassment, including denying workers flexibility in taking leave, even in case of emergencies, and subjecting those who refused overtime to public scolding. These practices created an environment of intense workplace pressure in which workers felt compelled to meet excessive work demands to keep their jobs.

Quotes: Working hours and overtime

UNIT 1
RESPONDENT

There is less overtime in the sewing department. There is more overtime in the finishing and washing departments.

UNIT 1
RESPONDENT

Usually the factory gives a day's notice about overtime. The daily duty is a lot, usually you cannot leave.

UNIT 2
RESPONDENT

In our factory three to four hours' overtime are common during peak production season, while this is two hours in lean season.

UNIT 3
RESPONDENT

We usually work two to three hours of overtime a day. Sometimes we work more than 100 hours of overtime in a month.

UNIT 3
RESPONDENT

After peak season there is less overtime work. In two months it will be better. On Sunday, you can never ask for leave.

UNIT 4
RESPONDENT

In our company every workday two to three hours' overtime is common. In peak production season there are three hours' overtime work, but normally it is two to three hours.

UNIT 4
RESPONDENT

The night shift is from 8.00 pm to 5.00 am and daily overtime is two hours till 7.00 am. After 15 days they change the work shift morning to night and night to morning.

UNIT 5
RESPONDENT

If you refuse overtime, you will be told that you are no longer needed.

UNIT 5
RESPONDENT

The human resources department held a session to explain to new employees what is written in the appointment letter, but they skipped the part about working hours, that a working day is supposed to be eight hours.

UNIT 6
RESPONDENT

The regular shift is from 8.30 am to 5.30 pm, but one has to work overtime to meet the given target. No payment is made for this extra worktime. Thus usually we have to work from 8.00 am to 8.00 pm.

UNIT 6
RESPONDENT

Since about three months there are less orders. Otherwise we work from 8.30 am to 8.00 pm year round.

UNIT 6
RESPONDENT

We also have to work one or two Sundays a month. For about three months we have been paid for working on Sundays. Before that, we did not get paid for working on Sundays.

UNIT 7
RESPONDENT

We have a working time of nine hours, including a one-hour break. There are targets, but we are not asked to continue beyond our working hours. Sometimes we work during the break.

UNIT 8
RESPONDENT

You can only leave when they say you can leave.

UNIT 8
RESPONDENT

We work 10 to 12 hours a day. We never work for less than 10 hours. The finishing department always goes on. When we are hired, they promise we will work from 8.00 am to 5.00 pm, but this never happens. We only get 15 minutes for lunch instead of one hour.

UNIT 8
RESPONDENT

There is no rest day in our department. Even when the other departments of the factory are closed, the finishing department is on duty. Duty hours are 11 to 12 hours every day. The lunch break is only 15 minutes.

UNIT 8
RESPONDENT

If I work until 10.00 pm, it is difficult to get up early the next morning. But if you come to work late the next day, you get scolded.

UNIT 8
RESPONDENT

*We work 10 to 12 hours a day.
We have one rest day on Sunday.*

High work pressure

Respondents explained that employers had different ways to pressurise workers to increase production and work more hours. One was by setting production targets. Sixty-three per cent of respondents said they had to meet production targets. At **Units 1, 5, 6, 7 and 8**, the vast majority of respondents had production targets. At **Units 2 and 4**, about half the respondents said they had to meet production targets. **Unit 3** was an exception, as the majority of respondents said there were no production targets. Whether workers were required to meet production targets also depended on their designation at the unit.

In the focus group discussions with respondents from **Units 1 to 4**, participants said the production targets were realistic but challenging for newcomers and there was not always time for toilet breaks. Workers also mentioned that their performance was constantly monitored. Where there were hourly targets, supervisors checked production every hour and put pressure on workers, sometimes politely, sometimes rudely, to meet the targets. If workers could not keep up with the pace and did not meet production targets, they were warned or threatened, and eventually these workers were pressurised to leave the job or were fired.

Respondents from **Units 1 and 3** said there were no penalties when they did not meet production targets, but they were monitored by cameras and did experience high work pressure:

“There are even cameras outside the washrooms and they monitor how often workers go to the toilets. We cannot take a break, we cannot sit down, not even for five minutes. We are not allowed to sit outside of the factory gate during breaks. If we make mistakes this is noted down. If they want to get rid of you they will use this against you. We are fearful all the time.”

Respondents in Lahore, particularly from **Unit 5, 6 and 8**, explained how the focus on meeting often unrealistic production targets resulted in long working hours, often without pay, and constant pressure to produce faster. Workers were also verbally abused and threatened with dismissal if they did not meet targets. A respondent from **Unit 5** said the biggest pressure was the target, which was twice as high in their company as in others and sometimes required 13 to 14 hours' work per day.

At **Unit 7**, production targets were given, but workers were not forced to meet them. Nevertheless, workers sometimes continued to work during breaks to meet the targets.

In the focus group discussions, workers from **Units 2 and 4** also said that they felt responsible for completing production on time because the factory owners would face problems if a shipment was not completed by the deadline.

Attendance allowances were another way employers could get workers to work more hours and increase production. Respondents reported that attendance allowances were used to incentivise workers to come to work on time, not to take leave and to complete the work.

Units 1, 2, 3, 4 and 7 paid PKR 500 (EUR 1.65) to PKR 1,500 (EUR 4.97) per month as attendance allowance if workers did not take a single day of leave. At **Units 5, 6 and 8**, piece-rate workers received an attendance allowance – usually the amount for working five to six hours a day under a part-time contract, while the rest of their wages depended on work availability and the pieces they produced. **Unit 5's** attendance allowance for piece-rate workers was PKR 6,500 (EUR 21.52), and **Unit 6's** PKR 10,500 (EUR 34.76).^{xi} At **Units 6 and 7**, permanent workers with hourly wages also received an attendance allowance: PKR 3,000 (EUR 9.93) per month at **Unit 6** and PKR 1,500 (EUR 4.97) at **Unit 7**. If workers took one day's leave in a month, the allowance was halved; if they took two or more days' leave, including sick leave, they did not receive the allowance.

Eighty per cent of respondents said deductions were made from wages, also implying employers did this to pressure workers to increase productivity. The main reasons for deductions were absenteeism, tardiness and taking leave. Workers at **Unit 2** were allowed to be 10 minutes late, but if they were any later, the management reduced their pay on the fourth day by between one hour's to half a day's wages. At **Unit 4**, there was 15 minutes' flexibility: if a worker was more than 15 minutes late for three days, on the fourth day the guard would not allow the worker to enter the premises and would force them to take a day's unpaid leave.

Regarding leave, at **Units 2 and 4**, according to some respondents leave was granted in case of an emergency. At **Unit 5**, there was no deduction of wages when leave was granted, but cases of emergencies and sudden leave did result in wage deductions. However, workers said getting leave approved by the management was difficult. At **Unit 6**, if a worker took more than two days' leave, not only was their attendance allowance deducted, but there were also wage deductions. At **Unit 8**, permanent workers had deductions for missed hours or for days of leave. At **Unit 7**, workers were allowed to be late by a total of two hours per month, after which every minute was counted and their wage reduced accordingly.

Respondents from **Units 6 and 7** mentioned that workers received warning letters for taking leave, not meeting production targets, arriving late and refusing overtime. Workers were dismissed after receiving a third warning letter. The focus group discussion with workers from **Units 1 and 3** heard that pregnant workers were asked to quit their job.

xi The attendance allowance for piece-rate workers at **Unit 6** was PKR 6,500 (EUR 21,52) before the latest wage rise in July 2024.

Quotes: Work pressure and production targets

UNIT 1
RESPONDENT

The company sets production targets per hour ... it is difficult for newcomers to meet the targets.

UNIT 1
RESPONDENT

We can meet the hourly target, but we cannot go to the toilet. Then we would not be able to meet the target.

UNIT 1
RESPONDENT

If we do not complete the target we will be scolded. Targets are checked every hour.

UNIT 1
RESPONDENT

When the wage was increased, the target was also increased. Earlier the target was 192, now the target is 210.

UNIT 2
RESPONDENT

If workers do not improve their performance after three to four days they are asked to stay home for one or two days; and they cannot enter the gate to the factory premises.

UNIT 3
RESPONDENT

I did not have a day of leave since six weeks. I also did not have any Sunday off. I have been working night shifts for the past six weeks. The night shift starts at 8.00 pm and ends at 5.00 am, then I do another three hours of overtime work. You cannot ask for any leave, there is a high workload in the quality check department.'

UNIT 3
RESPONDENT

If someone does not pick up the pace fast enough, they are pressured to leave. They are told, 'We have no work'. In another unit of the same company, 20 workers are dismissed every day. They tell them, 'There is no work'.

UNIT 4
RESPONDENT

If a worker does not meet the production target, he is given five or six days to improve his performance. If it does not improve, the worker is asked to leave the job.

UNIT 5
RESPONDENT

Yesterday four workers were fired in my factory. They have been reducing the workforce since the latest wage increase. They have laid off workers twice this month. They have reduced the number of production lines too, but the targets remain the same. They are laying off a number of workers in each unit.

UNIT 5
RESPONDENT

The biggest pressure is the target. In other factories you need to check 240 pieces a day. Here we need to check 400 to 500 pieces per day.

UNIT 5
RESPONDENT

They set the targets for each production line. If someone is on leave, we still have to meet the same target, but with fewer people. We cannot leave before completing the target.

UNIT 5
RESPONDENT

The supervisors say, 'We give you the target. If it suits you, that is fine. If not, you can leave'.

UNIT 5
RESPONDENT

Overtime hours are not paid. You just stay until the target is completed. Skilled workers who reach the target in time will just be given a higher target.

UNIT 6
RESPONDENT

If you refuse overtime, your name will be written down and given to the guard. The next day the guard will not let you in, the entry card will not work, so there is no way to say no.

UNIT 6
RESPONDENT

There is no concept of overtime pay. We have to carry on by force. If we refuse to work overtime, we are threatened with dismissal.

UNIT 6
RESPONDENT

In the factory, women are isolated, targeted and pressured. One woman manager recently quit her job, saying: 'This is not a factory, this is a place of harassment'.

UNIT 6
RESPONDENT

The supervisors and in-charges threaten workers, 'If you don't complete the target, you don't have to come back tomorrow'.

UNIT 6
RESPONDENT

There is pressure to complete targets. The in-charges pressurise the supervisors and the supervisors pressurise the workers. There is verbal abuse and shouting, they use swearwords.

UNIT 6
RESPONDENT

The management only has interest in the targets, not the duty time. The working hours are from 8.30 am to 5.30 pm. If more time is needed to meet the production targets, we have to continue without overtime pay. On a daily basis we have to work until 8.00 pm. The targets are unrealistic.

UNIT 6
RESPONDENT

It is chain work. If work is delayed at one stage, its impact goes on to the next stages and workers at all stages have to work until their respective targets are met. Supervisors threaten workers if one leaves the factory without meeting the target. Such workers' gate passes are blocked.

UNIT 7
RESPONDENT

There are hourly targets. If we do not complete them, the supervisors shout at us. It is less bad than in other factories, they are not using those swear words.

UNIT 8
RESPONDENT

If there are fewer orders, they don't reduce working hours, they reduce the number of workers.

UNIT 8
RESPONDENT

In our factory, they also fire workers after the wage increase.

UNIT 8
RESPONDENT

Even if the target is achieved, they start giving more pieces as they want workers to stay in the factory till 7.00 or 8.00 pm.

UNIT 8
RESPONDENT

If the target is 1,500 pieces and you finish it, they will just give you a higher target.

Quotes: Taking leave

UNIT 1
RESPONDENT

If you take emergency leave without notice, you will be fired from the company.

UNIT 3
RESPONDENT

If you ask for leave, you don't get it. They even come to your house to pick you up to go to work in the factory. If I don't feel like working, the only way I get leave is to turn off my phone and disappear.

UNIT 5
RESPONDENT

There is a lot of pressure on not taking leave. Even for emergencies, you cannot take leave. When you take leave, they treat you badly, you get harassed.

UNIT 5
RESPONDENT

You have to apply for leave months in advance, for a wedding, for example. At the last minute, they only give you half the leave you asked for. Even if you are granted leave, you have to work on a rest day or you are made to stay late on working days, but the records show that you went home.

UNIT 5
RESPONDENT

In our culture, when your sister gets married, you have to make a lot of arrangements. Even if you ask for leave well in advance, you will get at most half of what you asked for. Even if there is a death in your family, they say, 'We need the workers, you have to come'.

UNIT 5
RESPONDENT

When the workers request leave, they are not treated in a polite way.

UNIT 6
RESPONDENT

I was very sick and had to take leave for a week and was not paid at all. The factory needed me, that is why they asked me back, otherwise I would have been dismissed.

UNIT 6
RESPONDENT

Once I was dismissed from my job in another factory, because I got sick and could not work.

UNIT 8
RESPONDENT

There is a procedure to get leave approved. Then no deductions are made. But it is very difficult to get leave approved.

UNIT 8
RESPONDENT

Even if there are emergencies, like the death of a relative, they threaten to dismiss you if you take leave.

Summary: Working hours and overtime

These results show that excessive working hours, unpaid overtime and high production targets are structural problems across all the investigated production units, with the exception of **Unit 7**. Despite legal limits, 60 per cent of workers worked beyond the legal hours. Ninety-four per cent of respondents worked overtime, rarely voluntarily, with refusal often resulting in threats, harassment or loss of income. Work pressure was high. With some variation between units, employers placed excessive demands on workers through production targets, attendance incentives wage deductions and surveillance. **Unit 7** was an exception, with no excessive working hours.

3.5 Wage violations and poverty wages

This section presents Pakistan's legal framework covering wages, followed by our survey findings on wages, wage gaps, wage payment practices, bonuses and wage deductions. The section concludes with a subsection on how workers struggle to survive.

Legal framework: wages

Minimum wages

Pakistan's Minimum Wages Ordinance 1961 defines "wage" as "all remuneration in monetary terms, paid to a person on the fulfilment of the express or implied terms of the employment contract". The minimum wage excludes other contributions paid by the employer such as for social insurance, provident fund (pension), allowances, bonuses, overtime pay or gratuity paid on contract termination.⁸¹

In Punjab and Sindh provinces, minimum wages are set through skill-based classification (semi-skilled, skilled and highly skilled) for different industries and designations rather than type of worker or contractual status. Minimum wage boards determine minimum wages as constituted under the Minimum Wages Ordinance (adapted in Punjab by the Amendment Act 2012) and the Sindh Minimum Wages Act 2015. These laws prohibit employers from paying workers below the minimum wage and include temporary workers and workers hired via third-party contractors. There is no prohibition on paying above the minimum wage.⁸²

After the minimum wage boards define minimum wage rates, the provincial labour departments issue detailed minimum wage notifications for different industries. Minimum wages are typically revised annually, with new rates usually announced and implemented at the beginning of each fiscal year on 1 July.⁸³

Payment of wages

The Payment of Wages Act 1936 provides detailed instructions. Wages can be paid daily, weekly, fortnightly or monthly, but a wage period cannot exceed one month. The law allows piece-rate systems, but employers must ensure adherence to minimum wage laws and timely payment.⁸⁴

The West Pakistan Minimum Wage Rules 1962 requires employers to provide pay slips to employees to ensure transparency and accountability. A pay slip provides income evidence and essential information about an employee's wage and deductions. A pay slip must contain essential information such as company name and address, employee name, designation, a breakdown of the wage components, including basic pay, allowances, bonuses, overtime payments, and deductions for Employees' Old-Age Benefits Institution (EOBI) and Employees' Social Security Institution (ESSI) payments.⁸⁵

Overtime compensation

In accordance with the Factories Act 1934, if a worker works beyond the stipulated working hours (9 hours a day, 48 hours a week), they are entitled to overtime pay at double the rate of their ordinary pay. There is no special premium for overnight working.⁸⁶

Compensation for work on rest days and public holidays

Workers can be asked to work on weekly rest days and public holidays. The Factories Act provides for compensatory holidays. There is no provision for premium pay for working on a rest day; however, if a worker works on a public holiday they should be paid at 300 per cent of their standard rate (standard wage for work on public holiday plus paid substitute holiday plus one day's paid compensatory holiday), as the act describes.⁸⁷

Statutory bonus

After Standing Order 10-C was added to the West Pakistan Industrial and Commercial Establishments (Standing Orders) Ordinance 1968, profit bonus became a statutory right for workers who have worked at least 90 days in a company during the previous year. Statutory or profit bonus is different from other bonuses that workers may receive on the basis of production or attendance or on Eid al-Fitr.⁸⁸

Wage deductions

According to the Payment of Wages Act, deductions can be made from a worker's wages such as for absence, for accommodation supplied by the employer or for fines. In case of deductions due to absence, deductions must be proportionate to the time absent and no more.

