The Unequal Impacts of Covid-19 on Global Garment Supply Chains

Evidence from Ethiopia, Honduras, India, and Myanmar

Authored by

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About the organisations

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Sheffield Political Economy Research Institute (SPERI) at the University of Sheffield develops and promotes new understanding of contemporary capitalism and the major economic and political challenges arising from it. www.speri.dept.shef.ac.uk

Worker Rights Consortium (WRC) is an independent labour rights monitoring organisation based in Washington DC. The WRC conducts worker-centred investigations to assess labour conditions in apparel and textile factories around the globe. www.workersrights.org

The Modern Slavery and Human Rights Policy and Evidence Centre (Modern Slavery PEC) was created by the investment of public funding to enhance understanding of modern slavery and transform the effectiveness of law and policies designed to prevent it. With the high quality research it commissions at its heart, the Centre brings together academics, policymakers, businesses, civil society, survivors, and the public on a scale not seen before in the UK to collaborate on solving this global challenge. The Centre is a consortium of six academic organisations led by the Bingham Centre for the Rule of Law and is funded by the Art and Humanities Research Council on behalf of UK Research and Innovation. Read more about the Modern Slavery PEC at www.modernslaverypec.org. The views expressed in this report are those of the authors and not necessarily of the Modern Slavery PEC.

Contents

List of figures

Executive Summary

About

This report documents deteriorating living and working conditions for workers in garment supply chains, including a surge in vulnerability to forced labour, amidst the Covid-19 pandemic.

We undertook this study to investigate the pandemic's impact on workers and businesses in the global garment supply chain, focusing on workers in four garment producing and exporting countries—Ethiopia, Honduras, India, and Myanmar—that are important to the supply base of garment brands and consumers in the United Kingdom (UK), United States (US), European Union (EU), Canada, and beyond.

Given the challenges of research during the pandemic, evidence of impacts on working conditions has been sparse and anecdotal, offering little traction to explore broader patterns. Research on Covid-19's impact on supply chains has also primarily focused on firms, leaving out the voices of workers.

As such, we undertook extensive primary research including: a multi-country quantitative digital survey (N=1140) of workers in Ethiopia, Honduras, India, and Myanmar; interviews with (N=60) workers in Ethiopia, Honduras, and India; interviews with apparel brands, government, social compliance industry professionals, and international organisation representatives (N=20); the creation of a database compiling 2020/2021 annual financial statements and sustainability reports for 21 garment companies as well as documents and financial reporting about government pandemic business assistance schemes for Canada, Ethiopia, Honduras, India, Myanmar, the UK, and the US. Focusing on workers who have remained employed during the pandemic as well as those who have had their employment terminated, we investigate how indicators of living and working conditions including job security, income, vulnerability to forced labour, and debt have changed during the pandemic.

This report focuses primarily on worker-level data, given that workers' perspectives and voices have been excluded in many accounts of the pandemic's impact on supply chains to date.

Summary of findings

We find that garment workers' labour and living conditions have severely worsened during the pandemic and workers are experiencing severe economic hardship and labour abuse. Across all four of our case study countries, workers have experienced sharp declines in earnings and working conditions, including increased vulnerability to key indicators of forced labour. These dynamics are evident for workers who have remained in the same jobs with no change in their employment status, as well for those who have had their contracts terminated amidst the pandemic and found new jobs; which have often involved worse working conditions and lower pay compared to their pre-pandemic employment. These patterns varied across case study country; individual-level factors such as age, gender, race and ethnicity, union affiliation, migration and employment status; and commercial dynamics in supply chains.

Job security

— Of the 1140 workers within our survey: 72% remained employed at the same factory during the pandemic, 17% found another job, and 11% are currently not working.

— 13% of workers had their pre-pandemic contracts terminated. This was the most common reason for a job change and/or loss during the pandemic, and of these workers, nearly 80% were not paid full severance pay with over two-thirds paid nothing at all.

— The individual demographic factors that rendered workers *most* likely to have their contracts terminated was being part of an ethnic minority or lower caste, and the protective factor that rendered workers in our sample *least* likely to have employment terminated was being part of a union.

Nearly 80% were not paid full severance pay with over two-thirds paid nothing at all.

Wages and working conditions

— Among all current workers, average monthly incomes have fallen from US$627.45 pre-pandemic to US$560.36. In other words, workers have experienced an average income loss of 11%. We report all monetary amounts in the study as US dollars converted to purchasing power parity (PPP), rather than exchange rate. This means that worker earnings figures within this report may seem higher than in previous WRC publications. (See Methodology)

— Workers' vulnerability to key indicators of forced labour has increased during the pandemic. Of respondents currently working, 356 (35%) workers reported verbal abuse, 245 (34%) reported threats and/or intimidation, 224 (22%) reported unfair wage deductions or withholdings, and 196 (19%) reported access to things such as water and the toilet as being restricted. For many respondents, these conditions are new and were not experienced prior to the pandemic. For others, these problems occurred before the pandemic, but were less prevalent or severe.

— Among respondents currently working, 399 (39%) reported a lack of PPE and social distancing.

— Of the workers who changed jobs during the pandemic, over a third reported their new job had worse working conditions, including lower pay, less job security, and more danger and risk. Furthermore, 68% of the workers who changed jobs had no written or oral contract. Among workers who did receive a contract at their new job, 19% said that the terms of their new contract are worse than those of their previous one.

Worker debt

— A key trend shaping working conditions and livelihood strategies is growing worker indebtedness to cover food, housing, medical costs, and other basic needs. Amidst the pandemic, workers have not received sufficient pay to meet basic needs and have struggled to access financial support from government and civil society organisations.

— Average levels of debt per household have risen from a mean of US$1835.23 pre-pandemic to US$2125.48, an increase of 16%. Average debt levels have more than doubled in Ethiopia. They have increased by 34% in Myanmar, 21% in India, and by 6% in Honduras.

