

A woman with dark hair tied back, wearing a pink button-down shirt, is looking down at a book or document. A large, semi-transparent yellow geometric shape, resembling a stylized 'Y' or a folded piece of fabric, is overlaid on the left side of the image. The background is dark and out of focus.

EVER CHEAPER, EVER FASTER:

findings from field research in
sportswear factories in China and
Indonesia

March 2020

**FASHION
CHECKER** 

**Clean
Clothes
Campaign** 

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March 2020

The Clean Clothes Campaign (CCC) is a global network of labour and human rights organisations, including unions. It campaigns and advocates for the improvement of working conditions in the apparel and sportswear industry. The CCC uses action-oriented research to inform its campaigning, advocacy and lobbying strategies in its quest for a human rights compliant garment manufacturing industry. The human right to a living wage lies at the core of its activities because it is the core of workers' grievances.

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Introduction

Though still dominated by a handful of traditional sportswear brands, like Nike, Adidas, Under Armour, Reebok and Puma, more and more (fast) fashion brands have entered the market of sports- and activewear. The largest fast fashion giants – Inditex (Zara), H&M Group, Fast Retailing (Uniqlo) and Next retailing – all have activewear collections. The global demand for activewear has grown massively over the past few years and is expected to continue to grow in the foreseeable future. The sports apparel market was valued at \$167.7 billion in 2018 and it is estimated it will reach \$248.1 billion by 2026, registering a CAGR of 5.1% in the period 2019–2026.¹ This is largely due to the increasing popularity of sportswear worn as casual wear.²

The European sportswear market is still largely dominated by brands sourcing from Asian production countries, with China, Bangladesh and Vietnam as the top three exporters. Together, these three countries account for 35% of all fashion sportswear imports into the EU. China is by far the largest sportswear exporter to the EU, providing 24.3% of all EU imports in 2019.³ Meanwhile, other non-EU sportswear exporters produce between 0.9% and 2.2% of overall fashion sportswear EU imports. Bangladesh, Vietnam, Myanmar, Cambodia, Turkey, Pakistan and Morocco have increased their share of sportswear imports over the past five years. Although Indonesia's market share of the global sportswear industry is declining, it continues to grow, though at a much slower pace than the overall sportswear market.

The EU is the second largest importer of fashion sportswear in the world, right after the United States. In 2019, fashion sportswear imports to Europe were worth €15.1 billion for 818 million clothing items, an increase from the €10.7 billion in 2014. Between 2014 and 2019, European sportswear imports grew an average of 7.2% annually, which is more than the average growth of the EU's total apparel imports.⁴

Intersport, Decathlon and Sport 2000 are the largest sports retailers in Europe for active and fashion sportswear. Zalando, C&A, H&M are the largest retailers when it comes to fashion in general, including sportswear. Nike is the single largest producer of sportswear and shoes in the world with a marketshare of approximately 27.4% in 2019. Nike has some 1182 retail stores worldwide.⁵ Gross profits in 2019 increased to US\$17.474 billion, compared to US\$15.956 billion in 2018.⁶ Meanwhile, Adidas gross profits were €12.293 billion (US\$14.894 billion) in 2019 and €11.363 million (US\$13.767 million) in 2018.

¹ <https://www.alliedmarketresearch.com/sports-apparel-market>.

² <https://www.cbi.eu/market-information/apparel/sportswear/market-potential>.

³ <https://www.cbi.eu/node/1189/pdf>.

⁴ <https://www.cbi.eu/node/1189/pdf>.

⁵ <https://www.grandviewresearch.com/industry-analysis/sportswear-market>.

⁶ <https://www.macrotrends.net/stocks/charts/NKE/nike/gross-profit>.

Gross profits (in billions of €)		2017	2018	2019
Nike	12.640		13.172	14.425
Adidas	10.703		11.363	12.293
Puma	1.954		2.249	2.686
Under Armour	1.858		1.931	2.039

TABLE: Cross profits in billions EUR for Nike, Adidas, Puma and Under Armour for the years 2017, 2018 and 2019.

Nike, Adidas, Puma, Under Armour, Asics and Decathlon are all sportswear brands included in the *Fashionchecker*. It also includes major fast fashion brands selling sports- and activewear, such as the H&M Group, Fast Retailing, Next Retailing and Inditex.⁷ Trendy Canadian yoga brand Lululemon and UK sportswear brand Gymshark are not yet included in *Fashionchecker*.