Penalties for non-payment of minimum wages

Penalties for employers failing to pay the minimum wage, for paying a wage rate lower than the rate announced by the government, or for failing to comply with the Payment of Wages Act include fines and imprisonment. In cases of non-payment of minimum wages, employers must also pay workers the difference between wages paid and wages that should have been paid.⁸⁹

Wage gaps

The researchers asked respondents about their wages, allowances, wage deductions and how they lived on their income. At the time of our research, effective from 1 July 2023 to 30 June 2024, the minimum wage for unskilled workers in garment factories in Punjab and Sindh provinces was PKR 32,000 (EUR 105.92) for 8 hours per day, 6 days per week and 26 days per month. The minimum hourly wage rate was PKR 153.85 (EUR 0.51).⁹⁰ By law, overtime should be paid at the double rate, which was PKR 307.69 (EUR 1.02) per hour.^{xii}

xii The current monthly minimum wage for unskilled workers in Punjab is PKR 37,000 (EUR 122.47), in effect since 1 July 2024 <<https://wageindicator.org/salary/minimum-wage/minimum-wages-news/2024/minimum-wage-increased-in-punjab-pakistan-from-01-july-2024-september-09-2024>>

Many workers in garment factories should receive the wage rates for semi-skilled and highly skilled labour as specified in the provincial minimum wage notifications. In Punjab, for example, helpers, assistant operators and cutters are in the semi-skilled wage category, with slightly higher monthly minimum wages than for unskilled workers, between PKR 33,166 (EUR 109.78) and PKR 33,806 (EUR 111,90). Machine operators are in the semi-skilled and highly skilled wage categories, with monthly minimum wages of up to PKR 36,910 (EUR 122.17) in the period 1 July 2023 to 30 June 2024.⁹¹

Based on the minimum wage rate for unskilled labour and the wages and hours our respondents reported, we can calculate the wage gap and living wage gap for the respondents. The wage gap refers to the difference between the monthly wages respondents received and what they should have received based on their working hours and overtime. The living wage gap is the difference between wages received and the wage required to live a decent life.

Because we have limited information on the skill levels of interviewed workers, and because time constraints prevent us from including skill levels in these calculations, we use in the calculations the lowest minimum wage for unskilled labour. The following wage gap and living wage gap calculations are therefore conservative, and the actual gaps are likely to be larger than we calculate.

According to our calculations – see below – 86 per cent of respondents had a wage gap, including all respondents from **Units 1 to 4** and the majority from **Units 5 to 8**. Seventeen respondents did not have a wage gap and are excluded from the wage gap calculations.^{xiii}

To calculate the living wage gap, we used living wage data from WageIndicator Foundation. According to WageIndicator Foundation, the lower bound living wage in 2024 was PKR 49,768.68 (EUR 164.73) per month in Sindh and PKR 44,884.25 (EUR 148.57) per month in Punjab for a “typical family”. In a “typical family”, at least one person works full time (48 hours a week in Pakistan) and a second adult works between 24 to 32 hours a week. Their combined wages should enable a decent standard of living. While there is no universal definition of a living wage, it is widely agreed that a living wage covers the basic needs of a worker and their family, such as food, water, housing, education, health care, transportation and clothing, as well as savings for emergencies.⁹²

The living wage rates mentioned above are the gross wage of the adult working full time, thus 48 hours per week. Overtime, bonuses and allowances are not included. The “typical family” also takes into account the average number of children per family. For more information about WageIndicator, see Box 7.

Box 7 WageIndicator Foundation

WageIndicator Foundation collects, compares and shares information on minimum wages, living wages and living income worldwide. Its mission is to ensure more transparency and to equip workers, employers and others with data for equitable decision-making to improve working conditions globally.⁹³

WageIndicator calculates living wages and living income as a range. The lower bound (lowest) living wage is based on prices at the 25th percentile or first quartile, while the higher bound (highest) uses the 50th percentile (or median) of all the prices collected. This interval reflects the variation of prices within a country. The 25th percentile is the value at which 75 per cent of respondents reported higher prices, while the 50th percentile (median) is the value at which half of respondents reported higher and the other half lower prices.⁹⁴

xiii **Unit 5** had 8 respondents with a wage gap, **Unit 6** had 14, and **Units 7 and 8** had 9.

For reasons we state above, our wage gap and living wage gap calculations are conservative, with the real gaps likely to be larger, as we used the lowest minimum wage rate for unskilled workers and the lower bound living wage rate, excluding overtime wages, as calculated by WageIndicator Foundation. In addition, the minimum wage for unskilled workers is the lowest rate, and payment below this rate is illegal. Further, WageIndicator recommends using the lower bound living wage and not averaging lower and higher bound living wage levels.⁹⁵ To be on the safe side, therefore, we used the lower bound living wage rate to calculate the living wage gap.

Minimum wage violations

Table 6 shows the monthly wages respondents reported.

Table 6 Respondents' monthly wages

| Weekly working hours | Unit | | | | | | | | Total |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | |
| <PKR 32,000 (EUR 105.92) (below min. wage) | 0 | 1 | 1 | 0 | 1 | 3 | 0 | 1 | 7 |
| PKR 32,001 - PKR 36,000 (EUR 105.92 - EUR 119.16) | 10 | 0 | 3 | 3 | 4 | 8 | 6 | 13 | 47 |
| PKR 36,001 - PKR 40,000 (EUR 119.16 - EUR 132.40) | 5 | 4 | 6 | 10 | 4 | 6 | 8 | 1 | 44 |
| PKR 40,001 - PKR 44,000 (EUR 132.40 - EUR 145.64) | 0 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 3 |
| PKR 44,001 - PKR 48,000 (EUR 145.64 - EUR 158.88) | 0 | 9 | 10 | 2 | 0 | 0 | 0 | 0 | 21 |
| >PKR 48,001 (EUR 158.88) | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 |
| No answer | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| Total | 15 | 15 | 21 | 15 | 11 | 17 | 15 | 15 | 124 |

■ Not compliant with Pakistan legislation

Seven respondents, from **Units 2, 3, 5, 6 and 8**, reported wages below the legal minimum for unskilled workers of PKR 32,000 (EUR 105.92) per month. Of these seven, four respondents worked 54 hours per week, two worked 48 hours per week and one worked 44 hours per week. The worker who worked 44 hours per week was also paid below the minimum wage when calculated pro rata for 48 hours.

The four respondents working 54 hours per week should have been paid at least PKR 32,000 (EUR 105.92) per month for a 48-hour workweek. For their 6 hours of overtime per week, paid at the double rate, respondents should have received PKR 8,049 (EUR 26.64) per month.^{xiv} The total monthly take-home pay of these workers should have been PKR 40,049 (EUR 132.56), but they received between PKR 25,000 (EUR 82.75) and PKR 30,000 (EUR 99.30) per month only.

The wage gap per month for these respondents was therefore between PKR 10,049 (EUR 33.26) and PKR 15,049 (EUR 49.81), meaning they were missing out on between a third and more than half of their monthly take-home pay entitlement. See Figure 4. The living wage gap based on 48 regular working hours and 6 overtime hours a week ranged from PKR 26,105 (EUR 86.41) to PKR 33,211 (EUR 109.93) per month.^{xv}

xiv Hourly wage rate for overtime is PKR 307.69 (EUR 1.02); monthly overtime wage for 4 overtime hours per week is $(4 \times \text{PKR } 307.69) \times 4.36 = \text{PKR } 5,366.15$ (EUR 17.76).

xv Hourly living wage rate for overtime is PKR 475.62 (EUR 1.57) in Sindh and PKR 428.94 (EUR 1.42) in Punjab, monthly living overtime wage for six overtime hours a week is $(6 \times \text{PKR } 475.62) \times 4.36 = \text{PKR } 12,442.22$ (EUR 41.18) in Sindh and $(6 \times \text{PKR } 428.94) \times 4.36 = \text{PKR } 11,221.07$ (EUR 37.14) in Punjab.

Figure 4 Wage gap among workers who worked 54 hours a week



Of the seven respondents who received less than the minimum wage, six were piece-rate workers. Five explicitly mentioned that they did not receive double wages for overtime.

Overtime wage violations

The 86 per cent of respondents who were underpaid (including the seven respondents paid below the minimum wage) did not receive the wages they should have received based on their working hours and the double wage rate legally applicable to overtime above 48 hours a week.

Table 7 shows the lowest and highest wages and wage gaps for each of the investigated production units.

Table 7 Monthly wages reported by respondents and wage gaps per production unit^{xvi}

| Monthly wage reported by respondents and wage gaps | Unit | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Lowest monthly take-home pay (PKR) | 32,000 | 25,000 | 29,000 | 35,000 | 30,000 | 25,000 | 33,000 | 28,000 |
| Highest monthly take-home pay (PKR) | 40,000 | 45,000 | 45,000 | 45,000 | 55,000 | 40,000 | 40,000 | 40,000 |
| Lowest monthly take-home pay (EUR) | 106 | 83 | 96 | 116 | 99 | 83 | 109 | 93 |
| Highest monthly take-home pay (EUR) | 132 | 149 | 149 | 149 | 182 | 132 | 132 | 132 |
| Lowest wage gap (PKR) | 5,049 | 3,098 | 8,049 | 8,098 | 49.00 | 49.00 | 49.00 | 4,000 |
| Highest wage gap (PKR) | 27,197 | 16,148 | 21,148 | 18,148 | 28,197 | 21,514 | 6,749 | 15,598 |
| Lowest wage gap (EUR) | 17 | 10 | 27 | 27 | 0 | 0 | 0 | 13 |
| Highest wage gap (EUR) | 90 | 54 | 70 | 60 | 93 | 71 | 22 | 52 |

xvi The amounts presented in Table 7 have been rounded.

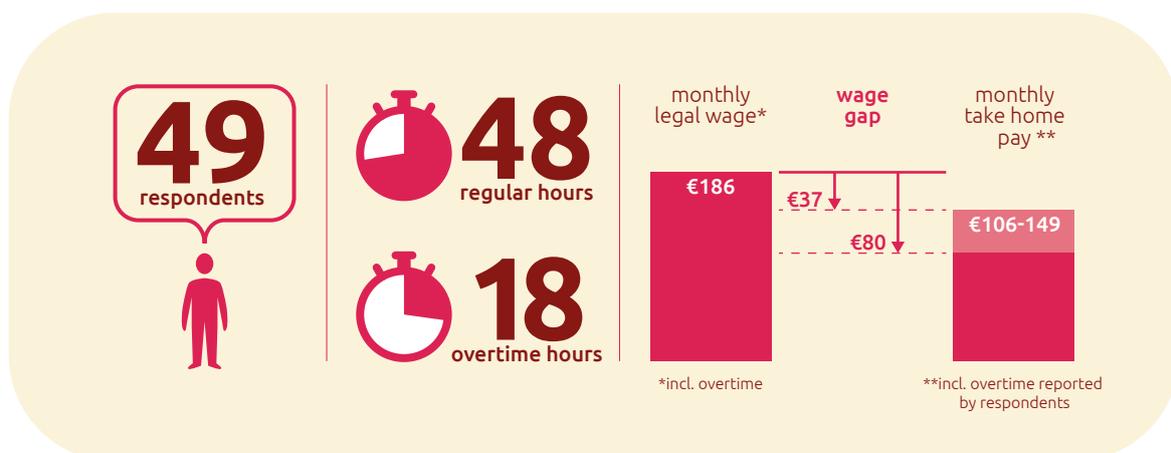
Eighteen respondents from **Units 1, 2, 3, 4, 5, 6 and 8** worked 60 hours per week and reported a monthly wage between PKR 32,500 (EUR 107.58) and PKR 45,000 (EUR 148.95). These respondents worked 48 regular hours and 12 overtime hours weekly. For their regular hours, they should have been paid at least the minimum wage of PKR 32,000 (EUR 105.92). For the 12 overtime hours, they should have received PKR 16,058 (EUR 53.24) per month,^{xvii} making a total monthly wage of PKR 48,058 (EUR 159.16). The wage gap of these 18 respondents ranged from PKR 3,098 (EUR 10.25) to PKR 15,598 (EUR 51.63) and the living wage gap from PKR 26,326 (EUR 87.14) to PKR 41,653 (EUR 137,87). See Figure 5 for the wage gap.

Figure 5 Wage gap among workers who worked 60 hours a week



Forty-nine respondents from Karachi (**Units 1, 2, 3 and 4**) worked 66 hours per week and reported a monthly wage between PKR 32,000 (EUR 105.92) and PKR 45,000 (EUR 148.95). These respondents worked 48 regular hours and 18 overtime hours weekly. For the regular hours, they should have been paid at least the minimum wage of PKR 32,000 (EUR 105.92). For the overtime, they should have received PKR 24,128 (EUR 79.86) per month,^{xviii} making a total monthly wage of PKR 56,128 (EUR 185.78). The wage gap of these 49 respondents ranged from PKR 11,148 (EUR 36.90) to PKR 24,148 (EUR 79.93) per month, i.e. about a third of their monthly income or more. See Figure 6. The living wage gap ranged from PKR 42,095 (EUR 139.33) to PKR 55,095 (EUR 182.36).

Figure 6 Wage gap among workers who worked 66 hours a week

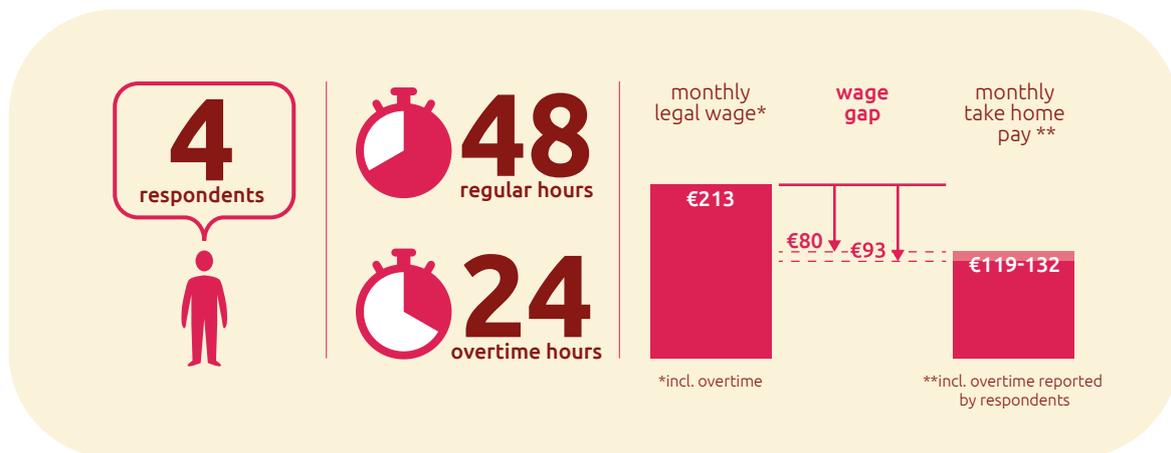


xvii Hourly wage rate for overtime is PKR 307.69 (EUR 1.02); monthly overtime wage for 12 overtime hours per week is $(12 \times \text{PKR } 307.69) \times 4.36 = \text{PKR } 16,098.46$ (EUR 53.29).

xviii Hourly wage rate for overtime is PKR 307.69 (EUR 1.02); monthly overtime wage for 18 overtime hours per week is $(18 \times \text{PKR } 307.69) \times 4.36 = \text{PKR } 24,147.69$ (EUR 79.93).