— Over 60% of workers have borrowed money during the pandemic. Of the 1083 workers for which we have data on debt levels, 451 (42%) saw their debt levels increase. Taking on further debt during the pandemic is associated with higher vulnerability to forced labour.

— Most workers in our sample did not have any savings at the onset of the pandemic. Among workers who did, average levels of savings have fallen during the pandemic, from a mean of US$409.18 pre-pandemic to US$136.71. The total number of respondents with no savings has increased by 25%.

Business and government responses

— Garment multi-national corporations at the helm of supply chains (MNCs)—i.e., major fashion brands and retailers—have experienced varied commercial outcomes amidst the pandemic, with some losing profits compared to earlier years, and others reaching historic highs in sales and cash positions.

— Our interviews with industry representatives revealed that despite varied commercial outcomes, most garment MNCs responded to the onset of the pandemic consistently by shifting the damage and potential for losses onto suppliers and workers who could least afford it; prioritising profit over social commitments; and leveraging their disproportionate power, geographic, and legal distance from suppliers and workers to their commercial advantage. However, a small handful of garment MNCs responded more responsibly; these often owned factories directly

or had highly concentrated supply bases, which incentivised these firms to protect those parts of their business and their longstanding commercial relationships.

— In the early stage of the pandemic, prevailing MNC responses to the pandemic unleashed a domino effect along supply chains, causing suppliers to close temporarily or indefinitely and resulting in mass worker layoffs, worsened pay, and deteriorating working conditions, including rising vulnerability to forced labour. Some MNCs have sought to repair damage during the mid-period of the pandemic— including through cash support and advance payments for suppliers, level-loading and flexibility with delivery times—but substantial challenges remain.

— There has been a deterioration in both public and private forms of supply chain governance. Both governments and MNCs failed to enforce labour standards in supply chains, leaving workers less protected and enabling employers to lower labour standards with virtual impunity.

— The pandemic has not only degraded conditions in the immediate term but is accelerating and amplifying long-standing supply chain inequities related to value distribution, power differentials between supply chain actors, and exclusions of workers and their organisations including unions within supply chain governance.

The pandemic has not only degraded conditions in the immediate term but is accelerating and amplifying long-standing supply chain inequities.

Introduction

The Covid-19 pandemic has exposed and amplified inequities and instabilities within the global garment supply chains feeding United Kingdom (UK), United States (US), Canadian, and European Union (EU) consumer markets. In March 2020, as lockdowns were imposed and consumer demand for clothes plummeted, MNCs cancelled orders and refused to pay for apparel that had already been produced.[1] Even as governments made vast public funds available to help them weather disruption and shocks, many MNCs continued to eschew contractual obligations and transfer losses and risks onto their supply chain partners overseas.[2] Investors and governments did little to intervene, concerned about shareholder returns and economic fallout amidst falling consumer demand for certain types of apparel. In the early stages of the pandemic, companies with deep pockets proved themselves masterful at manoeuvring to protect their wealth, often by shifting the damage onto trade partners and workers who could least afford it.[3]

Workers and their advocates, journalists, United Nations agencies, scholars, and civil society sounded the alarm on the devastating impacts of companies' irresponsible practices on supply chain businesses and workers.[4] Faced with huge losses on goods they had produced and falling demand, suppliers were forced to suspend, permanently dismiss, and drop the hours and wages of their workforces. Some firms went bankrupt overnight, laying off entire workforces without legally mandated notice or severance pay, while others seized the opportunity afforded by the pandemic to rid their factories of unionised workers.[5] As shocks rippled through the industry, workers have struggled to make ends meet.[6] By April 2020, the International Labour Organization warned that billions of workers were on the cusp of destitution,[7] and a few months later, researchers estimated that garment workers had already lost US$5.8 billion (around £4.1 billion) in wages.[8]

But while there is widespread concern about the pandemic's impacts on garment supply chain workers and intermittent warnings that Covid-19 is spiking incidents of modern slavery, hard data documenting these trends has been limited to date. Given the challenges of research during the pandemic, evidence of impacts on working conditions has been sparse and anecdotal, offering little traction to explore broader

patterns. Research on Covid-19's impact on supply chains has also tended to focus on firms, leaving out the voices of workers, who are in fact best positioned to explain how the pandemic has impacted labour at the base of supply chains. To advance understandings of the pandemic's unequal impacts on the global garment supply chain, we launched a study in September 2020 focused on how the pandemic is altering working and livelihood conditions for garment workers, centring the voices and experiences of workers themselves. We focus on workers employed by garment manufacturers who contract directly with apparel brands, as well as garment workers who have recently been terminated or dismissed during the pandemic.

The key aims of our research are to: 1) understand and compare whether, to what extent, and how the Covid-19 pandemic is deepening worker vulnerability to forced labour and overlapping forms of exploitation within four key garment-producing countries (Ethiopia, Honduras, India, and Myanmar); 2) determine and compare how company and government responses to the pandemic are shaping patterns of inequity within the garment supply chain; and 3) investigate how governance in global garment supply chains has changed during the pandemic and with what consequences for workers and companies.

To explore these questions, our research complied a new primary dataset between September 2020 and April 2021, consisting of:

— A multi-country quantitative digital survey of workers in Ethiopia, Honduras, India, and Myanmar (N=1140).

— Interviews with workers in Ethiopia, Honduras, and India (N=60).

— Expert interviews, including with business, social compliance industry, and international organisation representatives (N=20).

— The creation of a database of 2020/2021 annual financial statements and sustainability reports for 21 garment companies, as well as government information about pandemic business financing and assistance and social protection for Canada, Ethiopia, Honduras, India, Myanmar, US, and UK.

Our dataset gives us traction to explore how garment workers' labour standards and livelihood strategies have changed during the pandemic, focusing on indicators of forced labour (e.g., physical violence, harassment and intimidation, and constraints to mobility), and to analyse variation across countries and individual characteristics. As well, it allows us to examine the role and impact of government, companies, and the social compliance industry's responses to the pandemic on these trends.