For the *FashionChecker*,⁸ the Clean Clothes Campaign's partners in Indonesia and Hong Kong were able to interview workers based in Guandong Province and the Banten region on Indonesia's island of Java. This report will focus on the main findings from those interviews and focus on specific issues mentioned by the workers or issues that arose during data analysis.



FIGURE: Provinces where research was carried out: Guangdong in China and Java in Indonesia.

In a 2018 study by the International Trade Union Confederation (ITUC) on the World's Worst Countries for Workers,⁹ China and Indonesia both score a '5 – no guarantee of rights'. This rating covers countries where legislation may allow certain rights, but workers have no effective access to their rights and are 'exposed to autocratic regimes and unfair labour practices'. Therefore, China and Indonesia still appear in the broader group of worst countries for workers. China and Indonesia are not the only countries in that region where workers' rights are under severe pressure. According to the ITUC report, the right to collective bargaining has eroded in all 100% of the Asia-Pacific countries.¹⁰ Compared to the rest of the regions in the

⁷ <https://fashionchecker.org/>.

⁸ <https://fashionchecker.org/>.

⁹ <https://www.ituc-csi.org/IMG/pdf/ituc-global-rights-index-2018-en-final-2.pdf>.

¹⁰ <https://www.ituc-csi.org/IMG/pdf/2019-06-ituc-global-rights-index-2019-report-en-2.pdf>, page 31.

world, the Asia-Pacific region is where the most arbitrary arrests and imprisonments of unionists or workers occurred – 73% of the region’s countries (including China and Indonesia) reported violations.¹¹

CHINA

China’s garment industry employs an estimated 15 million people, most of whom are female and a considerable number of them are migrant workers.¹² The country has been the world’s major textile and garment exporter for years and it seems unlikely that they will be overtaken by another country in the near future. The Chinese garment industry showed revenues of US\$119 billion in 2019. China’s garment and clothing accessories exports increased by 5.5% in 2019, according to official data released by China Customs Statistics (CCS). The United States is China’s largest customer, but the EU is also a major market. However, two-thirds of total garment production is used to meet domestic demand.¹³ The sportswear market in China continues to rise steadily as it benefits from increased health awareness among the new middle classes. The total retail value of China’s sportswear market was CNY316.6 billion in 2019, which is an increase of 17% over the previous year.¹⁴ Nike and Adidas are not only largest in terms of exports, but also dominate China’s domestic market, followed closely by China’s own brands Li Ning and Anta. Guangdong Province has by far the most textile and apparel exporters with a total of 28,276.¹⁵ The minimum wage in the city of Dongguan is set at 1720 CNY.¹⁶

Workers’ rights

The minimum wage in the garment industry varies per region and ranges from 1120 RMB (US\$161) to 2480 RMB (US\$357) per month. Asia Floor Wage estimates that a living wage for workers should be around 5410 RMB (US\$778) per month.¹⁷ China is mentioned in the ITUC report on workers’ rights as a country where workers have no or very limited access to justice and where mass arrests of workers have occurred.¹⁸ Meanwhile, migrant workers face even greater hardships. According to SOMO, migrant workers cannot formally register in their new place of residence and are therefore often excluded from receiving certain public services.¹⁹ Any unionisation attempts are relentlessly oppressed by authorities and basic civil liberties are denied.²⁰

¹¹ <https://www.ituc-csi.org/IMG/pdf/2019-06-ituc-global-rights-index-2019-report-en-2.pdf>, page 47.

¹² <https://www.statista.com/statistics/236397/value-of-the-leading-global-textile-exporters-by-count>.

¹³ <https://www.statista.com/statistics/236397/value-of-the-leading-global-textile-exporters-by-count>.

¹⁴ <https://daxueconsulting.com/sportswear-market-in-china/>.

¹⁵ <https://www.statista.com/statistics/1203775/china-number-of-apparel-export-enterprises-by-province/>.

¹⁶ <https://wageindicator.org/salary/minimum-wage/china-custom/6839-guangdong>.

¹⁷ <https://asia.floorwage.org/our-work/#tab-id-3>.

¹⁸ <https://www.ituc-csi.org/IMG/pdf/ituc-global-rights-index-2018-en-final-2.pdf>, page 5.