Four respondents from **Units 1 and 5** worked 72 hours per week. Their monthly take-home wages ranged between PKR 36,000 (EUR 119.16) and PKR 40,000 (EUR 132.40). These respondents worked 48 regular hours and 24 overtime hours weekly. For the regular hours, they should have been paid at least the minimum wage of PKR 32,000 (EUR 105.92). For the overtime, they should have received PKR 32,196 (EUR 106.57) per month,^{xix} making a total monthly wage of PKR 64,196 (EUR 212.49). The wage gap for these respondents ranged from PKR 24,197 (EUR 80.09) to PKR 28,197 (EUR 93.33), and the living wage gap from PKR 51,768 (EUR 171.35) and PKR 62,537 (EUR 207.00). See Figure 7 for the wage gap.

Figure 7 Wage gap among workers who worked 72 hours a week



In the focus groups discussions, respondents explained about the wage calculation practices at their respective production units. At **Unit 1**, 48 hours' overtime per month was paid at the double rate, but any overtime more than 48 hours was paid at the single rate. Overtime was particularly common among workers in the finishing and laundry departments. At **Unit 2**, workers received the single rate for the eight regular daily working hours, the double rate for every two additional overtime hours, and the single rate for the third overtime hour on the same day. On Sundays, they received the single rate. At **Units 3 and 4**, 52 hours' overtime in a month were paid at the double rate, but overtime beyond 52 hours was paid at the single rate. At **Unit 4**, Sunday work was paid at the double rate.

Respondents from **Units 5, 6 and 8** said overtime was not paid. They worked until production targets were met, often working 10 to 12 hours a day. A respondent from **Unit 8** also said that, if all departments worked on a Sunday, they were paid for Sunday work, otherwise they were not paid for Sunday overtime. At **Unit 7**, where the working day was divided into two or three eight-hour shifts, there was not much overtime work.

No living wage

Ninety-nine per cent of respondents did not receive a living wage for a regular 48-hour workweek. Even when working the reported number of overtime hours, workers still did not receive a monthly wage that met living wage levels. The gap between respondents' take-home pay and a living wage (for 48 hours) is on average between a quarter and a third of their monthly take-home pay. Adjusted for a 48-hour workweek, only one respondent from Unit 5 reported a monthly wage above the living wage rate in Punjab. Figure 8 illustrates the living wage gap in Sindh and Punjab provinces in 2024.

xix Hourly wage rate for overtime is PKR 307.69 (EUR 1.02); monthly overtime wage for 24 overtime hours per week is $(24 \times \text{PKR } 307.69) \times 4.36 = \text{PKR } 32,196.9223$ (EUR 106.57).

Figure 8 Living wage gap in Sindh and Punjab in 2024



Quotes: Wages and wage rates

UNIT 1
RESPONDENT

If you are called to work on Sunday, overtime is paid at a single rate. If you work three hours' overtime, you get two hours at double rate and one hour at single rate. If you work 100 hours of overtime in a month, then 48 hours will be paid at the double rate, and all other overtime hours will be paid at the single rate.

UNIT 2
RESPONDENT

The first two hours of overtime are given at double rate, after two hours single rate for overtime is paid.

UNIT 3
RESPONDENT

We are not informed of the piece rate, they do the calculation themselves. The money is transferred to our account once a month. If a piece is damaged or rejected, we do not get paid.

UNIT 4
RESPONDENT

Eight hours of work is taken on Sunday and paid for 5 hours only, and overtime at night is taken for 4 hours and paid for 3 hours.

UNIT 4
RESPONDENT

Some workers in the company are paid a fixed wage and their working hours vary from 10 to 11 hours a day. No overtime wage is given and they have to work till the department closes.

UNIT 4
RESPONDENT

In my factory there is a hire-and-fire practice. Workers are hired for one year and after one year they are laid off and sometimes rehired again after a few months. In this way the company avoids paying gratuity to the workers.

UNIT 5
RESPONDENT

Sometimes the supervisor asks a piece-rate worker to do a task at another work station. When the worker is gone, the supervisor takes his place, makes a few pieces and then claims all the worker's production.

UNIT 5
RESPONDENT

They will say, 'You're with us now, why don't you spend a few more hours here'. They promise to pay you, but they never pay for extra hours.

UNIT 5
RESPONDENT

We were supposed to get a PKR 2,000 (EUR 6.62) wage increase. We only got an increase of PKR 800 (EUR 2.65). If you complain, you will be asked to leave the factory.

UNIT 5
RESPONDENT

Sometimes we get a single rate for overtime, which is paid in cash.

UNIT 6
RESPONDENT

The piece rate in our factory is lower than in other factories.

UNIT 8
RESPONDENT

Piece-rate workers work on Sundays. They are paid by the piece, not double for overtime. Only when all departments are open do we do get paid for Sunday work, otherwise not.

Pay slips

Under Pakistani labour law, employers are required to provide workers with pay slips. Twenty-six per cent of respondents said they did not receive a pay slip. This included all respondents from **Unit 2** and half the respondents from **Unit 6**. In the focus group discussions, respondents from **Unit 2** explained that the unit used a mobile messaging service to share pay slip information with workers. There was also a mobile application that allowed workers at **Unit 2** to withdraw part of their wage during the month, before the regular pay day. Respondents from **Unit 6** explained that piece-rate workers received a pay slip but hourly paid workers did not. The piece-rate workers had to keep their own records to check the wage calculations were correct. According to interviewed workers at **Unit 6**, if the piece rate calculation was incorrect, it was adjusted.

Respondents from **Units 4, 7 and 8**, and all but one respondent from **Unit 1**, received pay slips. The only worker from **Unit 1** who did not receive a pay slip had the lowest monthly take-home pay of the respondents interviewed from the unit and was paid in cash. Three respondents from **Unit 3** and two from **Unit 5** did not receive a pay slip. In the focus group discussions, workers from **Unit 5** mentioned that piece-rate workers received pay slips, while hourly paid workers did not.

Without pay slips, workers have no insight into their wage calculations and deductions. Combined with the finding that most did not have a copy of their employment contract, this means that these workers had no proof of employment.

Wage payments

Eighty-four per cent of respondents reported that their wages were paid by the factory through bank accounts. This included all respondents from **Units 4, 5, 7 and 8** and all but one respondent from **Unit 2**. Fifteen per cent of respondent were paid in cash. This included two respondents each from **Units 3 and 6** and 14 out of 15 respondents from **Unit 1**. All workers who were paid in cash except one worked more



Worker operating an overlock machine

hours than legally allowed. One respondent was paid by cheque, and another was paid by the contractor, not the factory.

In the focus group discussions, respondents from **Unit 6** said workers paid on a piece-rate basis were paid in cash. Workers paid on an hourly basis had to pay PKR 2,800 (EUR 9.27) for an ATM card. With this card, they could see only the latest transactions on the account, not the full account statement. Respondents said these accounts were 'payroll accounts' only, not formal bank accounts registered in their names. The workers did not know the account numbers of their 'payroll accounts'.

Respondents from **Unit 7** mentioned that wages were paid through bank accounts. Some workers had a 'payroll account', while others had a formal bank account registered in their name. Some workers complained that wages were paid late. During the focus group discussions, workers said newly employed workers were registered with ordinary bank accounts in their own name. One respondent from **Unit 8** mentioned that he had an ATM card for a 'payroll account' and that his phone number was the account number. Another respondent from **Unit 8** said wage payments were often delayed.

Quotes: Wage slips and wage payments

UNIT 2
RESPONDENT *Pay slip is not given.*

UNIT 2
RESPONDENT *They don't provide a wage slip. I don't know how much money is made for overtime.*

UNIT 5
RESPONDENT *Piece-rate workers get a pay slip, waged workers don't.*

UNIT 8
RESPONDENT *Our wages are paid through the bank. We have ATM cards. Our phone number is our account number.*

UNIT 8
RESPONDENT *When workers quit, they don't get their gratuity. It would take months to get it.*

Allowances, bonuses and wage deductions

Attendance allowances are a common practice in the Pakistani textile and garment industry but vary among factories. Seventy-eight per cent of respondents in Karachi (**Units 1 to 4**) and 9 per cent of respondents in Lahore (**Units 5 to 8**) received an attendance allowance. As mentioned above, workers said the attendance allowance and deductions from this allowance for taking leave or missing a day's work due to illness or an emergency were used to force workers not to take leave and to work more hours. Other allowances and benefits reported by respondents from **Unit 7** were travel allowances and food rations.

Eighty-seven per cent of respondents said they received an annual bonus. The bonus was usually paid 10 to 15 days before Eid al-Fitr, which marks the end of Ramadan. There was no fixed amount for the Eid bonus and it varied from factory to factory. Some factories paid a full month's wage as bonus, others less.

The 13 per cent of respondents who said they did not receive an annual bonus comprised one respondent each from **Units 1, 2 and 5**, nine from **Unit 6** and three from **Unit 8**.

Unit 6 was an exception as around half of its respondents said they did not receive an annual bonus. In the focus group discussions, respondents from **Unit 6** explained that piece-rate workers did not receive the Eid bonus. They also said around 40 per cent of the workers – both hourly paid and piece-rate workers – were laid off just before Eid because the factory did not want to pay the bonus. The management’s argument for the dismissals was that there were no orders, and after a while the workers were rehired. Two respondents from **Unit 8** said they had received the annual bonus once in 2023 when **Levi Strauss** was considering manufacturing in their factory and conducting an assessment.

Only a few respondents from **Units 2, 3, 4 and 8** but the vast majority from **Unit 7** reported receiving a profit-sharing bonus. The profit-sharing bonus is a statutory right for those who have worked at least 90 days in an enterprise in the previous year. **Unit 7** also stands out as the only unit where workers reported receiving a travel allowance, a food ration and a 5 per cent profit share.

Table 8 shows the allowances and bonuses respondents reported.

Table 8 Allowances and bonuses reported by respondents

| Unit | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | Total |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Attendance allowance | 14 | 13 | 16 | 7 | 1 | 0 | 3 | 1 | 55 |
| Travel allowance | 0 | 0 | 0 | 0 | 0 | 0 | 13 | 0 | 13 |
| Food ration | 0 | 0 | 0 | 0 | 0 | 0 | 12 | 0 | 12 |
| Annual bonus | 14 | 14 | 21 | 15 | 10 | 7 | 15 | 12 | 108 |
| 5 per cent profit share | 0 | 0 | 3 | 0 | 4 | 2 | 12 | 1 | 22 |
| <i>Total respondents</i> | <i>15</i> | <i>15</i> | <i>21</i> | <i>15</i> | <i>11</i> | <i>17</i> | <i>15</i> | <i>15</i> | 124 |

Eighty per cent of respondents said there were wage deductions. These were mainly penalties for absenteeism or lateness and deductions for meals.

Quotes: Allowances, bonuses and wage deductions

UNIT 2
RESPONDENT

If workers are late for an hour, they are stopped; if they are late even for 15 minutes, then the next whole day wage is deducted; if they are late for two days, it is more severe, the details are not recorded on the pay slip.

UNIT 2
RESPONDENT

Money is deducted for being late at work.

UNIT 6
RESPONDENT

For the piece-rate workers only the attendance allowance is deducted. Otherwise, if you do not work you do not get paid.

UNIT 6
RESPONDENT

If you are absent for one day, even if you are sick, they deduct half of your attendance allowance. If someone dies and there is a funeral, they say, 'It's not your funeral', and deduct from your attendance allowance.

UNIT 6
RESPONDENT

For the first two days of leave in a month, they deduct the attendance allowance. For other leave they deduct from your wage. One and a half days' leave is allowed, but always with deductions.

UNIT 7
RESPONDENT

There are deductions for being late ... If you are more than two hours late, deductions will be made based on a calculation of the minutes you are late.

UNIT 7
RESPONDENT

The attendance allowance is PKR 1,500 [EUR 4.97]. If you miss a day, even if you are ill, half the allowance is deducted.

UNIT 8
RESPONDENT

The HR department said there would be an annual bonus, but we only got it once, when Levi's did their factory assessment.

UNIT 8
RESPONDENT

Levi's considered manufacturing here. They did an audit. The bonus hadn't been paid for three years, but they paid the bonus in 2023 because of Levi's. But the factory wasn't approved and in 2024 there was no bonus again.

UNIT 8
RESPONDENT

There is an annual bonus, but no bonus is paid since the wage increase.

Making ends meet

Respondents from all the investigated factories struggle to survive financially. Whether respondents managed to make ends meet depended on various factors such as family size, living arrangements (nuclear versus extended family), housing costs (rented versus family owned) and whether the respondent was the household's sole breadwinner. Of the interviewed workers, 51 per cent reported that they were the sole breadwinner in their family. The family size of respondents ranged from 2 to 18 in Karachi and from 2 to 8 in Lahore. These different living situations and financial responsibilities affected workers' ability to support themselves and their families on their factory wages.

Respondents and their families struggled to make ends meet. In the focus group discussions, respondents reported that their basic wage for a 48 hour workweek barely covered rent or housing, transport and food, leaving nothing for other necessities. To cope, respondents worked overtime and/or took part-time jobs after their factory work to earn extra income. They reduced spending by limiting the amount or quality of food they ate and limiting other purchases. They also took out loans from friends or through community savings groups, or applied for wage advances or loans from their employers. And they bought food on credit. In addition to these coping strategies, garment workers often already compromise by living in small and poor-quality houses.



Kitchen and cooking utensils in the home of a garment worker

Respondents from Karachi mentioned that the basic wage they earned, without overtime pay, was not enough to make ends meet. Inflation had severely affected their lives, and they worked overtime to compensate for this. When there was less overtime work, in the low production season, respondents took part-time jobs after their factory shifts. They worked in restaurants as helpers or waiters, or as drivers for app-based food delivery platforms. Respondents said it was not easy to secure such part-time work, as they needed references. The extra workload also left them exhausted and prone to illness. Nevertheless, they had to do extra work to earn enough income.

Some Karachi respondents borrowed amounts between PKR 10,000 (EUR 33.10) and PKR 15,000 (EUR 49.65) from friends, which they usually repaid in instalments as soon as possible. They saved money with community savings groups, with members contributing on a monthly basis and taking turns to receive loans.

Respondents in Lahore mentioned that the income of one family member was not enough. Many lived with extended family members, such as brothers, sisters and parents, in one house and drew on the income of different family members to make ends meet. In some cases, workers had received advances of 35 to 40 per cent of their wages, or had received loans from their employer. The rising cost of electricity had led to financial difficulties, and workers said that they had to buy food on credit.