In this report, we present key results from our research, focusing on impacts on workers. We find that across all four countries, workers have experienced sharp declines in earnings and working conditions and their vulnerability to forced labour has increased. Amidst the pandemic, workers—including those who have been laid off and those still working—have taken on skyrocketing levels of debt to meet their basic needs, further increasing their vulnerability to unfair treatment and forced labour. These patterns vary by country and are shaped by individual-level factors, such as age, gender, race and ethnicity, union affiliation, and employment status. Variation in these patterns across countries is shaped by global, and national political economic dynamics (e.g., levels of social protection), as well as commercial dynamics within supply chains.

Background

Our study has been informed by scholarship on forced labour and labour standards in global garment supply chains, their public and private governance, and how supply chains are both shaped by and perpetuate broader inequities in the global economy. This section provides a brief synopsis of key literatures informing our study.

Researching forced labour

Forced labour is defined by the ILO's 1930 Forced Labour Convention as: 'all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.'[9] Forced labour is an endemic challenge in global supply chains and has been documented across dozens of industries including garments, electronics, and agriculture.[10]

Scholars of forced labour often represent forced and free labour in binary terms, using concepts like 'modern slavery', 'forced labour' and 'human trafficking' to isolate the worst forms of exploitation and presenting free or waged labour as their opposite.[11] In such accounts, forced labour appears as a static category that is possible to draw a clear-cut line around; in other words, as something that workers either experience or do not. It is also often assumed that if workers are receiving payment for their work, however small or partial their compensation is, this automatically puts them on the 'free' and not forced labour side of the line.[12]

But this binary approach has been increasingly challenged. Recent research on forced labour stresses that: 1) in practice, forced labour is often difficult to isolate from lesser forms of labour exploitation; 2) there is often considerable porousness and overlap between forced labour and so-called free labour; indicators of forced labour can be present even where exploitation does not quite meet the threshold of the ILO definition; 3) workers can move in and out of the category of forced labour in relatively short periods of time; and 4) forced labour often fails to conform to the dramatic, sensationalist accounts

of it within the media, and in scholarship.[13] As Stephanie Barrientos, Uma Kothari, and Nicola Phillips aptly put it, more often than not, labour conditions 'cannot in any useful sense be positioned on one side or other of a clear dividing line between 'free' and 'unfree' labour.'[14]

Recent studies have also stressed that: working within a supply chain where unfair treatment (e.g., unlawful wage deductions, and verbal abuse) is common puts workers at higher vulnerability to forced labour; and victims of forced labour often *do* receive some form of wage and only rarely are they completely unpaid.[15] In workplaces and supply chains where unfair treatment is common and workers are paid at or around the minimum wage (including the global garment sector), poverty and routine underpayment by employers intertwine to leave workers highly vulnerable to forced labour. In that context, it often takes just one contingency, such as a child falling ill or a passport being confiscated, to push a worker over the line into a situation that meets the threshold of the ILO's definition of forced labour. Because not all situations will immediately result in dynamics that meet the ILO threshold for forced labour, it is just as important to measure vulnerability to forced labour using a range of ILO indicators as it is to measure prevalence of forced labour itself.[16]

For these reasons, in this study we reject narrow, binary conceptualisations of forced labour and the research methods that tend to accompany these, recognising as scholar Jens Lerche notes that 'there is a need to move away from unhelpful dichotomies, and acknowledge the fluidity of the actually occuring levels of unfreedom.'[17] As described below, we apply a wide-angle lens to working conditions that includes: 1) metrics relevant to labour exploitation and unfair treatment; 2) metrics that capture ILO indicators of forced labour which represent 'the most common signs or 'clues' that point to the possible existence of a forced labour case;'[18] 3) compound measures of vulnerability to forced labour (see scales and indexes in the Findings section) that capture vulnerability across several metrics. This enables us to understand the complexity of how patterns of forced labour and vulnerability to it have evolved during the pandemic, rather than merely undertaking a box ticking exercise of whether a worker is in a situation of forced labour or not at the specific moment they were involved in our research.

Labour standards in global supply chains

Over the last two decades, scholarship has documented how supply chains have been designed to give power and leverage to business actors at their helms.[19] This includes buyers exerting disproportionate power within garment supply chains, which is often used to squeeze suppliers, yielding downward pressure on worker wages and working conditions.[20] Prices that buyers pay to suppliers have persistently declined over recent decades in many sectors, and input costs have risen, compelling suppliers to mitigate price-cost squeezes through business models premised upon unfair and often illegal labour practices, including obligatory overtime, wage theft, fraudulent wage deductions, and forced labour.[21] However, these dynamics are not inevitable;[22] empirical investigations of how company and investor behaviour shape working conditions within global supply chains are critical, and outcomes for workers cannot be established *a priori* or strictly through theory.

The literature points to the importance of several key factors in shaping labour standards and worker rights in global supply chains—including variations in firm organisation, ownership structures, and supply chain characteristics[23] — and individual-level characteristics.[24] Scholars have also highlighted the importance of the strength and effectiveness of public, and private governance dynamics surrounding labour standards, business conduct, and supply chains in shaping outcomes for workers.[25] Finally, domestic political economy dynamics within both the 'home' countries of transnational corporations,[26] and producer countries also play a key role in shaping labour conditions.