¹⁹ <https://www.somo.nl/wp-content/uploads/2016/02/FactsheetMigrantLabour.pdf>.

²⁰ <https://www.ituc-csi.org/IMG/pdf/ituc-global-rights-index-2018-en-final-2.pdf>, page 39.

China Case Study: Wage Situation at Dongguan Dragon Crowd Garments Co. Ltd

Factory Information

Dongguan Dragon Crowd Garments Co. Ltd, Dongguan, Guangdong province, People's Republic of China

Overview of worker sample

48 workers (39 female and 9 male) were interviewed in the period October-November 2019. All of the workers were between 26 and 50 years old. All of them have children. 37 of them work in the sewing department, 3 in the ironing or pressing department, 3 are cutters, 1 works in the packaging department and the remaining 4 work in other areas of the factory. Only 6 of them were able to provide payslips.

Interviews with conducted in November and December 2019.

Wages and working hours

The analysis of the payslips reveals enormous amounts of overtime worked in the factory. According to the payslips, workers in the sample worked between 104 and 130 overtime hours per month (average 122.17), which is in addition to their regular working hours of 144 to 184 hours per month (average: 162.67).

This clearly contradicts Article 41 of Chinese Labour Law²¹:

'If needs arise in production and operations, an employer may extend working hours after consulting the trade union and the workers. But the overtime work shall not exceed one hour per day; in special circumstances which requires the extension of working hours, the overtime shall not exceed three hours per day and 36 hours per month under conditions that ensure the health of the workers'.

According to **the payslips, the over-time shown is approximately 3 times higher than the legal absolute maximum of 36 hours per month**, meaning that, except for sleep, the workers spend most of their time working. One employee worked an average of 314 hours per month, with a maximum number of work hours shown on the analysed payslips of over 73 hours per week.

The payslips reveal that workers received net wages including overtime and bonuses, after taxes and contributions, ranging from 4326 to 7464 RMB (average 5249 RMB) per month.

²¹ <http://english.mofcom.gov.cn/article/lawsdata/chineselaw/200211/20021100050875.shtml>

This may appear considerably higher than the norm for the apparel industry as it is close to or actually higher than the benchmark of the minimum living wage as calculated by the Asia Floor Wage Alliance (AFWA), 5410 RMB.²² But if we take a closer look it becomes clear that workers can only approach a living wage if they work the hours of two normal jobs. Without overtime, the huge wage gap between actual wages and a living wage becomes obvious:

According to Article 44 of Chinese Labour Law²³, overtime needs to be paid at a premium rate: *‘An employer shall pay workers wages at a rate higher than normal working hours according to the following standards involving the following cases:*

To pay no less than 150% of the usual wage for working overtime;

To pay 200% of the usual wage for work during days off if the time off cannot be delayed.

To pay 300% of the usual wage for working during statutory holidays’.

The Dongguan Factory payslips provide overtime details for normal work days and on weekends, but do not disclose which overtime bonus rates (if any) were applied. If bonus rates had been applied according to article 44, then **the base gross wage per hour of the payslip would have been much higher.**

These gross base wages are so low, that during their normal working hours, without overtime, the workers participating in the sample would have earned monthly gross wages of only 1751 to 2826 RMB (average = 2224 RMB), just slightly above the bare monthly minimum wage of 1720 RMB for Dongguan.²⁴ After taxes and contributions, the **net wages of the payslip sample group without overtime were only between 1662 and 2813 RMB (average = 2124 RMB), or just 31 to 52% of the minimum living wage** of 5410 RMB according to AFWA. As a result, to make a living, workers must put in excessive amounts of overtime.