Overall, 41 per cent per cent of respondents were in debt. Respondents borrowed money from friends or family, bought food on credit, or took out loans from banks or microfinance organisations. They did this to pay for household expenses, including food and utility bills, children's school fees, health care costs and wedding expenses. Some respondents had formal debts with interest rates and repayment terms, while others did not. (In recent years, NGOs and trade unions have observed an increase in debt among garment workers due to rising food and utility prices.)

Quotes: Making ends meet

UNIT 1
RESPONDENT

It is difficult to make ends meet because of high inflation. We have to make sacrifices in some areas. Sometimes we do not eat full meals.

UNIT 2
RESPONDENT

The wage of a basic workweek (48 hours) is not sufficient to make ends meet.

UNIT 3
RESPONDENT

My wage is around PKR 32,000 [EUR 105.92] per month. I spend PKR 14,000 [EUR 46.34] per month on rent and PKR 2,000 [EUR 6.62] to PKR 3,000 [EUR 9.93] on transport to and from work. The rest is spent on food, which is about PKR 12,000 [EUR 39.72] per month. There is nothing left. We buy clothes once a year. When the wage goes up, so do the prices. There is no change.

UNIT 4
RESPONDENT

I work overtime to earn enough income.

UNIT 5
RESPONDENT

The wage gets finished in a few days. That would be fine if we worked [only] eight hours. Then we could get a second job to earn more.

UNIT 5
RESPONDENT

It is not enough for one person in the family to work. Sometimes the children have to work too.

UNIT 6
RESPONDENT

We buy our food on credit. The next month we pay for the food. Usually there is PKR 40,000 [EUR 132.40] of outstanding debt.

UNIT 6
RESPONDENT

We get our wage on the 7th or 8th of the month, and it is spent by the 20th. It is only enough to cover half a month's expenses.

UNIT 7
RESPONDENT

It is difficult to survive, my brothers also contribute. We live with the family, that way we get through the month.

UNIT 8
RESPONDENT

I spent 30 per cent of my wage on electricity bills alone. I am the sole breadwinner in my family. We have to buy food on credit.

UNIT 8
RESPONDENT

We buy food for PKR 15,000 [EUR 49.65], we pay PKR 10,000 [EUR 33.10] directly, and PKR 5,000 [EUR 16.55] is carried over to the next month.

UNIT 8
RESPONDENT

After three to four years of work, you can apply for a loan. It comes from your gratuity. It is a long process. It takes two to three months. That's why workers usually don't apply.

Summary: Wage violations and poverty wages

This section's findings reveal systematic non-compliance with wage and overtime regulations at the investigated production units, with seven workers paid below the minimum wage. While most workers received wages above the legal minimum, excessive overtime, non-payment of overtime and incorrect calculation of overtime wages resulted in significant wage deficits.

Eighty-six per cent of workers were underpaid, with wage theft amounting to more than a third or half of workers' monthly wages (see Box 8).

Box 8 Wage theft

Wage theft is broadly defined as an employer's failure to provide wages, benefits or compensation legally or contractually owed to an employee. This includes unpaid wages, minimum wage and overtime wage violations, misclassification (e.g. of skill levels), illegal deductions, and denial of legally required benefits such as breaks, weekly rest days and paid leave.⁹⁶

Despite the excessive overtime many of the workers interviewed worked, the take-home pay of 99 per cent of them did not meet the living wage for a 48-hour week. The gap between their take-home wages and a living wage was about a quarter to a third.

Inadequate payment practices and lack of statutory benefits increase workers' vulnerability. Twenty-six per cent of interviewed workers did not receive legally mandated pay slips. Some were paid in cash and had limited access to 'payroll accounts', and many – except for most respondents from **Unit 7** – were excluded from statutory benefits such as 5 per cent profit-sharing bonuses.

Combined with 41 per cent of workers caught in cycles of debt and inflation, this left workers in systemic financial insecurity, unable to meet their basic needs. Workers' ability to survive depended on fragile coping mechanisms: excessive overtime, additional part-time work, taking out loans, buying groceries on credit and community support.

3.6 Social security and old-age pensions

This section presents the legal framework and research findings on social security and pensions.

Legal framework: social security and pensions

In Pakistan, employers are required by law to register their workers with two main social security institutions: Employees' Old-Age Benefits Institution (EOBI) and Employees' Social Security Institution (ESSI).⁹⁷ Both schemes are applicable to companies with five or more employees, whether contractual or regular. Smaller businesses can register voluntarily.

Under the EOBI scheme, employers contribute 5 per cent of the minimum wage for each employee, while employees contribute 1 per cent of the minimum wage. Employers are responsible for collecting contributions on a monthly basis and for depositing them in authorised banks. The EOBI scheme provides old-age benefits, including survivors' pensions, and disability benefits in the event of a work-related injury and loss of earning capacity.⁹⁸

Employers are responsible for registering workers with the relevant provincial ESSI and paying monthly contributions on time. Employers should also provide workers with their ESSI registration number. Employers in Punjab contribute 6 per cent and in Sindh 7 per cent of workers' wages to the ESSI.⁹⁹

The ESSI provides a range of health and cash benefits to workers. Health benefits include free medicines, medical care in case of sickness or industrial injury, medical treatment in social security hospitals, maternity benefits and medical care for dependants. Cash benefits include sickness and injury benefits, gratuity, funeral grants and other financial assistance. Registered workers are also entitled to indirect benefits from other affiliated institutions such as the EOBI and the Workers' Welfare Fund. These indirect benefits include pension benefits, death grants, marriage grants, and education and housing schemes.¹⁰⁰

Employers may be subject to fines or imprisonment for non-compliance with EOBI and ESSI regulations.

Little to no social security access

Registration with the ESSI and the EOBI is crucial for workers' access to pensions, health care and other benefits. Table 9 shows registration and issuance of cards for the ESSI and EOBI schemes at the production units in the survey.

Table 9 Registration with ESSI and EOBI and provision of cards

| Unit | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | Total |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Registered with ESSI | 0 | 0 | 0 | 0 | 5 | 1 | 15 | 6 | 27 |
| Received ESSI card | 0 | 0 | 0 | 0 | 2 | 2 | 12 | 0 | 16 |
| Registered with EOBI | 0 | 0 | 0 | 0 | 7 | 2 | 14 | 1 | 24 |
| Received EOBI card | 0 | 0 | 0 | 0 | 4 | 1 | 1 | 0 | 6 |
| <i>Total respondents in unit</i> | <i>15</i> | <i>15</i> | <i>21</i> | <i>15</i> | <i>11</i> | <i>17</i> | <i>15</i> | <i>15</i> | 124 |

A significant majority of respondents, 78 per cent, either were not registered with the ESSI (61 per cent) or did not know their registration status (17 per cent). This problem was particularly prevalent at **Units 1 to 4** in Karachi, where all respondents reported that they were not registered, as well as at **Unit 6**, where all but one respondent said they were not registered. At **Unit 8**, only 6 out of 15 respondents said they were registered with the ESSI; and at **Unit 5**, less than half the respondents said they were registered. By contrast, all respondents from **Unit 7** said they were registered.

The vast majority of respondents, 80 per cent, reported that either their employer had not registered them with the EOBI (60 per cent) or they were unsure of their registration status (20 per cent). This was particularly evident at **Units 1 to 4**, where none of the respondents said they were registered. Similarly, almost all respondents from **Units 6 and 8** indicated they were not registered, with only one respondent from **Unit 8** and two from **Unit 6** reporting EOBI registration. At **Unit 7**, all but one respondent confirmed EOBI registration.

To access ESSI and EOBI benefits, workers need to know their registration details. Eighty-eight per cent of respondents said they had not received a social security card showing their ESSI registration details. There were only a few exceptions: two respondents from **Units 5 and 6** and almost all respondents from **Unit 7** had received an ESSI card. The situation was more pronounced regarding EOBI cards, with 95 per cent of respondents not having received one. From **Units 5, 6 and 7** only a few respondents had received EOBI cards. Provision of ESSI and EOBI cards is a legal requirement.

Unit 7 stands out as an exception, with all respondents reporting registration with the ESSI and most having their registration details. And all but one **Unit 7** respondent confirmed they were registered with the EOBI.

Respondents indicated that information about social security benefits was provided by the human resources department at the start of their employment.

Only 20 per cent of respondents said they knew that EOBI deductions were made from their wages (half of them from **Unit 7**). In the focus group discussions, respondents from the units in Karachi mentioned that EOBI contributions were deducted from their salaries at around PKR 375 (EUR 1.24) per month. However, they had not received EOBI cards.

Respondents from the units in Lahore said there was a lack of awareness among workers about the EOBI scheme. Workers threw away the EOBI card, if they had one, when they left one factory and joined another, thinking that their new employer would give them a new card, which was not the case. As a result, workers who had thrown away their card might face difficulties in receiving their pensions, or might not receive them at all. In many cases, factory managements did not issue pension cards to workers.

A recent and worrying trend, raised in focus group discussions with respondents in Lahore, was employers' increasing use of private health insurance schemes as a substitute for the ESSI. The ESSI requires a financial contribution from both the employer and the employee, while the cost of private health insurance is fully deducted from workers' wages. At **Unit 6**, all new workers were enrolled in private health insurance instead of the ESSI; at **Unit 5**, only piece-rate workers were enrolled in the ESSI, the others in private health insurance.

Private health insurance provides fewer benefits than the ESSI. A respondent from **Unit 6** said private health insurance covered only hospital treatment, not medicines bought from the pharmacy. Workers under private schemes also had to pay for medical treatment themselves, collect the bills and submit them for reimbursement. Many bills were rejected for one reason or another. Private health insurance also did not cover indirect ESSI benefits.

Workers registered with the ESSI for five or more years were also entitled to social housing and free education for their children in schools run by the Workers' Welfare Board. A respondent from **Unit 6** was worried his children would have to stop their education if the ESSI scheme was changed to private health insurance.

Quotes: Social security

UNIT 4
RESPONDENT

We do not get a social security card. This is the norm now. Fifteen years ago it was normal to have one. The factory owner deducts the amount for social security, but the card is not given to the workers.

UNIT 5
RESPONDENT

We pay for our pension, but it is very difficult to claim these benefits. It is a very long process.

UNIT 5
RESPONDENT

When you get an EOBI card, it is for life. But the workers don't know this, they throw it away when they change factories.

UNIT 6
RESPONDENT

In the past, I had a social security card and I could use it. Now I am paying for the health care card but it has no use at all.

UNIT 6
RESPONDENT

All new workers get the private insurance card. They are reducing the number of workers covered by social security.

UNIT 6
RESPONDENT

Even if we say we don't want private health insurance, they give it to us and deduct the money from our wages.

Summary: Social security and old-age pensions

These findings highlight a significant gap in the social security coverage of the respondents, leaving many without crucial pension benefits, access to health care and other benefits. Seventy-eight per cent said they were not registered with ESSI and eighty per cent were not registered with EOBI. While **Unit 7** demonstrates compliance, its exceptional status highlights the uneven access to the ESSI and EOBI in the other units. Given workers' low wages and excessive working hours, their lack of access to social security and pensions benefits makes them particularly vulnerable.

A major concern is the shift towards private health insurance, which places a disproportionate burden on workers because of higher employee contribution, while providing inferior coverage. This trend risks exacerbating workers' vulnerability by removing access to the broader protections of the ESSI, including housing and education benefits.

3.7 Silenced workers

This section first outlines the legal framework for the right to organise and bargain collectively and legal provisions for works councils and workplace committees. It then presents findings on worker representation and access to remedy in the investigated production units.

Legal framework: trade unions and statutory committees

Trade unions

Pakistan has ratified the following ILO Conventions concerning trade union rights: the Freedom of Association and Right to Organise Convention, 1948 (C87); the Right to Organise and Collective Bargaining Convention, 1949 (C98); and the Tripartite Consultation Convention, 1976 (C144).¹⁰¹

Pakistan's legislation recognises and regulates trade unions and provides workers with the right to form and join trade unions. Article 17 of Pakistan's Constitution guarantees the fundamental right to freedom of association and the right to form trade unions.¹⁰² The registration and recognition of trade unions in Pakistan is governed by the Industrial Relations Act 2012 and its provincial ordinances. To form and register a union, an establishment must have at least 50 workers, with at least 10 per cent of workers as members. Where there is more than one union, a new union needs at least 20 per cent of the workforce to be members.

The registration process involves applying to the provincial trade union registrar with the necessary documentation. For recognition as a bargaining agent, a single registered union with one-third of the workers in the establishment as members can apply to the registrar. In workplaces with more than one union, a secret ballot is needed. If no union achieves this threshold, a second ballot takes place between the unions with the highest number of votes, with the union that achieves a majority winning. If a union wins less than 10 per cent of the vote during the election process, it may be deregistered.¹⁰³

Statutory committees

The following workplace committees are mandated by Pakistani law: joint works councils (comprising both management and worker representatives), health and safety committees and sexual harassment inquiry committees. The Industrial Relations Act 2012, Article 25, prescribes a joint works council in any factory with 50 or more employees. Where there is a trade union as the collective bargaining agent in the factory, the union should select worker representatives for works council positions. Where there is not a collective bargaining agent, elections should take place to form the council. Works councils address issues such as productivity, worker-management dialogue and working conditions.

Sindh's Occupational Health and Safety Act 2017, Article 12, and Sindh Occupational Safety and Health Rules 2019, Article 12, require workplaces with 50 or more workers to establish a health and safety committee. Under Punjab's Occupational Health and Safety Act 2019, Article 10(a), health and safety committees are required for all workplaces with more than five workers and must provide for the election of committee representatives.

In accordance with the Sexual Harassment Inquiry Committees and the Protection against Harassment of Women at the Workplace Act 2010, Articles 3 to 5, every organisation with 10 or more employees must set up an inquiry committee. Its role is to receive, investigate and resolve complaints of sexual harassment in the workplace.¹⁰⁴

Lack of proof of employment

Interviews with workers showed that employers deliberately avoid providing workers with proof of employment and knowledge of their rights under the labour laws. One worker mentioned signing a contract where the section detailing an eight-hour working day was deliberately omitted. Another worker had not been given enough time to read the contract before signing it. Another had signed a contract but never received a copy, although he had photographed it; the document specified double overtime pay and benefits such as bonuses and subsidised meals, but the worker had received only single overtime and no bonus or subsidised meals. Another respondent said signing blank documents had become standard practice in the sector.

Proof of employment and knowing who is ultimately responsible for working conditions where you are employed is essential for workers to exercise their rights including to file complaints when their rights are violated. Of the 69 per cent of respondents who had signed an employment contract, 62 per cent did not have a copy (see subsection 3.3).

Poor worker representation

In none of the investigated factories was an independent trade union formally recognised as a bargaining agent, and none had a collective bargaining agreement in place. Seventy per cent of the respondents said they did not know what a trade union was, and only 2 per cent (3 out of 124) said they were union members. The low union density was in line with overall union density in the garment sector in Pakistan, which the trade union movement itself has estimated as low as 1 per cent.¹⁰⁵

Most employers in Pakistan's textile and garment sector have a strong anti-union bias. They see any form of worker organisation, including informal social media groups, as a threat. This hostile environment instils fear in workers, who often refrain from union membership to protect their jobs and avoid being denylisted. Discussions with unions and labour rights NGOs have revealed numerous cases of attempts to register independent unions in export-oriented garment factories that have resulted in intimidation, physical threats, and even bribery of union leaders and members by management to sabotage the registration process. Retired army officers have increasingly been recruited as administrative and security staff in garment factories to intimidate and dismiss workers.¹⁰⁶

In line with Pakistani legislation, a joint works council, health and safety committee, and sexual harassment inquiry committee should have been established at all investigated units. The researchers asked respondents whether workers' committees existed in their factories. Ninety-two per cent said there were no statutory committees at their unit (57 per cent) or they did not know whether there was a committee or not (35 per cent). Only 8 per cent of respondents said there were workers' committees in their factories, including two respondents each from **Units 2 and 5** and three each from **Units 7 and 8**.