Research on forced labour fuelled by the private sector has analysed the role of management practices, business models, firm characteristics, and supply chain dynamics in giving rise to forced labour.[27] While data on patterns of forced labour are at an early stage given the challenges of researching this illegal practice, existing research has established the importance of both 'supply' and 'demand' drivers of forced labour in supply chains.[28] Factors giving rise to a supply of workers vulnerable to forced labour include poverty, discrimination on the basis of race and ethnicity, gender, migration and employment status, lacking labour protections, and restrictive

mobility regimes.[29] Factors that increase the business demand for forced labour within supply chains include concentrations of corporate power and ownership at the top of the chain, excessive outsourcing, irresponsible sourcing practices, and governance gaps.[30]

In addition to well established academic literatures on labour standards and forced labour, rapid-response assessments of the pandemic's impacts on brands, suppliers, and workers have also informed our study.[31] These have documented pandemic impacts on suppliers, supply chains, labour markets, worker living conditions, as well as public policy responses.[32] Analysis of the character and efficacy of Corporate Social Responsibility (CSR) have also taken place during the pandemic, including debates on the extent to which lead firms have maintained CSR commitments and standards relevant to forced labour amidst market turbulence.[33]

Insights from rapid response research—such as those shedding light on lost working hours and wages and diverse policy responses—fed into and shaped our research design. In particular, it shaped our case study selection and decision to prioritise an in-depth study of working and living conditions as well as activity at the very top of supply chains, so as to complement existing research focused on how the pandemic is affecting suppliers.

Inequities in the global political economy

Finally, our research has been informed by scholarship on inequities and inequality within the global economy. Three types of inequity are especially key.

The first type is global political economic inequities unfolding along lines of geography and nation. As a wide body of scholarship in development studies, sociology, and political science has documented, the place of nation states within global production and trade systems, including divisions between producer and 'home state' companies within global supply chains, has been shaped by histories and legacies of colonialism and other forms of expropriation including the slave trade.[34] Differences in national development levels and economic capability reflect—among other things—the legacies of highly

unequal global economic relations and their aftermath. For instance, following decades of colonial rule and plunder, the end of colonial practices was to different extents followed by violent conflicts, political instability, and economic stagnation, hindering the development of low and middle income countries and integrating countries into global supply chains on unequal terms.[35] These historic and ongoing global economic inequities facilitate the structural power of corporations, shape national advantages within global trade, and anchor inequities in global supply chains.[36] Even amidst the rise of 'South-South' trade and the 'rising powers' in supply chains, historic legacies of colonialism, slavery, and Western dominance in the global economy remain salient.[37]

A second overlapping type of inequity informing our research is that between supply chain actors, including employers and workers. Simply put, while capital and goods can travel freely across borders, people and many smaller supplier firms cannot. This facilitates 'global labour arbitrage', wherein MNCs comparison shop for goods in places where labour costs are lowest and accrue profits by exerting near monopolistic control over the labour market of key sectors.[38] As such, they have the power and resources to push suppliers to produce at labour costs below legal limits and the prevailing supply chain model gives them the ability to insulate themselves from any legal consequences.[39] Workers in global garment supply chains are overwhelmingly women, tend to come from economically deprived backgrounds and typically lack the resources, education, and skills necessary to achieve significant labour market mobility. Thus, even where jobs are poorly paid and involve coercion, they may be the only available option for workers to obtain the basic necessities of life for themselves and their families.

Finally, we are attentive to inequities that shape the lives of individuals, playing out along lines of gender, race and ethnicity, and other lines of social difference, as described above.

Methodology

Research methods for this project have been informed and shaped by previous research in the field, especially LeBaron's *Global Business of Forced Labour* project, and best practices for researching forced labour with respect to research ethics, equitable partnerships, and collecting and publishing sensitive data.[40] Prior to commencing research, we obtained ethics clearance through the University of Sheffield. Importantly, when interviewing workers, our team utilised the WRC's worker-centred investigative method; we interviewed workers offsite, without the knowledge of factory management, such that workers felt safe to speak candidly without fear of reprisal. In this section we outline key features of our approach.

Case study selection

Our study focuses on workers in Ethiopia, Honduras, India, and Myanmar, in supply chains steered by garment MNCs that cover high and low ends of apparel industry, online and brick-and-mortar sales, and several types of garment production including sportswear and athleisure, occasion wear, and fast fashion (see Figure 5 below).

The case study countries were selected for the following reasons: 1) all are garment producing countries and important to the supply base of garment brands and consumers in Canada, the EU, the UK, and the US; 2) all had well-documented incidents and risks of forced labour prior to the pandemic – Honduras and India have been included in the 2020 ITUC's list of the World's Worst Countries for Workers;[41] 3) all had been under-investigated during the pandemic, compared to countries like Bangladesh; 4) within each country, the actors and structures of the garment industries are shaped by unique national political economic contexts, yet they are comparable insofar as they are all export-oriented; 5) each country is covered by both well-established policy frameworks and CSR initiatives to combat forced labour; 6) the WRC was well-placed to conduct research within each country without international travel and while respecting public health guidelines amidst the pandemic. Although several other countries would also be appropriate for this study, we have limited the number to four in order to achieve in-depth insights.

In each of our four case study countries, national governments implemented various measures to support workers and businesses during the pandemic, although these differed across the countries.[42] Moreover, our research coincided with several crises affecting our case countries, which compounded the crisis associated with the pandemic. In November 2020, Honduras was hit by the devastating hurricanes Eta and Iota, killing dozens of people, and affecting over three million others[43] — including garment workers. In Myanmar, the state counsellor Aung San Suu Kyi was arrested in a military coup in January 2021. Widespread protests ensued, and the military responded by arresting thousands of people—including prominent union leaders—and with deadly attacks on demonstrators, resulting in hundreds of deaths.[44] And in November 2020 in Ethiopia, an armed conflict erupted in Tigray region, which has since spiralled into an ongoing civil war and humanitarian crisis.[45] Given our ethical commitments to safeguard researchers and workers, these crises resulted in pauses to data collection, and in one case (worker interviews in Myanmar), we took the decision to cancel planned research since it could not be done safely amidst unforeseen events.

Our team utilised the WRC's worker-centred investigative method ... workers felt safe to speak candidly without fear of reprisal.