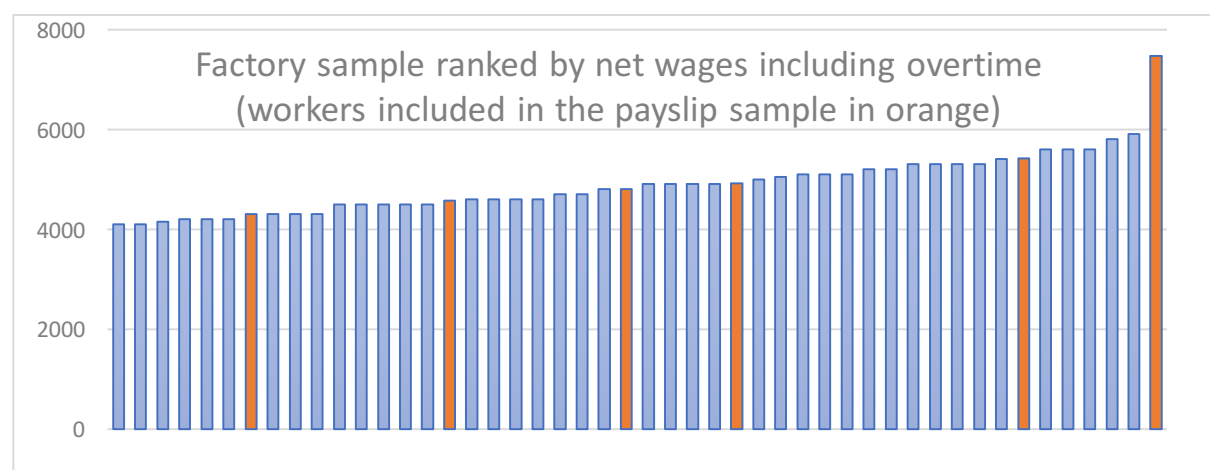


TABLE: Net wages of the 48 interviewed workers. 6 workers were able to provide payslips.

It is also worth noting that only four of the six payslips state the employees’ social security contributions, and only three mention the employers’ contributions. This raises the **question of whether social security payments at the factory are actually being withheld and**

²² 5410 RMB was for 2020, the previous benchmark of 4547 RMB was for 2017.

²³ <http://english.mofcom.gov.cn/article/lawsdata/chineselaw/200211/20021100050875.shtml>

²⁴ China Labour Bulletin (2018): [Guangdong increases minimum wage for first time in three years.](#)

recorded correctly. This corroborates the findings of a recent study by Globalization Monitor on the working conditions of migrant workers in China. The study concluded that ‘despite ... regulations, non-payment of worker’s social insurance by their employers is a major problem’.²⁵

Furthermore, four of the six payslips indicate that workers worked during a statutory public holiday. While the law states that this should have been paid at 300% of the base wage rate, the workers were only paid a daily minimum wage (79.08 RMB) according to the payslips. This would appear to be yet another violation of Chinese labour law and a clear example of wage theft.

The 48 workers interviewed were asked about, among other things, their wages, work days and overtime. But detailed information about when they worked overtime during weekdays, social security contributions, bonuses and deductions was not included on the questionnaire. Comparing the information that the workers supplied about their net wages including overtime and bonuses reveals that the six cases for which payslips exist are spread across the sample (see chart on previous page). Furthermore, the excessive amounts of overtime are also visible when we look at the complete sample, with most workers reporting 100+ hours of overtime per month. The only two exceptions reported 80 and 90 hours of overtime per month, which still exceeds the legal limit by 250%. It is noteworthy that the workers with payslips *underestimated* their overtime hours an average of 9%. This suggests that **the picture drawn from the payslip sample is not exceptional, but actually quite typical for Dongguan Dragon Crowd Garments Co. Ltd.**

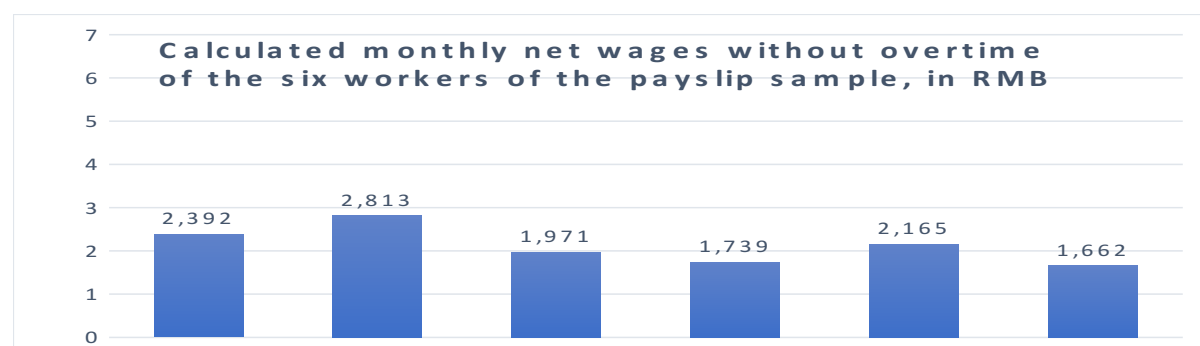


TABLE: Workers’ net wages after deduction of payment for overtime hours.