According to trade union and labour rights NGOs, works councils are mainly a paper reality to be presented to the labour department and during social audits. The councils often do not function properly. Workers appointed to the councils are asked not to say anything about working conditions. It also happens that factory managements set up trade unions and appoint union members. Such "yellow" unions make it more difficult for independent unions to meet the legal registration threshold for recognition. Respondents mentioned in focus group discussions that factory managements had set up a union at both **Units 5 and 8**. Respondents from **Unit 5** said the union members were the management staff.



Worker operating the foot pedal of a sewing machine

Besides the registration threshold, trade unions in Pakistan face other legal restrictions that limit their effectiveness and reach. The Industrial Relations Act 2012 excludes many workers from unionisation, particularly in agriculture and certain government sectors. Unions face restrictions on membership, strikes and registration procedures. The government can interfere in union activities, including being able to ban prolonged strikes and impose arbitration. Taken together, these restrictions undermine workers' freedom of association and collective bargaining rights in Pakistan and hamper unions' ability to effectively represent and protect workers' interests and build strong industrial relations. This ultimately affects overall productivity and sustainability.¹⁰⁷

No access to remedy

The absence of trade unions and statutory committees, combined with employers' negative attitudes towards worker organisation, as well as examples of workers who have been targeted and dismissed for speaking out, leave workers with little or no space to express grievances or hope complaints will be heard and addressed. Awareness of labour rights, trade unions and grievance mechanisms among workers is also low.

The researchers asked respondents: *"Have you ever filed a complaint?"* And if yes: *"With whom did you file a complaint?"* Eighty-eight per cent of respondents said they had never lodged a complaint. In addition, 10 respondents stated they would neither ask questions nor make a complaint in the future. Respondents explained in various ways. A respondent from **Unit 2** had lost his previous job in a garment factory after filing a complaint. Another from **Unit 4** said: *"No one in the company listens to our complaints; who do we complain to?"* One from **Unit 5** said there was no point in filing a complaint because the workers would not be listened to. And another from **Unit 5** said: *"In future I would reach out with a question or complaint to the supervisor but we know it won't be heard."*

In focus group discussions with workers from **Units 6 to 8**, respondents said it was common for employers to fire and denylist workers if they spoke out about their working conditions and rights. Being denylisted meant you would not be (re)employed in the unit where you worked, in any other unit run by the same company or any other unit in the area.

Fifteen respondents said they had made a complaint. Eleven had complained verbally to their supervisor or manager, and four had made a written complaint. Only one respondent, from **Unit 5**, had used the factory complaint box for a written complaint. The complaints had covered a range of issues, including the quality of food served and poor hygiene in the canteen, production line and sanitary facilities, working hours, wages (including for overtime), bonus payments and the behaviour of supervisors. Ten workers who had complained were satisfied with how their complaint had been handled, while the other four were not. A respondent from **Unit 1** said the workers who had complained about not being paid the annual bonus were all eventually dismissed.

Violations remain hidden

Although respondents were not asked about social audits, some shared information on this. In focus group discussions, respondents mentioned how mainstream social audits are manipulated and fail to detect violations.

Quotes: Social audits

UNIT 1
RESPONDENT

When a buyer visits, a false and ideal environment is created. That is why the factory was eventually closed down.

UNIT 5
RESPONDENT

The auditors do not reach out to the workers. The auditors enter the hall and make a video, but there is no interaction with the workers.

UNIT 5
RESPONDENT

Sometimes the auditors choose the workers. Then the person who accompanies the auditor tells the worker to answer in the way they have been instructed.

UNIT 5
RESPONDENT

Washrooms are not clean. The workplace is only organised and clean around audits.

UNIT 8
RESPONDENT

Before audits, workers are told never to mention that they work on Sundays.

UNIT 8
RESPONDENT

Only on audit days we stop at 5 pm. Otherwise, we work 10 to 12 hours a day throughout the year.

Summary: Silenced workers

Workers face severe obstacles in claiming their rights due to the absence of trade unions, absent or non-functioning works councils, and employers withholding copies of contracts, hiding terms or forcing employees to sign blank documents. Without awareness of their rights and proof of employment, workers struggle to challenge violations like unpaid overtime or denied benefits, creating a culture where employers act without consequences. The lack of proof of employment also makes it impossible to take cases to court or to seek redress through labour arbitration. Fear of retaliation, such as dismissal or denylisting, discourages most workers from reporting abuses, leaving violations unchecked.

3.8 Comparing the investigated units

The research findings reveal a labour system characterised by insecurity, exploitation, wage theft, and systematic disregard for workers' rights, health and wellbeing.

However, the prevalence of these findings varied between the production units investigated. In particular, **Unit 7** distinguished itself from the others: the 15 workers interviewed had signed employment contracts; all but one had copies of their contracts; and there were no reports of excessive overtime. The unit paid hourly wages in compliance with the minimum wage regulation and ensured enrolment in the ESSI and EOBI, as well as statutory benefits such as profit-sharing bonuses and travel allowances.

In addition to **Unit 7**, all workers from **Unit 8** had signed an employment contract, while at **Units 1 and 6** the majority of workers (11 at each unit) had not signed one. At **Unit 2**, none of the respondents had received pay slips; and at **Unit 6**, half the respondents had not received them. At the units in Karachi (**Units 1 to 4**), the majority of workers worked 61 hours per week or more, beyond the legal limit of 56 hours a week.

Units 4 and 7 were the only units where all the workers interviewed were paid the legal minimum wage. At **Unit 6**, three workers were paid below the legal minimum. The highest wage gaps were at **Units 1 and 5**. At **Unit 1**, all but one of the respondents were paid in cash. At **Unit 6**, the majority of workers did not report any bonus. At other units, on the other hand, the vast majority of workers reported receiving an annual bonus.

In Karachi (**Units 1 to 4**), none of the workers reported being enrolled in social security schemes. In Lahore at **Units 5, 6 and 8**, few workers reported being enrolled.

Workers from **Units 5 and 8** reported the presence of a “yellow” (employer- or management-controlled) union. Despite the better conditions, at **Unit 7**, worker representation remained limited and workers were not paid a living wage. No independent union was recognised, and only three workers reported the existence of a workers’ committee.



A garment worker at the doorstep of his house (worker not interviewed)

4 Buyers' responses

We shared draft chapters of this report detailing the research findings with the 11 buying companies sourcing from the eight investigated production units to allow them to review the research findings, notify us of any factual errors and respond to the research findings. Out of these 11 companies, 10 shared a response. One company, Gap, did not respond.

We provide briefly here further information on buyers' links to the production units and parent companies we investigated, and on companies' human rights obligations and the European Union's Corporate Sustainability Due Diligence Directive. The remainder of the chapter then summarises buyers' responses to the draft report.

Brands' links to investigated units

Table 10 shows the links between the buying brands and the investigated companies. Column 2 denotes links between the international buyers and the investigated units. Column 3 shows links between the buying companies and other units via the same parent company. For example, although Bestseller did not source directly from Units 2 and 8 in 2024, column 3 indicates that it sourced from non-investigated units with the same parent company as Units 2 and 8.

Table 10 Links between buying companies, investigated production units and parent companies in 2024

| International buyer | Investigated units buyers sourced from | Buyers' relations with parent companies of investigated units through sourcing links to non-investigated units |
|-----------------------|--|--|
| Bestseller | Unit 1 (stopped sourcing Apr. 2024), Unit 3, Unit 4 (stopped sourcing Aug. 2024), Unit 6, Unit 7 | Parent companies of Units 1, 2, 3, 4, 6, 7, 8 |
| Boohoo | Unit 5 | Parent companies of Units 4, 5, 8 |
| C&A | Unit 2, Unit 5, Unit 7 | Parent companies of Units 2, 5, 7 |
| Gap | Unit 6 | Parent companies of Units 2, 3, 7 |
| H&M | Unit 5, Unit 7 | Parent companies of Units 2, 3, 4, 6, 7, 8 |
| Inditex | Unit 1 | Parent companies of Units 1, 2, 3, 4, 5, 6, 7, 8 |
| Kontoor Brands | Unit 6 | Parent companies of Units 2, 3, 5, 7 |
| Levi Strauss | Unit 3, Unit 7 (stopped sourcing Apr. 2025) | Parent companies of Units 2, 3, 5, 7 |
| Mango | Unit 2 | Parent companies of Units 2, 3, 4, 8 |
| Next | Unit 5, Unit 6 | Parent companies of Units 3, 5, 6, 7, 8 |
| Primark | Unit 5 | Parent companies of Units 2, 5, 7 |

Human rights due diligence

The UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multi-national Enterprises on Responsible Business Conduct (OECD Guidelines) establish clear expectations for companies to respect human rights, both within their own operations and throughout their supply chains. Both sets of standards underscore that businesses must take proactive measures to prevent, address and remedy adverse impacts on human rights and the environment.

The responsibility to respect human rights requires companies to conduct thorough due diligence. This means systematically identifying, preventing, mitigating and accounting for actual and potential negative impacts linked to their activities, products or services. The aim is to ensure that companies effectively address risks and harms affecting rights holders, such as workers, their families and communities.

Crucially, companies must engage rights holders meaningfully at every stage of the due diligence process. This engagement ensures that those most at risk are heard and their concerns are taken seriously. Companies are expected not only to prevent future human rights violations, but also to provide effective remediation for any harm that has occurred.¹⁰⁸

EU Corporate Sustainability Due Diligence Directive

In recent years, several legislative initiatives have incorporated the principles of human rights and environmental due diligence as set out in the UNGPs and OECD Guidelines. Notably, the European Union's Corporate Sustainability Due Diligence Directive (CSDDD) requires companies to demonstrate effective due diligence throughout their supply chains, reinforcing the shift from voluntary to mandatory responsible business conduct. The CSDDD is currently being renegotiated as part of the EU's broader Omnibus package, with proposed amendments including to limit due diligence to direct (tier 1) suppliers and a narrowed definition of "stakeholder", both of which could reduce the Directive's reach and impact.

Buyers' responses to the draft chapters

In response to the draft chapters describing the findings of our research, most companies provided information about their relationships with the investigated production units and their parent companies. They clarified which of the investigated units are active suppliers and specified when relationships with certain suppliers were terminated. Only a few companies questioned the inclusion of links to parent companies of the investigated units through buyers' business relations with other production units under the same parent company (see Table 10 above). Gap, as we state above, did not respond.

In our view, companies cannot overlook abuses committed by business partners, even when these are not directly connected to their own products or services. Such practices signal risks that may impact the company's operations and due diligence responsibilities. Human rights due diligence requires companies to evaluate not only their own risk management systems but also those of their suppliers and business partners across the supply chain. This involves identifying and addressing both actual and potential adverse impacts.

International standards, including the UNGPs and OECD Guidelines, call on businesses to adopt a broad and proactive approach to responsibility. When adverse impacts are found within a partner's operations, companies must conduct more rigorous due diligence to prevent similar harms within their own supply chains.

Bestseller responded to Arisa's request for review by providing information about its due diligence efforts in Pakistan. As Bestseller's response was shared on a non-attribution basis, we cannot disclose specific details regarding its initiatives in this report.

Boohoo (renamed Debenhams in March 2025)¹⁰⁹ responded to the research findings by emphasizing that it takes the issues raised extremely seriously. The company informed us it has tasked its ethical compliance teams – based both in the UK and in Pakistan – with an investigation. The company did not address specific research findings or explain how it would address violations.

C&A informed Arisa that it will incorporate the findings into its annual risk analysis and will continue to monitor and follow up on these issues with the factories it works with. The company did not address specific research findings or explain how it would address violations.

H&M confirmed that **Units 5 and 7** are active suppliers. The company stated that it will follow up on the reported findings with these suppliers and coordinate its response in alignment with other brands. The company did not address specific research findings or explain how it would address violations.

Inditex stated to us that it takes the allegations raised in the report very seriously. The company has engaged directly with the supplier factories identified in the report and is conducting its own due diligence to verify the findings. In cases where Inditex says it identifies non-compliance, it works with suppliers to address these issues through corrective action plans. Regarding **Unit 1**, Inditex reported that it is already taking steps to compensate affected workers. The full response from Inditex is available online with the company's agreement at [full response Inditex](#).

Kontoor Brands confirmed its direct relationship with **Unit 6** and requested that Arisa remove references to linkages with parent companies from the report, even though these units are part of parent groups with which Kontoor Brands maintains a relationship. The company stated that it can audit and influence change only in units where a direct business relationship exists.

In response to the allegations raised in Arisa's draft chapters, Kontoor Brands conducted an investigation into **Unit 6**. This process included on-site and off-site worker interviews, discussions with management and a review of records. The investigation substantiated some findings related to pay slip distribution and workers' awareness of social security. However, Kontoor Brands reported that it did not find evidence supporting our findings regarding employment terms, worker classification, working hours, compensation practices, worker protection, grievance mechanisms, bonus payments, or the overall financial well-being of workers. The company offered to provide Arisa with further documentation regarding its findings.

Kontoor Brands also outlined its support for **Unit 6** in several areas: improving workers' understanding of employment documentation, such as contracts, pay slips and overtime calculations, with the human resources department tasked to reinforce this information during onboarding and monthly check-ins; launching awareness campaigns about ESSI and EOBI benefits; and providing training and raising awareness on the use of grievance channels.

Levi Strauss confirmed its business relationship with **Units 3 and 7** during the research period covered by this report. The company stated that it had implemented corrective action plans at both units to address issues Arisa had identified. These included excessive working hours, wage and bonus deductions or violations, and consecutive work at **Unit 3**, and wage and bonus deductions or violations and forced overtime at **Unit 7**. Where Levi Strauss's findings aligned with ours, the company stated that it had identified and addressed these issues through its due diligence processes in 2023 and 2024. According to the company, its due diligence from 2023 to 2025 had not found evidence of forced overtime or non-payment of social security benefits at **Unit 3**. In April 2025, it had ended its direct relationship with **Unit 7**, and it continues to have no direct relationship with **Units 2 and 5**.

Levi Strauss further emphasised its commitment to regular assessments, strengthening worker-management committees and improving grievance mechanisms. It highlighted its collaboration with the ILO's Better Work programme on capacity-building activities involving worker representatives in 11 factories. The full response from Levi Strauss is available online with the company's agreement at [full response Levi Strauss](#).

Mango's social impact team visited Pakistan in May 2024. Following this, the company launched a third-party investigation into human rights concerns at seven manufacturing factories, prompted by a petition under its global framework agreement with trade union CCOO de Industria. The investigation found several non-conformities in employment practices, compensation, working hours and workplace conditions, confirming allegations Arisa raised. In response, Mango is collaborating with the parent companies of **Units 2, 3 and 4** to implement a corrective action plan, monitored by a third-party consultancy, to ensure compliance and prevent future violations. Mango is also committed to addressing malpractice at **Unit 8**.

Mango underscored to us its commitment as a signatory of the Pakistan Accord to rigorous health and safety standards and accessible grievance mechanisms that empower workers to report concerns independently (see Chapter 3, Box 3). By leveraging these systems and collaborating with other brands, Mango seeks to address human rights impacts proactively, deliver timely remediation and resolve issues through collective action – prioritising worker well-being and safeguarding against supplier retaliation before matters escalate to legal proceedings. The full response from Mango is available online with the company's agreement at: [full response Mango](#).