Overview of worker survey and interviews

We carried out a survey of 1,140 garment workers across 302 factories. The WRC's field team recruited survey participants and administered the survey between November 2020 and February 2021. WRC in-country field staff are long-term employees of the WRC who are familiar with the local context and have extensive experience with worker interviews, factory investigations, and remediation; as per WRC policy, in-country staff are not named here for security reasons. Following the survey, WRC staff conducted qualitative semi-structured interviews with 20 workers in Ethiopia, 20 in Honduras, and 20 in India in between February and April 2021.

We recruited survey respondents through a snowball sampling technique. WRC staff began by recruiting garment workers from their existing contact lists. Initial respondents were asked to recommend other workers among their co-workers and acquaintances who, in turn, continued to refer additional survey respondents. In each country, surveys were conducted in the workers' first language. Survey data was collected using KoBo Toolbox, an open-source tool for mobile data collection launched by the Harvard Humanitarian Initiative for use in challenging environments. The usage of a snowball sample means the statistical estimates presented cannot be generalised to the wider population in each country, and we necessarily balanced this goal against the logistical challenges of data collection in these contexts during the pandemic. Nevertheless, the dataset provides a rich set of measures for understanding the experiences of workers.

Our survey sample of 1,140 respondents consisted of 650 women garment workers (57%), 486 male garment workers (43%), and 4 workers that did not identify as strictly men or women (see Figure 1). Survey respondents aged 18–25 comprised 44% of our sample, those aged 26–30 comprised 20%, and those aged 31–35 comprised 13% (see Figure 2 for a full age band breakdown of respondents). Among the workers in our sample, 16% identified as members of an ethnic minority group or caste (see Figure 3). The number of workers identifying as an ethnic minority and/or caste was significantly higher in India (44%), than in the other countries.

We asked survey respondents how long they had been working in the garment industry. Workers in Ethiopia, and to a lesser degree Myanmar, reported fewer years working in the garment industry than workers in Honduras and India (see Figure 4). The majority of garment workers with dependents in our sample have three or more dependents. The presence of dependent children is much higher in Honduras and India, likely reflecting the older age of garment workers in these countries (see Figure 2 for full breakdown).

Nearly three-quarters of the workers in our survey (72%) were working at the same factory that employed them pre-pandemic. Among the remaining workers in our sample, 17% were able to find another job, while just over 10% have been unable to secure new employment. There are a number of reasons for why workers lost their jobs. But of those who are no longer in their pre-pandemic job, the majority (46%) were terminated permanently, while 40% resigned. A smaller subset of workers who lost their jobs in our sample (15%) were temporarily suspended with the understanding that they would be resuming work at the factory eventually. Workers within our survey reported making clothes for the following brands (see Figure 5); the size of the brand's name within the cloud indicates how frequently it was mentioned by surveyed workers.[46]

Following the completion of the survey, we analysed the data to identify workers who reported experiencing key indicators of forced labour and indicated openness to a follow-up interview. We held in-depth interviews (see Appendix Table 2) focused on workers' experiences of indicators of forced labour during the pandemic, their working and living conditions more broadly and the barriers they face to leaving their current jobs. These interviews were conducted and transcribed by WRC staff and translated by WRC staff and our research team.

We carried out a survey of 1,140 garment workers across 302 factories.