INDONESIA

Although the garment industry in Indonesia is much smaller than China’s, there are over 4 million people employed in its garment, sportswear and shoe sectors, with women comprising

²⁵ Globalization Monitor (2020): [Work, Living and Environmental Conditions: Impacts on the Health and Well-being of Long-term and First - generation Rural Migrant Workers in China](#), p. 36.

roughly 60%. Of the total workforce.²⁶ According to official ASEAN figures, Indonesian garment industry exports *were estimated to be US\$13.8 billion in 2019*²⁷. *This figure represents a significant portion of total global garment exports*: Indonesia has maintained a relatively steady proportion of global textile and garment exports which was 1.47% in 1998 and 1.8% in 2016.²⁸ By 2017, Indonesia was 103 million garments.²⁹ The US used to be Indonesia's main client, but exports to the US have been declining since 2011, partially due to an increase in exports to Japan, South Korea and Germany.³⁰

A report by *The Business of Fashion* predicts that 'While China undoubtedly remains the biggest powerhouse in the region, Indonesia is now benefiting from China's rising labour costs, prompting companies to diversify in the region by following what's called a "China Plus One" strategy, which means optimally using a domestic supply of raw materials, the large and expanding labour force and an economy that is transitioning into becoming a middle-income economy. In practical terms, this translates into an increasingly vertically operated chain, where spinning, weaving, printing and manufacturing all happen within the same country and more and more often within one of the large manufacturing companies. These companies provide an interesting opportunity for global fashion brands'.³¹

The largest clients include Adidas, Mizuno, Asics, New Balance, Nike, Pentland and Puma.³² Indonesia is an interesting country for sportswear brands because the sector has invested significantly in technology, innovation and training – essential elements when producing more complex products such as sportswear (shoes). Especially when one compares it to the majority of CMT factories in place like Bangladesh.³³

Most garment production is located on the island of Java, especially in West Java, Central Java, East Java and Banten. Each of these regions has its own geographically determined minimum wage as well as an – often higher – sectoral minimum wage.

The relocation issue

The relocation of garment and sportswear factories from Jakarta, Banten, and West Java provinces to other sites has become increasingly common since 2012. Although confirmation

²⁶ Huynh, P. 2017. 'Developing Asia's garment and footwear industry: Recent employment and wage trends'. Bangkok: ILO. Available at: https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_581466.pdf.

²⁷ <https://www.aseanbriefing.com/news/indonesias-textile-garment-industry-opportunities-foreign-investors/>.

²⁸ <https://www.indonesia-investments.com/news/todays-headlines/textile-industry-indonesia-aims-to-become-global-export-leader/item7140>.

²⁹ Statista, 2018. Apparel Indonesia. Available at <https://www.statista.com/outlook/90000000/120/apparel/indonesia>.

³⁰ Horne, R. & M. C. de Andrade, 2017. 'Gambaran beragam untuk sector garment Indonesia'. Bangkok: ILO. Available at: https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms_625194.pdf.

³¹ <https://www.businessoffashion.com/articles/fashion-week/the-made-in-indonesia-opportunity>.

³² <https://www.businessoffashion.com/articles/fashion-week/the-made-in-indonesia-opportunity>.

³³ Ibid.

is difficult without more precise data, the Indonesian Entrepreneurs Association (APINDO) has claimed that, since 2013, approximately 100 factories have left Jakarta, Banten, and West Java. The Indonesian Association for Textile Entrepreneurs (API), meanwhile has stated that 47 textile factories have relocated to new regions. The phenomenon has had a definite impact on the lives of thousands of workers and their families, as well as on the trade unions.

Technically, relocating a factory site from one region to another does not violate Indonesian law as long as there was no intent shown that the move was an act of aggression or revenge by the factory against the existing workforce and/or the trade union(s). However, there are some common threads involving several factory relocations that occurred over the past few years. *First*, most, if not all, of the relocated factories moved to sites in Central Java province. Although Central Java is located on Indonesia's most industrialised island, until a few years ago, Central Java province was not considered an attractive location for the manufacturing industry. Recently, however, the low provincial minimum wage rates and low density of trade union membership have attracted significant investments. Central Java's provincial government is now considered one of the most aggressive areas when it comes to seeking industrial investment.