Next confirmed its sourcing relation with **Units 5 and 6**. The company's ethical team in Pakistan has conducted audits of these units as part of its regular schedule and has developed a remediation plan to address the issues our research identified. Next also highlighted the complexity of human rights challenges within supply chains and the importance of a collaborative approach to uphold workers' rights. To this end, it is working closely with stakeholders and initiatives, including the Ethical Trading Initiative, labour and campaign groups, and the International Accord (see Chapter 3).

Primark indicated that it takes the research findings seriously. The company stated that it is working with one of the investigated units, as well as with the parent companies of two other units, to address the concerns our draft chapters raised. In its response, Primark highlighted the importance of collaboration with stakeholders such as the International Accord and the ILO's Better Work programme, and the existence of effective grievance mechanisms, which enable workers to raise their concerns and ensure these are addressed. The full response from Primark is available online with the company's agreement at: [full response Primark](#).

The buyer responses' limitations

Among the buyers that responded, Bestseller, Kontoor Brands, Levi Strauss and Mango provided the most detailed information, addressing specific violations the report describes.

The major research findings the report identifies are wage theft and the non-payment of living wages. However, none of these brands outlined concrete, time-bound actions to address inadequate wages or to move towards the payment of living wages in the factories under investigation. This is despite the fact that living wages are referenced in most buyers' codes of conduct or public commitments. Instead, the responses from these brands remained cautious, focusing on compliance with minimum wage requirements, improving wage administration and transparency through digital payments, and offering financial literacy training to workers. They also emphasised collaboration with other brands and participation in responsible business initiatives to address systemic issues.

It is essential to underscore that the right to a living wage is a fundamental human right. For further details, see Box 9.

Box 9 Living wage – a fundamental human right

Article 23, Universal Declaration of Human Rights (1948)¹¹⁰

- Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
- Everyone, without any discrimination, has the right to equal pay for equal work.
- Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.
- Everyone has the right to form and to join trade unions for the protection of his interests.

International Labour Organization (2024)¹¹¹

- The ILO denotes that the concept of a living wage is:
- the wage level that is necessary to afford a decent standard of living for workers and their families, taking into account the country circumstances and calculated for the work performed during the normal hours of work;
- calculated in accordance with the ILO's principles of estimating the living wage;
- to be achieved through the wage-setting process in line with ILO principles on wage setting.

5 Conclusions and recommendations

5.1 Conclusions

This research provides insights into employment relations, working hours, wages, social security and worker representation at eight Pakistani garment export production units, four in Karachi and four in Lahore. These units are part of large manufacturing companies that operate multiple production units. Four of these companies are part of larger business groups with economic activities in different sectors.

The research is based on interviews and focus group discussions with 126 workers employed at the eight production units. The majority of interviewed workers were internal migrants who had moved to Karachi and Lahore for work in the last decade.

Arisa shared draft chapters of the research report with 11 purchasing companies we could link with the units investigated and/or their parent companies. In line with international guidelines on responsible business conduct (the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct) and EU legislation (the Corporate Sustainability Due Diligence Directive), buying companies are expected to undertake human rights due diligence. Due diligence is a continuous process whereby enterprises identify risks and violations relating to human rights, labour rights and the environment in their supply chain with a view to ending, preventing or mitigating these risks.

Our report summarises the responses from ten buyers.

Box 10 Major research findings

- 99 per cent of workers did not receive a living wage for a regular 48-hour workweek. The gap between their take-home pay and a living wage was around a quarter to a third.
- 86 per cent of respondents faced wage theft – they did not receive the wages they should have received based on their working hours and overtime. Wage theft amounted to even more than a third or half of workers' monthly take-home pay.
- 7 workers were paid less than the legal minimum wage.
- 60 per cent of workers worked more hours per week than legally allowed.
- 94 per cent of workers reported working overtime.
- 65 per cent of workers said they could not refuse overtime without consequences.
- 41 per cent of respondents were in debt.
- 31 per cent had not signed an employment contract; of those who had signed, 62 per cent had not received a copy.
- 78 per cent were not registered with the ESSI.

- 80 per cent were not registered with the EOBI.
- None of the production units investigated had a formally recognised independent trade union.
- 57 per cent of workers said there was no works council at their production unit; 35 per cent did not know if there was a works council.

Illusory employment status

The research shows that 31 per cent of interviewed workers from the investigated units in Karachi and Lahore did not have an employment contract. Of those who did, 62 per cent did not have a copy. And while many workers held formal employment contracts, these failed to provide protection despite appearing compliant on paper. Without a contract (or an effective one), it is difficult for workers to access their rights and prove their employment status. Although 89 per cent of respondents claimed to have permanent status at their workplaces, it is clear that this did not guarantee stable work, job security or income.

The use of piece-rate workers, day labourers and third-party contract workers was common at the investigated units. Previous research has demonstrated that such employment arrangements and wage calculation systems are synonymous with precariousness, with workers facing increased job and income insecurity and having limited access to workplace protection.¹¹² Our research findings confirm this analysis.

Excessive working hours

Across all investigated production units, except **Unit 7**, excessive working hours, unpaid overtime and high production targets emerged as persistent structural issues. Despite legal restrictions, 60 per cent of workers interviewed exceeded the legal maximum working week of 56 hours. Ninety-four per cent worked overtime. Overtime was rarely voluntary; refusal often resulted in threats, harassment or loss of income. Work pressure was high, with production targets, attendance incentives, wage deductions and surveillance placing undue demands on workers. Excessive overtime and high work pressure lead to stress and physical exhaustion, which affect workers' health.

Wage theft

The research revealed systematic non-compliance with wage and overtime payment regulations. Alarmingly, 86 per cent of interviewed workers were underpaid. They were, in fact, victims of wage theft – losing more than a third of their monthly take-home pay in some cases compared with under the proper application of the overtime pay regulations. Seven workers reported monthly wages below the legal minimum, while most others suffered significant wage deficits due to excessive overtime, unpaid hours or incorrect overtime calculations, despite earning above the legal minimum. Workers were often excluded from statutory benefits such as profit-sharing bonuses.

No living wage

The research revealed a staggering 99 per cent of interviewed workers as not earning a living wage. Despite working excessive hours, workers' earnings were between a quarter and a third below a living wage.

Payment practices

Payment practices further exacerbated workers' vulnerability. Over a quarter of interviewed workers did not receive legally required pay slips. Without pay slips, workers have no insight into their wage calculations, wage deductions and benefits. While 84 per cent of respondents reported being paid by the employer through a bank account, workers in focus group discussions revealed that the use of "payroll accounts" is common. These are not regular bank accounts registered in the name of the worker, so workers have no insight into the account details. Fifteen per cent of workers were paid in cash. Cash payments were also common for piece-rate workers and for overtime that exceeded legal

limits, particularly in Karachi, where such payments were more frequent. By contrast, workers in Lahore reported that overtime was usually unpaid.

Workers struggle to survive

Forty-one per cent of interviewed workers were trapped in cycles of debt. Combined with the inadequate wages, this resulted in chronic financial insecurity, leaving many unable to meet basic needs. To survive, workers relied on fragile coping mechanisms: working excessive overtime, taking on additional part-time jobs, buying food on credit, and seeking support from relatives and communities. Working overtime or taking on second jobs also exhausted workers. More worryingly, workers reported reducing expenditure by choosing lower-quality food, with foreseeable negative consequences for their and their dependants' health and wellbeing. Workers also spoke of cutting back or limiting non-food and other purchases. One worker even mentioned that sometimes children in the family had to work to make ends meet.

No social security or pensions

A significant gap in social security coverage compounded these challenges, leaving many workers without essential health care, pension benefits and other protections, despite legal obligations for employers to provide them. Of the interviewed workers, 78 per cent were not registered with the ESSI and 80 per cent not registered with the EOBI. Of particular concern is the shift towards private health insurance, which imposed additional wage deductions on workers while offering inferior health service coverage. This trend threatens to further erode access to comprehensive protections provided by the ESSI and EOBI, including housing and education benefits. Given the prevalence of poverty wages and excessive working hours, the lack of social security leaves workers especially vulnerable.

No access to remedy

Workers also faced barriers to asserting their rights. The absence of trade unions at all eight investigated units; non-existent or ineffective works councils; employers withholding copies of contracts; omission of employment terms from contracts; workers being compelled to sign blank documents: all these contribute to a culture of impunity. Without proof of employment or awareness of their employment arrangements and rights, workers find it nearly impossible to contest violations such as unpaid overtime or denied benefits. Fear of retaliation through dismissal or denylisting prevented most workers from reporting labour rights abuses, allowing violations to persist unchecked. Workers also stressed that mainstream social compliance audits were manipulated and failed to detect rights violations.

Unit 7: the partial exception

Unit 7 stands out compared to the others. According to worker interviews, working hours, wages, social security and other statutory benefits at this unit generally complied with Pakistani legislation. In this regard, **Unit 7** can serve as a positive example for other units and manufacturers.

Nevertheless, significant concerns remain even at **Unit 7**. Its workers did not earn a living wage for normal working hours, and there was no independent and officially recognised trade union. The right to join a union and to bargain collectively is crucial, especially for negotiating a living wage.

Buyers' responses

Of the 11 buying companies mentioned in the report, all but Gap responded to the request to review the draft chapters containing the research findings. While many companies offered detailed clarifications regarding their supplier relationships, not all provided comprehensive responses to the specific allegations outlined in the report. Bestseller, Kontoor Brands, Levi Strauss and Mango gave the most thorough replies, addressing particular violations identified in the findings.

However, none of the brands made concrete, time-bound commitments to ensure the payment of living wages, despite their public commitments and codes of conduct recognising this fundamental right. This cautious stance highlights the disconnect between brands' policy and practice, with progress on paper often failing to translate into meaningful improvements for workers.

5.2 Recommendations

Based on the research findings and prevalent knowledge from previous research, we have formulated recommendations for key actors: international buyers sourcing from textile and garment manufacturers in Pakistan and the Pakistani textile and garment industry itself; Pakistani governmental authorities; and the EU and its member states.

Given their influence on garment supply chains, international buyers – especially the major global brands highlighted in this report – bear a major responsibility to uphold and advance decent working conditions and living wages for all workers. When sourcing in high-risk countries like Pakistan, buying companies should implement heightened human right due diligence in line with international guidelines (the UN Guiding Principles and OECD Guidelines for Multinational Enterprise).

Pakistani textile and garment manufacturers, in turn, must ensure full compliance with national labour laws and international standards, fostering workplaces that respect and protect workers' rights.

At the same time, it is the duty of governments to safeguard workers from rights violations by enforcing robust legal frameworks and ensuring accountability throughout the sector.

Recommendations to international buyers and Pakistani manufacturers

To address the risks and breaches described in this report, **manufacturers in Pakistan** should implement the following recommendations. **International buyers** must actively enable and support their suppliers in adopting these measures and ensure their effective implementation:

1. Guarantee non-discriminatory recruitment and employment practices. All decisions regarding hiring, employment and promotion must be based solely on relevant skills, qualifications and experience. Personal relationships with mid-level or senior management must not influence these processes, ensuring equal and fair opportunities for all workers.
2. Ensure all workers sign written employment contracts and receive a personal copy. Contracts must fully comply with all applicable legal requirements, clearly outlining employment terms and conditions, rights and obligations.
3. Employ all workers directly wherever legally required and possible. Where third-party contract workers, daily wage workers or other categories of non-permanent workers are engaged, this must be with full transparency, and such workers must be guaranteed equal rights and working conditions to those of permanent workers.
4. Ensure workers receive at least the legal minimum wage for 48 hours and the legal rate for overtime. Start paying living wages to workers.
5. Make overtime always voluntary and within the legal maximum total of 56 working hours per week. The overtime rate must be in line with legal requirements, i.e. double the standard rate.

6. Urgently address the excessive and unhealthy work pressure workers face by buying brands adopting responsible purchasing practices, while manufacturers improve planning, production management and human resources practices. All unlawful practices – including verbal abuse, undue pressure on workers to accept excessive overtime, threats of wage deductions, forced unpaid leave, unjust dismissals and retaliations when workers refuse overtime – must stop immediately.
7. Compensate workers who have not received the wages they are entitled to. Compensation should take into account the legal minimum wage and legal overtime wage. Workers from **Unit 1** should receive their gratuity and severance payments. Verify with workers and organisations representing them that they have received compensation.
8. Ensure workers' wages are calculated based on working hours rather than on a piece-rate basis. Piece-rate wage systems significantly increase the risk of exploitation and undermine workers' rights to fair remuneration, often resulting in excessive working hours and inadequate income.
9. Pay wages via bank transfer directly to each worker's personal bank account. All workers must receive a detailed pay slip with every payment. Pay slips should clearly specify all relevant information, including regular wages, overtime wages, working hours, all deductions (such as ESSI and EOBI contributions) and details of any additional benefits.
10. Register workers under the ESSI and EOBI schemes. Employers must ensure the timely and regular monthly deposit of contributions to both schemes. Provide workers with ESSI and EOBI cards showing their registration details, enabling them to fully access the benefits and protections these schemes provide.
11. Stop registering workers under private health insurance schemes, which are more expensive for workers and provide less coverage than the ESSI. Transition all workers currently covered by private health insurance to the ESSI, ensuring equitable access to affordable and adequate health care.
12. Ensure workers receive their full legal entitlements, including paid sick leave, paid vacation and all other statutory benefits. Provide any bonuses or supplementary benefits workers are entitled to in a timely and transparent manner.
13. Guarantee the right of all workers to freely associate and engage in collective bargaining. This includes creating an enabling environment in which workers can organise, form or join trade unions without fear of retaliation, intimidation or discrimination. Eliminate barriers and address concerns or fears that currently prevent workers from exercising these fundamental rights and trade unions from formally registering and being recognised. Freedom of association is needed to improve other labour rights.
14. Guarantee all workers access to effective, reliable and confidential grievance mechanisms at production unit. Ensure these mechanisms operate with transparent procedures and clearly defined timelines for the resolution of complaints.

Additional actions that **buying companies** should take:

1. Ensure purchasing practices and prices enable suppliers to pay workers a living wage for a workweek of maximum 48 hours.
2. In sourcing practices, prioritise manufacturers that recognise independent trade unions and negotiate collective bargaining agreements. Select suppliers that pay, or are demonstrably committed to paying, a living wage to all workers.

3. Support minimum wage increases in Pakistan and support other regulations that promote and contribute to the payment of living wages in the textile and garment industry. Refrain from lobbying against minimum wage increases or any other measures that contribute to the realisation of living wages for Pakistani garment workers.
4. Move beyond reliance on traditional social audits to identify and address supply chain labour rights abuses. Instead, undertake effective human rights due diligence by centring workers and organisations representing and/ or supporting them. Ensure the meaningful engagement of rights holders at every stage of the due diligence process, empowering workers to participate actively in the identification, prevention and remediation of labour rights violations.
5. Disengage from any manufacturers that demonstrate unwillingness, or fail, to take adequate steps to ensure that working conditions meet international labour standards and workers receive living wages. Disengagement from these suppliers should be in a responsible manner that respects affected workers' rights and wellbeing.
6. Ensure full supply chain transparency – a prerequisite for enabling rights holders, trade unions and civil society to effectively engage with companies when workers' rights are at risk or have been violated. **Inditex and all other companies that have not yet done so** should immediately publish comprehensive supplier lists – either via the Open Supply Hub or on their own corporate websites. All companies should ensure their supply chain information is regularly updated and easily accessible. Companies should also disclose detailed information on wages in relation to the hours employees work throughout their supply chains.