Figure 1. Gender by country


Gender ■ Other ■ Man ■ Woman
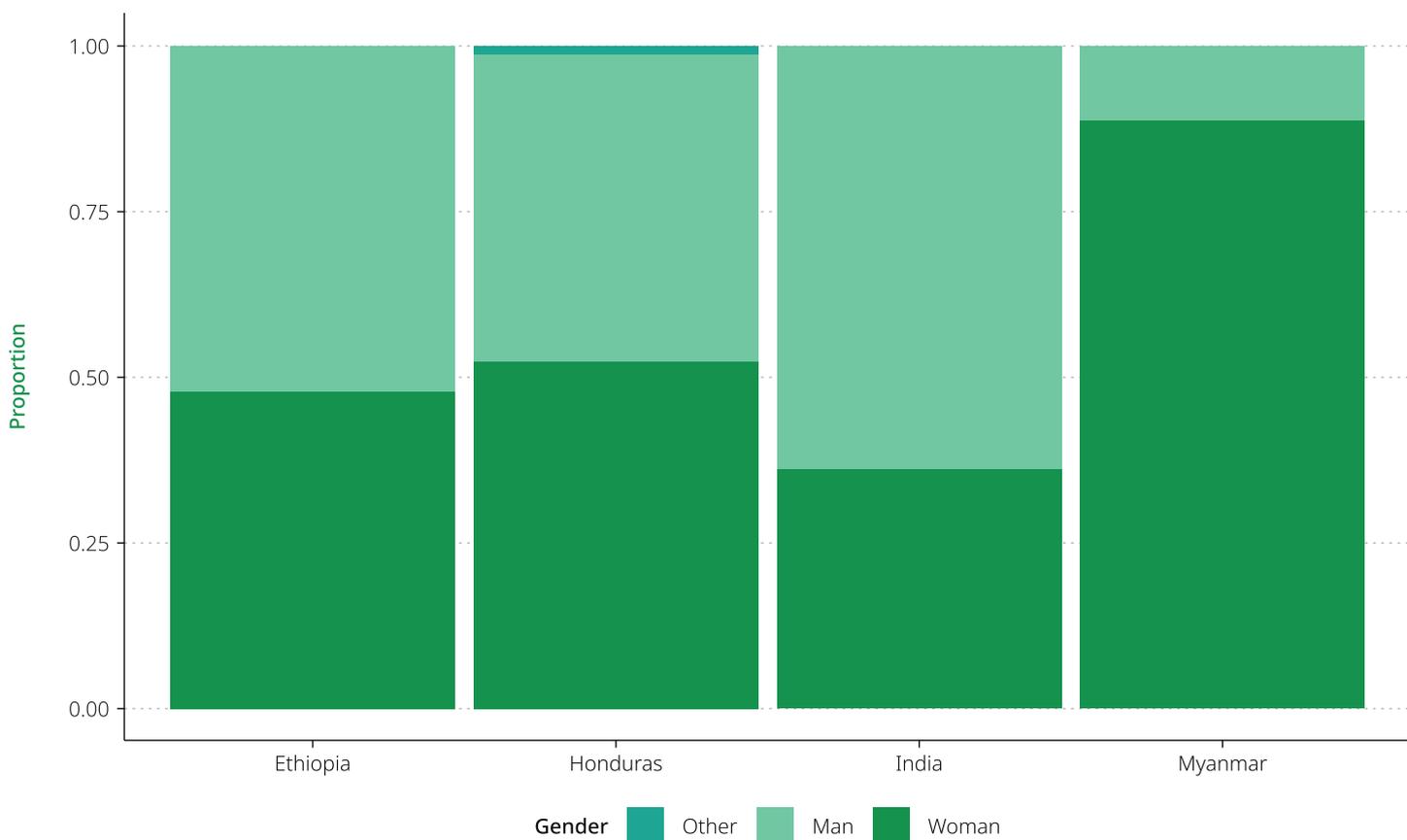
Figure 2. Age by country
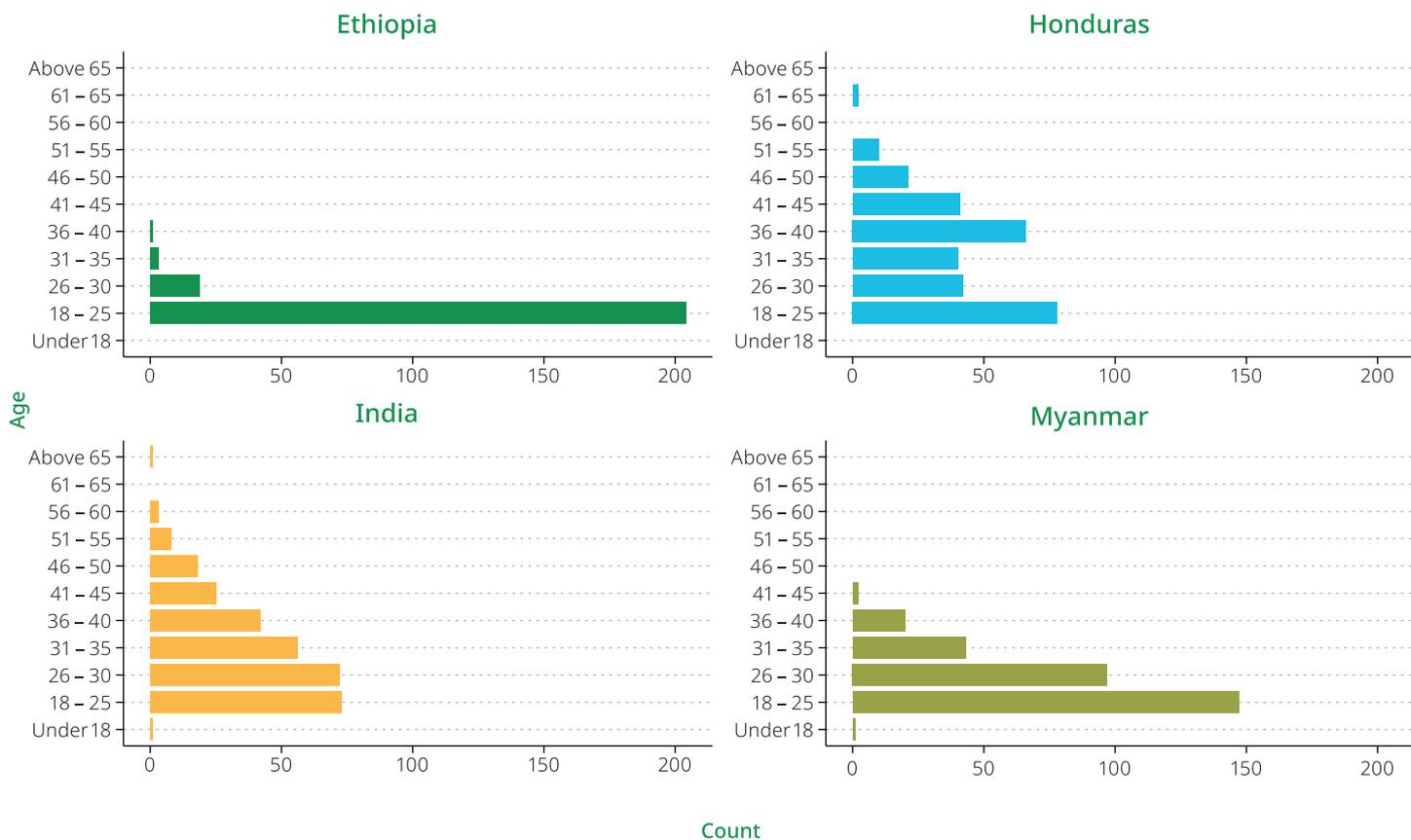
Figure 3. Identification with an ethnic minority group or caste by country
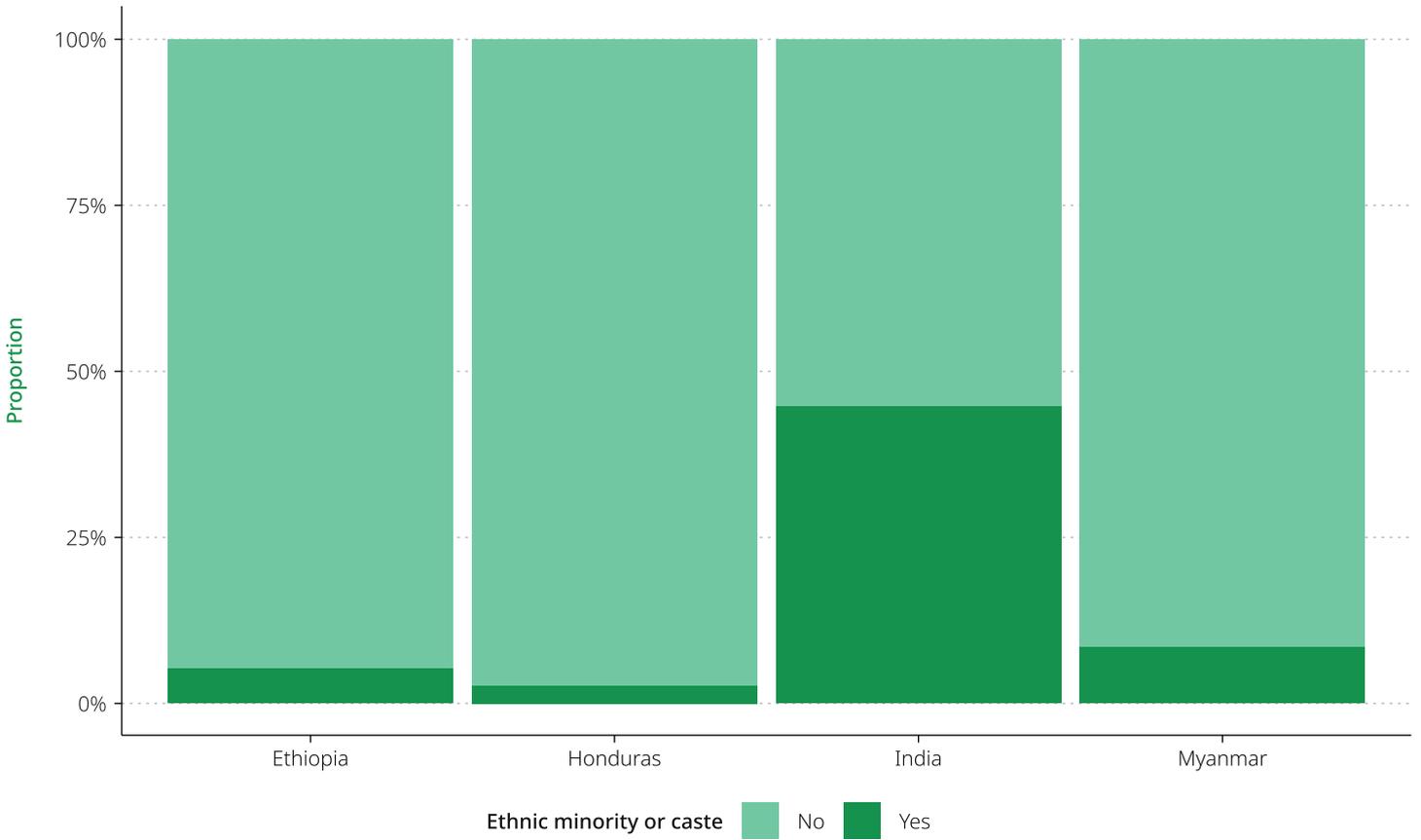