Second, the relocating companies all manufacture branded garments and shoes. It is worth noting that most of them supply to the largest brands, such as Nike, Adidas, Mizuno, Asics, JC Penny and H&M. The newly relocated factories may end up changing their names at some point, but they are just as likely to keep their original names. Once a company changes its name the relocation process begins and the company begins shutting down the existing factories. However, earlier reports reveal that the factories at both the old and new sites are usually owned by the same holding company. *Third*, relocations tend to be sudden and unforeseen to avoid any potential labour unrest caused by the affected workers and their trade unions.

‘Worries about how new legislation will affect workers’

At the time of this research, Indonesian garment workers were anxiously waiting to hear if the Omnibus Law, or RUU Tentang Cipta Kerja would pass. If so, the law would replace nearly 80 existing laws and over 1200 articles of law. Workers fear that these changes won't improve their situation but do quite the opposite. The government of Joko Widodo initiated the changes to attract more direct foreign investment, reduce 'red tape' and create employment in Indonesia. The government sought the help of industry experts like the ILO's Better Work Programme, who have provided extensive input into the draft of the Omnibus Law, including on the new proposal concerning the minimum wage and other key labour policy areas.³⁴ The ILO has proposed that the Indonesian government harmonise and simplify the country's minimum wage regulations, which is currently very complex and intricate.

Workers and union leaders we interviewed for this research are not opposed to the objectives of the proposal but worry about the negative impact the reforms might have on workers' lives. Union leaders have expressed concern that they are not being sufficiently consulted in the

³⁴ <https://betterwork.org/2020/07/15/labour-law-reform-and-minimum-wage-policy/>.

process. One of the plans that has them very worried is the proposal to eliminate the 58-hour work week and fixed monthly minimum wages, which would be replaced by hourly or daily rates. Workers fear that this will result in them having to work even more overtime at even lower wages. Union leader Elly Rosita Silaban further explains ‘If this law passes, there is a real risk that workers’ rights will further be jeopardised as garment factories can easily lower their standards as there won’t be criminal sanctions any more for employers who infringe the rules. The current draft proposals also have us concerned about what happens to pension schemes and severance payments – what this legislation will do is put workers at risk of losing their social security and pave the way for flexibilisation of contracts. Workers all need security like the rest of us do’.³⁵

It is unclear when the law will likely pass and when workers will start to be impacted by it.

Zoom in Indonesia – Pay Slips

During the first round of research for *FashionChecker*, we were able to add data for 144 Indonesian workers from 7 different factories to the database – 6 of these 7 factories produce for major sportswear brands.

Factory	Brnds reported by workers	Open Apanel Registry data ³⁶
PT. Hetian Enterprises Indonesia	Adidas	No factory data on OAR
PT. PA Rubber	Asics, Saucony	No factory data on OAR
PT. Parkland World Indonesia 1	Adidas, New Balance, Nike, Reebok	Adidas, New Balance
PT. Pouchen	Asics, Puma, Saucony	Asics
PT. Shin Hwa	Adidas, New Balance, Reebok	Adidas
PT. Sunjoo Kreatif Indonesia	Adidas	No factory data on OAR
PT. Lungcheong Brothers	Disney	No factory data on OAR

TABLE: Overview of which brands produce at the factories that were included in the research.

Adidas, Asics, Nike, Puma and Reebok (as part of Adidas AG) are all surveyed for the FashionChecker. Saucony, Disney and New Balance are not.

We interviewed 221 workers at 42 factories, but could not use all of the provided data. The eventual sample was created using payslips we collected from the workers, which turned out to be indispensable in making sense of the interview reports. Of the 221 workers, 127 were able to provide us with a payslip. It should be noted that the below data is from selected factories.

³⁵ Elly Rosita Silaban, interview 19 November 2019.

³⁶ The Open Apparel Registry was consulted regularly between November 2019 and March 2020.

Factory	Payslips / Workers interviewed
PT. Hetian Enterprises Indonesia	4/4
PT. PA Rubber	18/20
PT. Parkland World Indonesia 1	17/21
PT. Pouchen	9/14
PT. Shin Hwa	33/39
PT. Sunjoo Kreatif Indonesia	19/19
PT. Lungcheong Brothers	11/11

TABLE: Overview of how many workers from each factory sample were able to provide a payslip.