Recommendations to governmental authorities in Pakistan

The **Government of Pakistan**, and specifically the **provincial labour departments of Sindh and Punjab**, must ensure respect for the highest prevailing national and international labour standards throughout Pakistan's textile and garment industry. In particular:

1. Ensure all companies in the sector comply with Pakistan labour law.
2. At the very least, ensure all workers at least receive the legal minimum wage. At the same time, work towards increasing the legal minimum to a living wage.
3. Remove all obstacles, in particular any legal barriers, to freedom of association and collective bargaining.

Recommendations to the EU and its member states

In the globalised textile and garment industry, and with brands' and retailers' supply chains spanning the world, legal requirements for responsible business conduct should have international reach. The **EU and its member states** should therefore:

1. Ensure buying companies implement human rights due diligence in line with the highest international standards for responsible business conduct.
2. Stop postponing and downgrading requirements for companies under the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD).
3. **Member states** should adopt and enforce progressive due diligence legislation. ◀

Endnotes

- 1 International Labour Organization, "Decent Work", no date <<https://www.ilo.org/topics/decent-work>>
- 2 Arisa, *Trends in Production and Trade – Cotton, Textiles and Garments from Pakistan*, 2024 <<https://arisa.nl/wp-content/uploads/Trends-in-Production-and-Trade-Pakistan-Arisa-2024.pdf>>
- 3 Human Rights Watch, *No Room to Bargain. Unfair and Abusive Labor Practices in Pakistan*, January 2019 <https://www.hrw.org/sites/default/files/report_pdf/pakistan0119.pdf>
- 4 Labour Behind the Label, "Hanging on by a thread. Garment workers rights amidst rising costs and wage violation in Pakistan", September 2023 <<https://labourbehindthelabel.org/report-hanging-on-by-a-thread/>>
- 5 FEMNET and European Center for Constitutional and Human Rights (ECCHR), *No Contracts, No Rights: How the Fashion Industry Avoids Paying Minimum Wages in Pakistan*, 2023 <https://www.ecchr.eu/fileadmin/user_upload/No_Contracts_No_Rights_ECCHR_FEMNET_study_final_EN.pdf>
- 6 STAR Network, *An introduction to Pakistan. A focus on the garment sector*, November 2023 <https://asiagarmenthub.net/resources/2024/231107_star_investorguides_pakistan_druck-1.pdf>
- 7 S&P Global, "Panjiva Supply Chain Intelligence", <[https://www.marketplace.spglobal.com/en/datasets/panjiva-supply-chain-intelligence-\(22\)?cq_cmp=9778467255&cq_plac=&cq_net=g&cq_pos=&cq_plt=gp&utm_source=google&utm_medium=cpc&utm_campaign=Data_and_Research_Marketplace_DMS_Search_Google&utm_term=&utm_content=586436401424&_bt=586436401424&_bk=&_bm=&_bn=g&_bg=133704002389&gad_source=1&gad_campaignid=9778467255&gclid=CjwKCAjwr5_CBhBLEiwAzfwYuM1DnhOHmvErSCOmjyD1shw6Pu9S3qZNxYuAhRFeyMe8B5Azmj_VBoCHO4QAvD_BwE](https://www.marketplace.spglobal.com/en/datasets/panjiva-supply-chain-intelligence-(22)?cq_cmp=9778467255&cq_plac=&cq_net=g&cq_pos=&cq_plt=gp&utm_source=google&utm_medium=cpc&utm_campaign=Data_and_Research_Marketplace_DMS_Search_Google&utm_term=&utm_content=586436401424&_bt=586436401424&_bk=&_bm=&_bn=g&_bg=133704002389&gad_source=1&gad_campaignid=9778467255&gclid=CjwKCAjwr5_CBhBLEiwAzfwYuM1DnhOHmvErSCOmjyD1shw6Pu9S3qZNxYuAhRFeyMe8B5Azmj_VBoCHO4QAvD_BwE)>
- 8 C. Ryan Perkins, "1947 Partition of In STAR Network, An introduction to Pakistan. A focus on the garment sector, November 2023 <https://asiagarmenthub.net/resources/2024/231107_star_investorguides_pakistan_druck-1.pdf> dia and Pakistan", Stanford University Libraries, no date <<https://exhibits.stanford.edu/1947-partition/about/1947-partition-of-india-pakistan>>
- 9 Zulfiqar Shah, *Long Behind Schedule: A study on the plight of scheduled caste Hindus in Pakistan*, Indian Institute of Dalit Studies and International Dalit Solidarity Network (IDSN), 2007 <https://idsn.org/wp-content/uploads/user_folder/pdf/Old_files/asia/pdf/Long_Behind_Schedule.pdf>
- 10 National Assembly of Pakistan, *The Constitution of the Islamic Republic of Pakistan*, modified up to 28th of February 2012 <https://na.gov.pk/uploads/documents/1333523681_951.pdf>
- 11 Minority Rights Group International, "Reports from Pakistan: Tracing the challenges facing religious minorities", no date <<https://minorityrights.org/reports-from-pakistan-tracing-the-challenges-facing-religious-minorities/>>
- 12 Pakistan Bureau of Statistics, "Census 2023", 2023 <https://www.pbs.gov.pk/sites/default/files/population/2023/tables/table_9_national.pdf>
- 13 Asian Development Bank, *Asian Development Outlook April 2025*, 2025 <<https://www.adb.org/sites/default/files/publication/1044336/asian-development-outlook-april-2025.pdf>>
- 14 IDSN, "Caste discrimination", no date <<https://idsn.org/caste-discrimination/>>
- 15 Key informant interview with expert on minority rights, November 2024.
- 16 Shaista Abdul Aziz Patel, "It's time to talk about caste in Pakistan and Pakistani diaspora", Al Jazeera, 15 December 2020 <<https://www.aljazeera.com/opinions/2020/12/15/it-is-time-to-talk-about-caste-in-pakistan-and-pakistani-diaspora>>
- 17 Zulfiqar Shah, *Long Behind Schedule: A study on the plight of scheduled caste Hindus in Pakistan*, Indian Institute of Dalit Studies and International Dalit Solidarity Network (IDSN), 2007 <https://idsn.org/wp-content/uploads/user_folder/pdf/Old_files/asia/pdf/Long_Behind_Schedule.pdf>
- 18 Abid Hussain, "Can Pakistan's politicians break the military's stranglehold?", Al Jazeera, 30 January 2024 <<https://www.aljazeera.com/news/2024/1/30/can-pakistans-politicians-break-the-militarys-stranglehold>>
- 19 World Bank Group, "GDP per capita (current US\$) – Pakistan", no date <<https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=PK>>
- 20 Pakistan Bureau of Statistics, "Census 2023", 2023 <https://www.pbs.gov.pk/sites/default/files/population/2023/tables/table_9_national.pdf>
- 21 Focus Economics, "Pakistan GDP", no date <<https://www.focus-economics.com/country-indicator/pakistan/gdp/>>
- 22 Friday Times, "Pakistan's Economic Struggles In 2024: Inflation, Political Instability, and IMF Challenges", 9 January 2025 <<https://thefridaytimes.com/09-Jan-2025/pakistan-s-economic-struggles-in-2024-inflation-political-instability-and-imf-challenges>>
- 23 International Monetary Fund, "Measuring the Gains from Structural Reforms and Climate Adaptation Investment in Pakistan", 10 October 2024 <<https://www.elibrary.imf.org/view/journals/002/2024/311/article-A002-en.xml>>
- 24 Institute of Business Administration, *The State of Pakistan's Economy 2023-24*, 2024 <<https://cber.iba.edu.pk/pdf/book-series/state-of-pakistan-economy-2023-24.pdf>>

- 25 The Express Tribune, "IMF revises Pakistan's GDP growth outlook for 2025 to 3%", 18 January 2025 <<https://tribune.com.pk/story/2522923/imf-revises-pakistans-gdp-growth-outlook-for-2025-to-3>>
- 26 International Monetary Fund, "Measuring the Gains from Structural Reforms and Climate Adaptation Investment in Pakistan", 10 October 2024 <<https://www.elibrary.imf.org/view/journals/002/2024/311/article-A002-en.xml>>; AND International Labour Organization, Pakistan: Employment outlook in a setting of austerity, September 2023 <https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@asia/@ro-bangkok/@ilo-islamabad/documents/briefingnote/wcms_893724.pdf>
- 27 The Express Tribune, "Pakistan to initiate talks with Trump administration over 29% tariff", 7 April 2025 <<https://tribune.com.pk/story/2538430/pakistan-to-initiate-talks-with-trump-administration-over-29-tariff>>
- 28 CIVICUS, "People Power Under Attack 2024", 2024 <https://monitor.civicus.org/globalfindings_2024/>
- 29 CIVICUS, "March Watchlist 2025", 2025 <<https://monitor.civicus.org/watchlist-march-2025/>>
- 30 CIVICUS, "Press Release", 10 March 2025 <<https://monitor.civicus.org/watchlist-march-2025/Pakistan/>>
- 31 Haroon Baloch, Yaghsha Dawar, Shrinking Spaces for Civil Society in Pakistan, Heinrich Böll Foundation, June 2023 <<https://afpak.boell.org/sites/default/files/2023-06/civic-spaces-in-pakistan-tkf-afpak-publication.pdf>>
- 32 IndustriALL Global Union, "IndustriALL demands worker protections in Pakistan", 30 July 2024 <<https://www.industriall-union.org/industriall-demands-worker-protections-in-pakistan>>; AND Labour Behind the Label, "Pakistan: Resisting Labour Law Changes", 30 August 2024 <<https://labourbehindthelabel.org/pakistan-labour-law/>>
- 33 World Bank Group, "Pakistan Development Update April 2024: Fiscal Impact of State-Owned Enterprises", April 2024 <<https://thedocs.worldbank.org/en/doc/140b30353b40dbb294cca42bcb86529a-0310062024/pakistan-development-update-april-2024-fiscal-impact-of-the-federal-state-owned-enterprises>>
- 34 World Bank Group, "Exports of goods and services (% of GDP) – Pakistan", no date <<https://data.worldbank.org/indicator/NE.EXP.GNFS.ZS?locations=PK>>; AND UN Comtrade database, data for product groups with HS codes 52–63 <<https://comtrade.un.org/>>
- 35 Xinhua, "Pakistan's exports rise over 10 percent in FY 2023-24", July 2024 <<https://english.news.cn/asiapacific/20240704/a1a053eb9d7e4d2285c228ebe4e8540b/c.html>>
- 36 FEMNET and European Center for Constitutional and Human Rights (ECCHR), *No Contracts, No Rights: How the Fashion Industry Avoids Paying Minimum Wages in Pakistan*, 2023 <https://www.ecchr.eu/fileadmin/user_upload/No_Contracts_No_Rights_ECCHR_FEMNET_study_final_EN.pdf>; AND Clean Clothes Campaign, *A decade after deadly Ali Enterprises fire, Pakistan's garment workers report shocking lack of fire exits*, 2022 <<https://cleanclothes.org/file-repository/final-pakistan-safety-report-july-2022-ccc.pdf/view>>
- 37 UN Comtrade database, data for product groups with HS codes 52, 61, 62, and 63, <<https://comtrade.un.org/>>
- 38 UN Comtrade database, data for product groups with HS codes 61 and 62, <<https://comtrade.un.org/>>
- 39 Arisa, *Trends in Production and Trade – Cotton, Textiles and Garments from Pakistan*, 2024 <<https://arisa.nl/wp-content/uploads/Trends-in-Production-and-Trade-Pakistan-Arisa-2024.pdf>>
- 40 Asia Garment Hub, "Pakistan", no date <<https://asiagarmenthub.net/agh-countries/pakistan>>
- 41 Fair Wear Foundation, *Pakistan country study 2021*, 2021 <<https://api.fairwear.org/wp-content/uploads/2021/06/2021-CS-PAKISTAN.pdf>>
- 42 Arisa, *Trends in Production and Trade – Cotton, Textiles and Garments from Pakistan*, 2024 <<https://arisa.nl/wp-content/uploads/Trends-in-Production-and-Trade-Pakistan-Arisa-2024.pdf>>
- 43 FEMNET and European Center for Constitutional and Human Rights (ECCHR), *No Contracts, No Rights: How the Fashion Industry Avoids Paying Minimum Wages in Pakistan*, 2023 <https://www.ecchr.eu/fileadmin/user_upload/No_Contracts_No_Rights_ECCHR_FEMNET_study_final_EN.pdf>; AND Clean Clothes Campaign, "A decade after deadly Ali Enterprises fire, Pakistan's garment workers report shocking lack of fire exits", 2022 <<https://cleanclothes.org/news/2022/report-a-decade-after-deadly-ali-enterprises-fire-pakistans-garment-workers-report-shocking-lack-of-fire-exits>>
- 44 Fair Wear Foundation, *Pakistan country study 2021*, 2021 <<https://api.fairwear.org/wp-content/uploads/2021/06/2021-CS-PAKISTAN.pdf>>; AND Business & Human Rights Resource Centre, *The legal framework for worker representation in the garment sector – country profiles*, June 2024 <https://media.business-humanrights.org/media/documents/240619_FoA_legal_profiles.pdf>
- 45 IDSN, "Pakistan", no date <<https://idsn.org/countries/pakistan/>>
- 46 Arisa, The Knowledge Forum, Pakistan Dalit Solidarity Network, *Precarious labour and silenced workers – the position of workers from Scheduled Caste Communities in the textiles and garment industry in Pakistan*, January 2025 <https://arisa.nl/wp-content/uploads/Precarious-labour-and-silenced-workers_Arisa_TKF_PDSN_Jan25.pdf>
- 47 Ibid.
- 48 Business & Human Rights Resource Centre, *The legal framework for worker representation in the garment sector, country profiles*, June 2024 <https://media.business-humanrights.org/media/documents/240619_FoA_legal_profiles.pdf>
- 49 International Labour Organization, "Country Profiles", Pakistan, no date <<https://ilostat.ilo.org/data/country-profiles/>>

