

FACT SHEET: EXPLOITATION IN THE FASHION INDUSTRY

The global fashion industry is one of the largest employers of women workers in low-income countries. **There are 35 million women garment workers worldwide – women make up 80% of garment workers across the globe** – and many of the clothes sold in Australian stores are made by women in countries like China, Bangladesh, India, Vietnam, Cambodia and Indonesia.

The fashion industry has provided new employment opportunities for women in low-income countries. However, it is also plagued by **exploitation, with poverty wages and poor working conditions** entrenched across the industry. **While Australian and international fashion brands continue to cash in huge profits, women garment workers are left wearing the cost.**^[1]

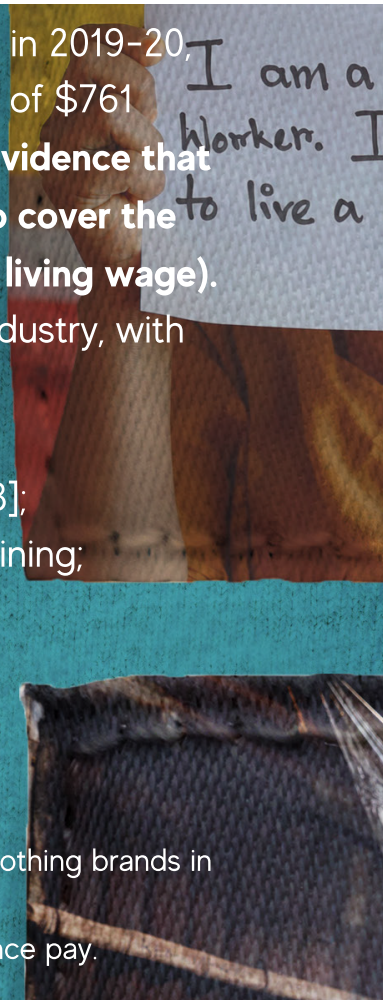
THE AUSTRALIAN FASHION INDUSTRY

The Australian fashion industry was worth more than \$22 billion in 2019-20, with Australian fashion brands making a combined annual profit of \$761 million.^[2] In contrast, **very few Australian brands can provide evidence that they are paying the workers that make their clothes enough to cover the basic living costs of themselves and their families (known as a living wage).** Poor working conditions are also endemic across the fashion industry, with common labour rights issues including:

- Poverty or unpaid wages and no access to severance pay^[3];
- Restrictions on freedom of association and collective bargaining;
- Gender pay gaps, sexual harassment and violence against women workers;
- Short-term and insecure contracts; and
- Unsafe working conditions.

^[1]^[2] Oxfam (2020) Shopping for a bargain: How the purchasing practices of clothing brands in Australia impact the women who make our clothes

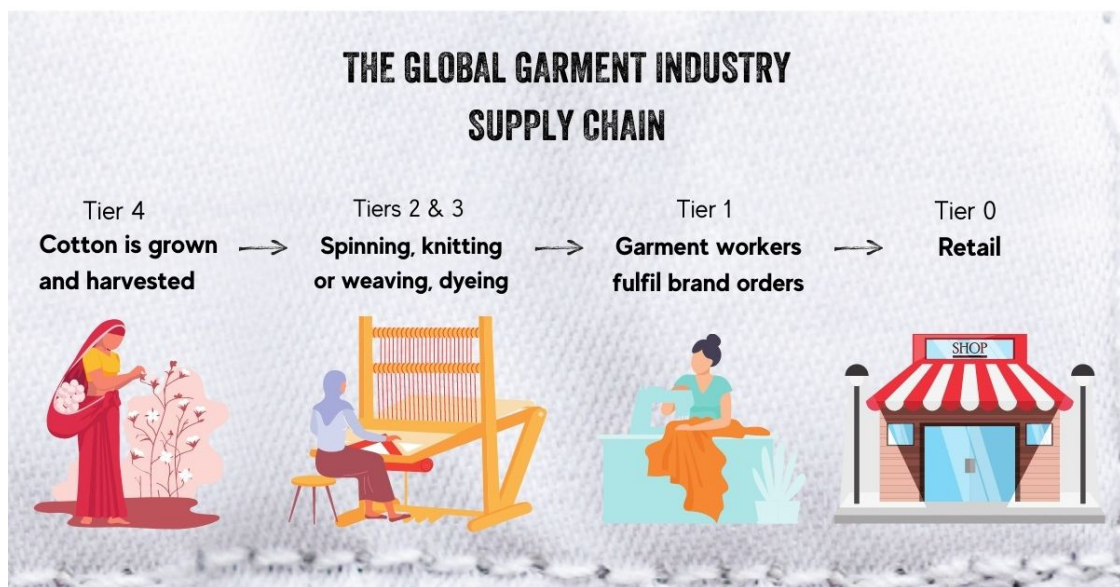
^[3] When a worker is made redundant, their employer has to give them severance pay.