Figure 4. Years as garment worker by country
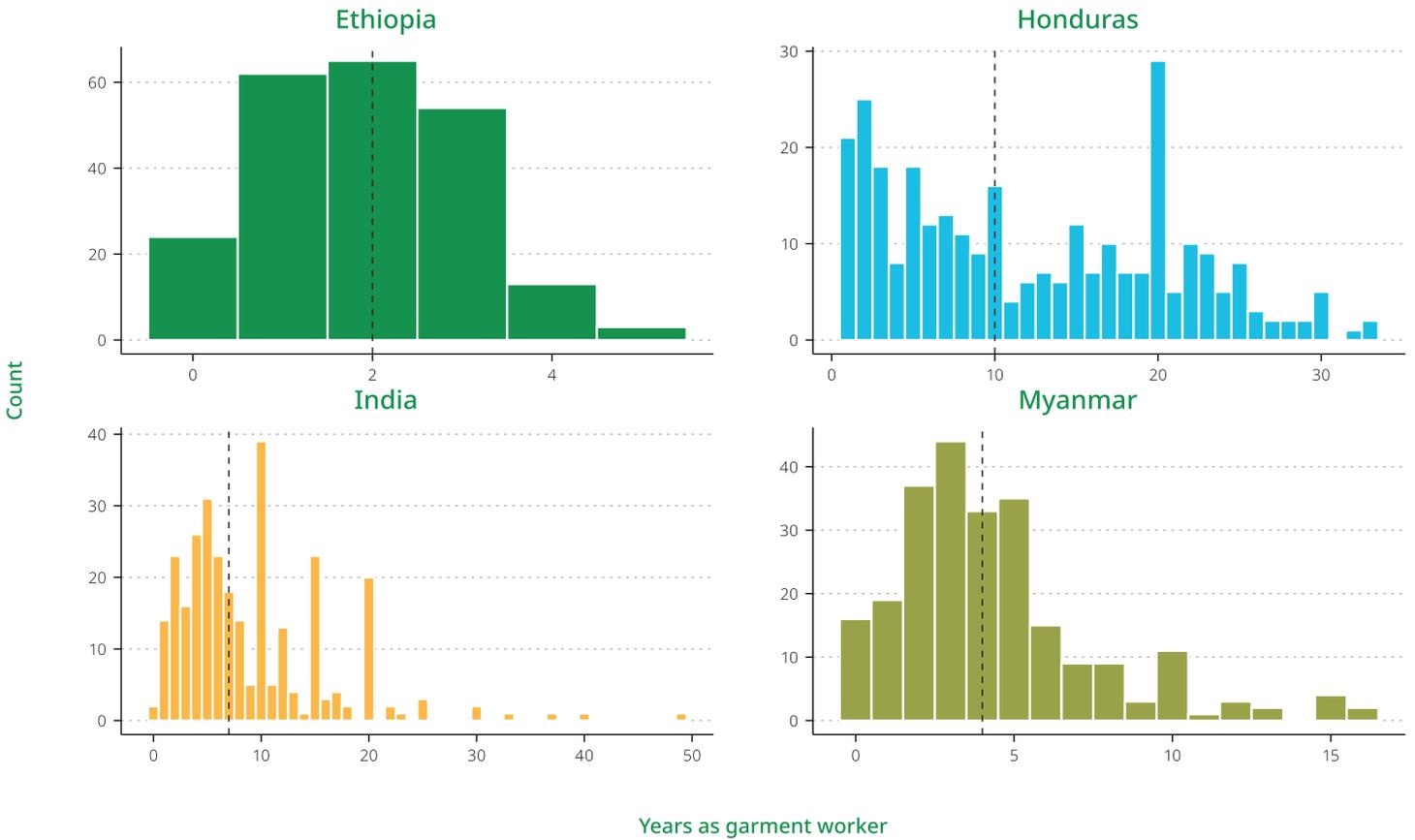
Note: Vertical dashed line represents median in each country. Axis scales are specific to each country.