- 50 WageIndicator Foundation, "Wages in Context in the Garment Industry in Asia: The Case of Pakistan", 5 May 2016 <<https://wageindicator.org/about/overview-wageindicator-newsletters/news/2016/wages-in-context-in-the-garment-industry-in-asia-the-case-of-pakistan-may-05-2016>>
- 51 FEMNET and European Center for Constitutional and Human Rights (ECCHR), *No Contracts, No Rights: How the Fashion Industry Avoids Paying Minimum Wages in Pakistan*, 2023 <https://www.ecchr.eu/fileadmin/user_upload/No_Contracts_No_Rights_ECCHR_FEMNET_study_final_EN.pdf>; AND Friedrich Ebert Stiftung, *Mapping Labour Unions in Pakistan*, December 2021 <<https://library.fes.de/pdf-files/bueros/pakistan/19148.pdf>>
- 52 WageIndicator Foundation, "Wages in Context in the Garment Industry in Asia: The Case of Pakistan", 5 May 2016 <<https://wageindicator.org/about/overview-wageindicator-newsletters/news/2016/wages-in-context-in-the-garment-industry-in-asia-the-case-of-pakistan-may-05-2016>>
- 53 International Labour Organization, *What lies behind the gender pay gap in Pakistan, Policy Brief*, March 2025 <https://www.ilo.org/sites/default/files/2025-03/Policy%20Brief_GPG%20Pakistan_6%20March%202025.pdf>
- 54 Mubarak Zeb Khan, "Inflation drops to lowest in nearly a decade", March 4 2025 <<https://www.dawn.com/news/1895622>>
- 55 International Labour Organization, *What lies behind the gender pay gap in Pakistan, Policy Brief*, March 2025 <https://www.ilo.org/sites/default/files/2025-03/Policy%20Brief_GPG%20Pakistan_6%20March%202025.pdf>
- 56 Aimal Khan, Anwar Shah, Ghulam Mustafa, *Minimum Wage Compliance in Pakistan: A Demographic Analysis*, Bulletin of Business and Economics, 12(3), 159-168, 2023 <<https://bnejournal.com/BBE/article/download/488/28/402>>
- 57 Aimal Khan, Anwar Shah, Ghulam Mustafa, *Minimum Wage Compliance in Pakistan: A Demographic Analysis*, Bulletin of Business and Economics, 12(3), 159-168, 2023 <<https://bnejournal.com/BBE/article/download/488/28/402>>; AND Friedrich Ebert Stiftung, *Mapping Labour Unions in Pakistan*, December 2021 <<https://library.fes.de/pdf-files/bueros/pakistan/19148.pdf>>; AND WageIndicator Foundation, "Wages in Context in the Garment Industry in Asia: The Case of Pakistan", 5 May 2016 <<https://wageindicator.org/about/overview-wageindicator-newsletters/news/2016/wages-in-context-in-the-garment-industry-in-asia-the-case-of-pakistan-may-05-2016>>
- 58 Business & Human Rights Resource Centre, "Pakistan: Clothing brands criticised by labour groups as Sindh suppliers dispute garment worker wage increase", 28 February 2022 <<https://www.business-humanrights.org/en/latest-news/pakistan-clothing-brands-called-on-to-act-after-factory-owners-appeal-against-sindh-minimum-wage-increase/>>
- 59 International Accord, *Factory Disclosure Report – Pakistan March 2024*, 2024 <<https://internationalaccord.org/wp-content/uploads/2024/03/240325-list-Public-disclosure-report-Pakistan-March-2024.xlsx.pdf>> (accessed 7 April 2024).
- 60 International Accord, "Pakistan Accord on Health and Safety in the Textile and Garment Industry", no date <<https://internationalaccord.org/countries/pakistan/>>
- 61 International Accord, "Supplier Briefing #6", 10 March 2025 <<https://internationalaccord.org/pakistan-accord-supplier-briefing-6/>>
- 62 The Guardian, "Boohoo to rebrand as Debenhams despite Frasers Group's vote to block it", 28 March 2025 <<https://www.theguardian.com/business/2025/mar/28/boohoo-rebrand-debenhams-frasers-group-vote-block>>
- 63 International Accord, "Join brands promoting safer workplaces within their supply chains, no date <https://internationalaccord.org/signatories/?_signatory_categories=pakistan>
- 64 Global Growth Insights, "Top Fashion Companies", 15 October 2024 <<https://www.globalgrowthinsights.com/blog/fast-fashion-companies-511>>; AND Curiously Conscious, "100+ Fast Fashion Brands & Reasons To Avoid Them", 26 March 2024 <<https://www.curiouslyconscious.com/2020/07/fast-fashion-brands-uk.html>>; AND Good on you, "How Ethical Is Boohoo", 2 September 2024 <<https://goodonyou.eco/how-ethical-is-boohoo/>>
- 65 OECD, "OECD Guidelines for Multinational Enterprises on Responsible Business Conduct", 8 June 2023 <https://www.oecd-ilibrary.org/finance-and-investment/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_81f92357-en>; AND United Nations Human Rights Office of the High Commissioner, *Guiding Principles on Business and Human Rights*, 2011 <https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf>
- 66 Government of Pakistan, "The Factories Act 1934", 20 August 1934 <<https://natlex.ilo.org/dyn/natlex2/natlex2/files/download/35384/PAK35384%20Eng.pdf>>;
- 67 National Assembly of Pakistan, The Constitution of the Islamic Republic of Pakistan, modified up to 28th of February 2012 <https://na.gov.pk/uploads/documents/1333523681_951.pdf>
- 68 Government of Punjab "Industrial and Commercial Employment (Standing Orders) Ordinance, 1968. S. 1(4)(a)m", 8 March 1968 <<http://punjablaws.gov.pk/laws/222.html>>; AND Provincial Assembly of Sindh "The Sindh Terms of Employment (Standing Orders) Act, 2015, S 1(4) (a).", 29 April 2016 <<https://clr.org.pk/Labour-Laws/Sindh/Sindh%20Terms%20of%20Employment%20standing%20orders%20Act%202015.pdf>>
- 69 WageIndicator Foundation "Employment Contracts in Pakistan", no date <<https://paycheck.pk/labour-laws/employment-security/employment-contracts>>

- 70 Government of Punjab "Industrial and Commercial Employment (Standing Orders) Ordinance, 1968. S. 1(4)(a)m", 8 March 1968 <<http://punjablaws.gov.pk/laws/222.html>>; AND Provincial Assembly of Sindh "The Sindh Terms of Employment (Standing Orders) Act, 2015, S 1(4) (a).", 29 April 2016 <<https://clr.org.pk/Labour-Laws/Sindh/Sindh%20Terms%20of%20Employment%20standing%20orders%20Act%202015.pdf>>
- 71 Government of Pakistan, "Minimum Wage Ordinance, 1961", 29 September 1961 <<https://pakistancode.gov.pk/pdf/files/administrator26a975453aac76e06711066e6c07e718.pdf>>
- 72 Zain Naeem, "Just how protected are Pakistan's contracted workers?", 19 August 2024, <<https://profit.pakistantoday.com.pk/2024/08/19/just-how-protected-are-pakistans-contracted-workers/>>
- 73 Government of Pakistan, "The Factories Act 1934", 20 August 1934 <<https://natlex.ilo.org/dyn/natlex2/natlex2/files/download/35384/PAK35384%20Eng.pdf>>;
- 74 WageIndicator Foundation, "Working Hours and Overtime Pay in Pakistan", no date <<https://paycheck.pk/labour-laws/compensation/work-hours-and-overtime>>
- 75 Government of Pakistan, "The Factories Act 1934", 20 August 1934 <<https://natlex.ilo.org/dyn/natlex2/natlex2/files/download/35384/PAK35384%20Eng.pdf>>; AND Provincial Assembly of Sindh, "The Sindh Shops and Commercial Establishment Act, 2015", 29 April 2016 <<https://www.wex.ilo.org/dyn/natlex2/natlex2/files/download/104995/PAK104995.pdf>>; AND Government of Punjab, "The Punjab Shops and Establishments Ordinance" (amended in 2014), 3 July 1969 <<https://clr.org.pk/Labour-Laws/Punjab/Punjab%20Shops%20and%20Establishments%20Ordinance,%201969.pdf>>
- 76 WageIndicator Foundation, "Working hours and overtime pay in Pakistan", no date <<https://paycheck.pk/labour-laws/compensation/work-hours-and-overtime>>
- 77 WageIndicator Foundation, "Working hours and overtime pay in Pakistan", no date <<https://paycheck.pk/labour-laws/compensation/work-hours-and-overtime>>
- 78 WageIndicator Foundation, "Annual Leave and Holidays", last updated 12 January 2025 <<https://paycheck.pk/labour-laws/work-time-holiday>>
- 79 Ministry of Information and Broadcasting, Government of Pakistan, "President approves Maternity and Paternity Leave Bill", 20 June 2023 <<https://www.moib.gov.pk/News/54112#:~:text=Government%20of%20Pakistan&text=Under%20the%20Bill%2C%20the%20women,90%20days%20for%20third%20time>>
- 80 Vacation tracker, "Pakistan Leave Laws & Holidays", last updated 28 October 2024 <<https://vacationtracker.io/leave-laws/asia/pakistan/>>; AND SKUAD, "Leave Policy in Pakistan", 8 April 2025 <<https://www.skuad.io/leave-policy/pakistan>>
- 81 Government of Pakistan, "Minimum Wage Ordinance, 1961", 29 September 1961 <<https://pakistancode.gov.pk/pdf/files/administrator26a975453aac76e06711066e6c07e718.pdf>>
- 82 Government of Pakistan, "Minimum Wage Ordinance, 1961", 29 September 1961 <<https://pakistancode.gov.pk/pdf/files/administrator26a975453aac76e06711066e6c07e718.pdf>>; AND Provincial Assembly of Sindh, "The Sindh Minimum Wages Act, 2015", 12 April 2016 <<https://natlex.ilo.org/dyn/natlex2/natlex2/files/download/102145/PAK102145.pdf>>
- 83 WageIndicator Foundation, "Work and Wages", last updated 12 January 2025 <<https://wageindicator.org/labour-laws/labour-law-around-the-world/minimum-wages-regulations/minimum-wages-regulations-pakistan>>
- 84 Government of Pakistan, "Payment of Wages Act" <<https://www.ma-law.org.pk/pdflaw/PAYMENT%20OF%20WAGES%20ACT.pdf>>
- 85 WageIndicator Foundation, "Pay Slip", no date <<https://paycheck.pk/labour-laws/wages-work/pay-slip>>
- 86 WageIndicator Foundation, "Compensation and Working Time", last updated 12 January 2025 <<https://paycheck.pk/labour-laws/compensation>>
- 87 WageIndicator Foundation, "Compensation and Working Time", last updated 12 January 2025 <<https://paycheck.pk/labour-laws/compensation>>
- 88 WageIndicator Foundation, "Profit Bonus in Pakistan", no date <<https://paycheck.pk/labour-laws/bonus-pay>>
- 89 Government of Pakistan, "Payment of Wages Act" <<https://www.ma-law.org.pk/pdflaw/PAYMENT%20OF%20WAGES%20ACT.pdf>>
- 90 Government of Sindh, Labour and Human Resources Department, "Minimum Wage Ordinance 2023" <<https://efp.org.pk/wp-content/uploads/2023/11/Sindh-Notification-of-Minimum-Wages-Rs.-32000.pdf>>; AND Government of Punjab, Labour and Human Resources Department, "Minimum Wage Ordinance 2023" <https://labour.punjab.gov.pk/system/files/Gazette_Notification_of_minimum_wages_rs_32000.pdf>
- 91 WageIndicator Foundation, "Minimum Wage – Ready-Made Garments Industry", no date <<https://wageindicator.org/salary/minimum-wage/pakistan/archive/20230701/168-punjab/1261-ready-made-garments-industry>>
- 92 Global Living Wage Coalition, "What is a living wage?", no date <<https://www.globallivingwage.org/about/what-is-a-living-wage/>>
- 93 World Benchmarking Alliance, "WageIndicator Foundation", no date <<https://www.worldbenchmarkingalliance.org/wba-allies/wageindicator-foundation/#:~:text=WageIndicator%20Foundation%20is%20a%20global,work%20and%20working%20conditions%20worldwide>>

- 94 WageIndicator Foundation, "Frequently Asked Questions Living Wage", October 2024 <<https://wageindicator.org/salary/living-wage/faq-living-wage> >
- 95 WageIndicator Foundation, "Frequently Asked Questions Living Wage", October 2024 <<https://wageindicator.org/salary/living-wage/faq-living-wage> >
- 96 New York State Department of Labor, "What is Wage Theft?", no date <<https://dol.ny.gov/what-wage-theft> >
- 97 WageIndicator Foundation, "Social Security and Pension System in Pakistan", no date <<https://paycheck.pk/labour-laws/social-security-1/social-security-and-pension-system-in-pakistan/social-security-and-pension-system-in-pakistan> >; AND International Labour Organization, "Simplify Social security. Pocket book for effective compliance with and the enforcement of social security laws in Pakistan", June 2021 <https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40asia/%40ro-bangkok/%40ilo-islamabad/documents/publication/wcms_808667.pdf >
- 98 WageIndicator Foundation, "Social Security and Pension System in Pakistan", no date <<https://paycheck.pk/labour-laws/social-security-1/social-security-and-pension-system-in-pakistan> >
- 99 Government of Sindh, "Sindh Employees' Social Security Institution", no date <<https://sessi.gov.pk/basicfacts.htm> >; AND International Labour Organization, "Simplify Social security. Pocket book for effective compliance with and the enforcement of social security laws in Pakistan", June 2021 <https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40asia/%40ro-bangkok/%40ilo-islamabad/documents/publication/wcms_808667.pdf >
- 100 International Labour Organization, "Simplify Social security. Pocket book for effective compliance with and the enforcement of social security laws in Pakistan", June 2021 <https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40asia/%40ro-bangkok/%40ilo-islamabad/documents/publication/wcms_808667.pdf >
- 101 International Labour Organization, "Ratifications for Pakistan", no date <https://normlex.ilo.org/dyn/nrmlx_en/f?p=NORML_EXPUB:11200:0::NO::P11200_COUNTRY_ID:103166 >
- 102 National Assembly of Pakistan, The Constitution of the Islamic Republic of Pakistan, modified up to 28th of February 2012 <https://na.gov.pk/uploads/documents/1333523681_951.pdf >
- 103 National Assembly Secretariat, "Industrial Relations Act 2012", 14 March 2012 <<https://pakistancode.gov.pk/pdf/files/administrator964ce81cc171ed5dcd0960630e922422.pdf> >
- 104 Business & Human Rights Resource Centre, The legal framework for worker representation in the garment sector, June 2023 <https://media.business-humanrights.org/media/documents/240619_FoA_legal_profiles.pdf >
- 105 Business & Human Rights Resource Centre, The legal framework for worker representation in the garment sector, June 2023 <https://media.business-humanrights.org/media/documents/240619_FoA_legal_profiles.pdf >
- 106 Arisa meeting with trade union representatives, October 2024.
- 107 WageIndicator Foundation, "Trade Union", no date <<https://paycheck.pk/labour-laws/legal-advice/trade-union> >
- 108 OECD 2023, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct < https://www.oecd-ilibrary.org/finance-and-investment/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_81f92357-en> AND United National Human Rights Office of the high commissioner, 2011, Guiding Principles on Business and Human Rights
- 109 <https://www.theguardian.com/business/2025/mar/28/boohoo-rebrand-debenhams-frasers-group-vote-block>
- 110 United Nations, "Universal Declaration of Human Rights", no date <<https://www.un.org/en/about-us/universal-declaration-of-human-rights>>
- 111 International Labour Organization, "ILO reaches agreement on the issue of living wages", 15 March 2024 <<https://www.ilo.org/resource/news/ilo-reaches-agreement-issue-living-wages>>
- 112 FEMNET and European Center for Constitutional and Human Rights (ECCHR), *No Contracts, No Rights: How the Fashion Industry Avoids Paying Minimum Wages in Pakistan*, 2023 <https://www.ecchr.eu/fileadmin/user_upload/No_Contracts_No_Rights_ECCHR_FEMNET_study_final_EN.pdf>; AND Labour Behind the Label, "Hanging on by a thread. Garment workers rights amidst rising costs and wage violation in Pakistan", September 2023 <<https://labourbehindthelabel.org/report-hanging-on-by-a-thread/>>

Colophon

Overworked and Underpaid

Excessive hours, wage theft and poor working conditions in
Pakistan's garment export factories
July 2025

Author Arisa

Contributions by Pauline Overeem

Text Editor Miles Litvinoff

Layout and graphics Frans Schupp

Photo cover Lilechka75 / iStockphoto

Photos Stills from the video *Woven in Sweat: The Human Cost of Fast Fashion* by
Labour Education Foundation (LEF)

With special thanks to the workers and experts who shared their valuable insights.

About Arisa

Arisa – Advocating Rights in South Asia – works to improve respect for human rights and labour rights in global supply chains. Working with civil society partners in India, Bangladesh and Pakistan, among other countries, we expose human rights and labour abuses in the production of garments, leather, natural stone and vegetable seeds, and we call on companies and governments to ensure that rights are respected. We prioritise the position of the people in the most vulnerable situations in global supply chains and work to eliminate child labour, forced labour and caste discrimination. Arisa is member of the Clean Clothes Campaign. For more information, see www.arisa.nl.