From the interview reports, it appeared as if the workers seldom worked overtime hours: 172 of the total 221 reported less than 10 overtime hours per month. A closer look at the payslips that were provided taught us that only in 14 cases were the overtime hours reported the same number of overtime hours that appeared on their payslips. In all of the other cases, these figures failed to match, and were often very different. This led us to conclude that, in order to reliably assess workers' net wages without overtime, we needed payslips. Therefore, the data on *FashionChecker* only includes factories (see above) where the majority of interviewed workers were able to provide a legible payslip.

From that sample, 112 of 144 workers reported during the interview that they worked between 0 and 10 hours of overtime in the previous month. However, only 23 of 111 payslips showed less than 10 hours OT. On average, workers at the PT. Parkland World Indonesia 1 factory worked the most overtime with an average of 21 hours at a 150% payment rate and 37 at a 200% payment rate. Hours registered at the 150% payment rate refer to every first hour of overtime worked on regular workdays after regular work hours (7 or 8 hours depending on whether the worker works 5 or 6 days per week). Every overtime hour after that first hour of overtime should be registered and paid at the 200% rate. Hours that were registered at the 200% payment rate can also indicate the worker worked on the weekly day of rest (usually Sunday) or on a public holiday. If workers put in more than 7 hours on those days, they must be paid at a 300% payment rate for the 8th hour and 400% for the 9th and 10th hour.³⁷ Only one worker's payslip in the PT. Parkland World Indonesia 1 sample showed a worker putting in 8 hours on a Sunday or public holiday. This person also had the most registered overtime hours at the 200% rate (58 hours). However, this worker did not receive the highest wages (including overtime).

At other factories besides the PT. Parkland World Indonesia 1 factory, such as those employed by PT. Shin Hwa claimed they worked no or very little overtime. The 33 payslips from workers at PT. Shin Hwa revealed that they had worked on average 19 hours at the 150% payment rate and 10 at the 200% payment rate.

³⁷ <https://papayaglobal.com/countrypedia/country/indonesia/>.

The least amount of overtime hours was found at the PT. Lungcheong factory. Here 10 workers had worked no overtime in the researched month and only one worker had worked 2 hours of overtime. Monthly wages of the 11 workers interviewed ranged between 3,472,859 Rupiah (€201.40) and 3,797,429 Rupiah (€220.22), which matched the wages earned by other workers in other factories.

All in all, there no excessive overtime was found in our sample of 144 workers. Employees are prohibited from working more than 4 extra hours per day and a total of 18 extra hours per week.³⁸ Although we cannot rule out that workers put in more than 18 hours per week in one week, we only know for sure that only that one worker at PT. Parkland World Indonesia 1 actually did, this employee worked a total of 79 hours of overtime.

What became increasingly clear from analysing the payslips is that almost every worker who had wages deducted due to absences – a total of 32 workers – worked 8 hours of overtime or more. This implies that workers tried to compensate for the lost hours due to absence. Meanwhile, 31 of the 32 workers who registered absences on their payslip made up for their absences by working overtime on other days. The workers whose payslips we analysed were employed at a number of different factories although not a single worker from our samples were employed at the PT. Sunjoo Kreatif Indonesia and PT. Pouchen factories had registered a day of absence.

Union leaders from the unions active in the included factories stated that it sometimes happens that a worker is simply a little late one day and still manages to work almost a complete day with factory management still penalising this employee by deducting a full workday's salary from the employee's monthly wages. This may happen even if a worker is only ten minutes late, which is sometimes not even the worker's own fault. One worker testified that she was late because the pass she needs to clock in with did not function properly that day. She was registered as absent for half a day, even though she started working only 10 minutes late. None of the surveyed workers earned a wage below the legal minimum wage. However, only 2 workers earned an actual living wage, based on the Asia Floor Wage Alliance 2017 benchmark for Indonesia, which is 5,886,112 Rupiah,³⁹ (€390.30). One of them worked 79 hours of overtime at the PT. Parkland factory, for which the employee earned a total of 6,879,088 Rupiah (€398.97). The other one worked at the PT. PA Rubber factory where the employee put in 42 overtime hours, for which she earned 6,929,657 Rupiah (€401.83). The survey was conducted in late 2019. Compared to the recently updated Asia Floor Wage figures for 2020, these workers would not have earned a living wage even with these significant amounts of overtime hours. The AFWA figure is 7,249,086 Rupiah,⁴⁰ (€457.78).