EXPLOITATION IS AT THE HEART OF THE FASHION INDUSTRY

Most Australian and international brands produce their clothes through complex supply chains that often involve multiple factories across countries. Power imbalances, coupled with trade rules that favour multinational corporations, give brands the flexibility to quickly transfer production from one factory or country to another in the search for the cheapest production costs. This results in **a race to the bottom on wages and working conditions**.

By spreading production across a large number of factories, brands can maintain plausible deniability when human rights violations occur, **pushing this responsibility onto the factories making their clothes**.



Transparency of where brands are producing and with which factories is vital to ensure brands can be held responsible to resolve human rights violations when they occur.

After decades of advocacy by garment workers and civil society organisations, supply chain transparency has improved significantly in recent years, with many brands disclosing at least some of their supply chains. However, **all brands, as well as retailers and e-retailers, need to be transparent about their supply chains by publishing the countries and factories they work with so brands can be held responsible.**

POVERTY WAGES

Poverty wages is one of the most critical issues facing garment workers globally, with **workers in the supply chains of major fashion brands paid an average of 2-5 times below the living wage.**^[4] This wage exploitation is systematic across the industry as brands search out the cheapest labour costs. Power imbalances in the global economy mean that **governments in low-income countries often have to keep minimum wages low to attract international brands and other multinational corporations.** Brands also employ aggressive purchasing practices to push production prices down and factories are forced to cut costs to win contracts.

Australian and international brands have a clear responsibility under the UN Guiding Principles on Business and Human Rights to pay fair wages. Without this, garment workers will continue to be locked in poverty.



[4] Oxfam Australia (2019) Made in Poverty: The true price of fashion

RESTRICTIONS ON FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Freedom of association and collective bargaining are fundamental labour rights that enable workers to come together and advocate for better pay and working conditions. However, garment workers often face restrictions on their right to organise, with brands moving production to countries where these rights are restricted. Union-busting in garment factories is also widespread, with unionised workers often facing threats and harassment and targeted for retrenchment.

While many Australian and international brands support freedom of association and collective bargaining rights on paper, **they must build on this commitment to ensure that these rights are upheld across all factories** to ensure that garment workers can claim their labour rights and fight for improved working conditions.

GENDER PAY GAP, SEXUAL VIOLENCE AND HARASSMENT

Existing gender discrimination means that **women workers are often paid lower wages and are concentrated in lower-level positions**, with the transition to higher-skilled, higher-waged positions often leading to a defeminisation of labour. Women workers are also frequently subject to verbal abuse, physical and sexual harassment. **Brands must take steps to ensure pay parity for women workers in their supply chains and access redress if garment workers experience sexual harassment and gendered violence.**

ACTIONAID IS CALLING ON ALL AUSTRALIAN AND INTERNATIONAL BRANDS TO:

- Immediately **disclose their factory list** for all tiers of their supply chain;
- Pay the workers making their clothes **a living wage**;
- Develop a **detailed gender policy** that outlines how brands will ensure wage parity for women workers in their supply chains and ensure a redress mechanism is available for women experiencing harassment and gendered violence; and
- Protect workers' **right to organise and bargain** collectively.

[4] Clean Clothes Campaign (2019) Will women workers benefit from living wages? A gender-sensitive approach to living wage benchmarking in global garment and footwear supply chains