³⁸ Ibid.

³⁹ <https://asia.floorwage.org/our-work/#tab-id-3>.

⁴⁰ Ibid.

Conclusion

The sportswear industries in China and Indonesia are among the biggest in the world, supplying to the markets in the United States and the EU. Interviews conducted with workers who work in factories where these products are made for major buyers like Nike, Adidas, Asics and Puma shows us that workers are facing many hardships that are directly related to their workplace and their income.

The workers at Chinese factory Dongguan Dragon Crowd Garments Co. Ltd clearly shows that in order to get by, workers often have to work excessive amounts of overtime. Even after working more hours than is legally allowed, workers hardly earn enough to support themselves and their families. Wage theft takes place in discrete ways; in China by not applying a higher percentage rate on hours worked on top of normal working hours and in Indonesia by deducting disproportionate amounts of workers' wages for starting minutes late. From the many mismatches between what workers reported and what their payslip showed, it also becomes clear that labour law is applied randomly, often to the advantage of the employer instead of the workers. Even if the worker has a good understanding of her rights, these are sometimes granted and sometimes harshly violated. These stories are not always told by just looking at a workers' payslip, but also do not always become clear when interviewing a worker. The combination of the interview and the payslip provided us with the unique opportunity to delve deeper into individual workers' situations. This is what the *FashionChecker* is all about: revealing what is happening in the supply chains of major brands by collecting hard and real data from workers. It should not be possible for brands to produce sustainability or CSR reports without transforming the promising words into meaningful actions that result in better livelihoods for the workers further down their supply chain. Transparency is a first meaningful step, but not enough. Brands and suppliers should work together with trade unions to ensure the fulfilment of living wages for workers producing their expensive sportswear products. Local trade unions must be directly involved in healthy dialogue with brands' buyers and other officials. Engaging in direct dialogue and negotiation with local trade unions is actually an essential part of the corporate human rights responsibility based on existing international human rights instruments, including UNGP.

These are our demands towards brands:

- Brands need to commit to paying a living wage contribution on every order they place, sufficient to close the wage gap for all workers in their supply chain by 31 December 2022.
- Brands need to commit to using transparent and robust living wage benchmarks.
- Brands need to commit to reducing the gender pay gap in their supply chain by at least 30% by 31 December 2022.
- Brands that haven't already need to sign the Transparency Pledge as soon as possible.
- Brands must disclose data using machine readable supplier lists, including gender breakdown of roles in each factory, migrant workers as share of workforce in each factory, and presence of unions or worker committees in each factory.
- Brands must disclose data on the lowest wage level paid by each supplier in each production country, for a full working week, excluding overtime, benefits and bonuses.

These are our demands towards policy-makers:

- We call for minimum wages in production countries to be fixed in accordance with reliable international living wage standards and for transparent and robust benchmarks to be included in policies and agreements.

- We call for the EU to ensure that minimum wages for workers in the EU are fair and guarantee a decent living, and are fixed in accordance with reliable international living wage standards, and enable access to adequate social protection regardless of employment relationships and reduce social exclusion and inequalities.
- We call for the EU to require supply-chain disclosure from, at least, companies in high-risk sectors where violations are rife. The supplier list should also include machine readable information on all production units and processing facilities, as well as the name, address, parent company of the site business, type of products made and number of workers at each site.
- We call for mandatory disclosure of data on lowest wage level paid by each supplier of each production country, excluding benefits and bonuses and by gender, migrant workers and employment status with awareness of risks and rights all the way down the supply chain.
- We call to advance human rights due diligence legislation at EU level to put in place an obligation on companies to respect human rights in their operations and supply-chains, including transparency on the due diligence process, on the supply-chain and on wages paid in the supply chain, with awareness of risks and rights all the way down the supply chain, and according to the 'leave no-one behind'-principle.
- We call to set in place an information system for companies to report and disclose adequate and transparent information on factory-level and on product-level. Access to this information system should be free, unlimited and according to established Open Data standards.
- We call for increased transparency at product level to empower citizens: expand the type of information on labeling of textile to include information on the manufacturing process and life cycle.