Figure 5. Brands reported by survey respondents

Honduras

Ethiopia

India

Myanmar

Overview of company and government data collection

A second strand of our research focused on the pandemic responses of companies, the social compliance industry, and governments. This had five key components. First, we mapped and analysed the pandemic's impact on garment supply chains using secondary data. Second, we compiled and examined government documentary and financial data including: an ILO database of national public policy responses to the pandemic; Bank of England data on pandemic financial assistance given to companies; and publications by the US, UK, EU, and Canadian governments about bailout funding to businesses and consumers. Third, we selected 21 garment MNCs headquartered in Canada, the EU, the UK, and the US, incorporating diversity with respect to firm financial performance. For these firms, we gathered annual financial and sustainability reports for 2020 to analyse companies' levels of government financial support received; pandemic responses and how these impacted supply partners and workers; and executive compensation, shareholder pay-outs, share buybacks, and other financial trends. Fourth, we examined annual financial reports for auditing, assurance, and social compliance firms.

Finally, we conducted industry and expert interviews to deepen our understandings of variations in MNC responses and how public and private governance had evolved during the pandemic. We sought to understand to what extent and in what ways the variegated responses of business actors, including both MNCs and suppliers, shaped working and living conditions and whether and how government and company responses to the pandemic have deepened or resolved well-documented inequities. Appendix Table 3 provides an overview of industry and expert interviewees. They are professionals in the public and private sector with understandings of company and government responses to the pandemic in the global garment supply chain. These include: senior representatives of apparel MNCs; social audit firm representatives; representatives of international, multi-stakeholder, worker, and industry organisations and associations. Interviews were semi-structured and conducted via Zoom by LeBaron and Polanco Leal in English and Spanish and lasted between 30–90 minutes.

The interviews were recorded in Zoom and transcribed by a UK based firm and analysed in NVivo 2020 using NVivo's collaboration cloud tool.

Note on terminology – naming of subsamples

The worker survey asked some additional questions dependent on whether workers had kept or lost their pre-pandemic jobs. In the reporting that follows, we use the following terminology to outline which specific group of workers we are referring to:

— **All workers** – all 1140 surveyed workers

— **Current workers** – 1019 workers currently employed, made up of 822 workers employed at their pre-pandemic factory, plus 197 who found another job

— **Workers at the same factory** – 822 workers employed at their pre-pandemic factory

Note on monetary conversions

We report all monetary amounts in the study as US dollars converted to purchasing power parity (PPP). PPP is a conversion method that controls for price differentials between countries, effectively accounting for how far money goes in a workers' home country due to goods being comparatively cheaper or more expensive. To convert currencies, we used the 'PPP conversion factor, GDP (LCU per international $)', produced by the World Bank's International Comparison Program, and used 2019 conversion factors as these are the most recently published.[47]

Given the approach we have taken to monetary conversion using PPP rather than exchange rate, the worker earnings figures within this report may seem higher than in previous WRC publications. These differences reflect a different approach to measurement rather than substantive differences in wages.

Limits

Given the short timespan covered by our study, limited resources, and that our grant began *during* rather than *before* the beginning of the pandemic, we were unable to collect time series data on consistent metrics prior to and during the pandemic. We have therefore captured change over time (pre-pandemic and during the pandemic) by asking workers to compare how key metrics capturing their working and living conditions differed before and during the pandemic. Workers are well-placed to deliver reliable analysis of how such dynamics have changed over time.

Furthermore, because this is a study of systemic practices and conditions in the industry, we have anonymised as much as possible data that connects specific workers and workplace practices to specific factories and brands. Our hope is that this will focus public policy responses and industry attention on the need to tackle such systemic patterns.

Findings

This section provides an overview of key findings, focusing on the pandemic's uneven impacts on workers and the causal role that MNC and governance responses played in shaping workers' conditions.

Workers

Our worker survey and interviews reveal that workers are experiencing heightened vulnerability to exploitation, including to key indicators of forced labour, and declining working and living conditions during the pandemic.

Income and wages

Our research found that workers across all countries in our study are experiencing income loss. Amongst all current workers, average monthly incomes have fallen from a PPP-adjusted US$627.45 pre-pandemic to US$560.36, an average loss of 11% (see Table 1). Workers explained that income loss was a result of several factors including: less opportunity for overtime; not being paid the appropriate overtime rate; unfair deductions from wages; unpaid work; late wages; severance pay theft for workers who have been terminated; and unpaid wages for workers who have been temporarily suspended.

Table 1. Average monthly income change among current workers

	Amount (US$ PPP)
Mean pre-pandemic income	627.45
Mean current income	560.36
Mean income change	-67.09
Median income change	-19.32

Among the workers in our sample who stayed working in the same factory as pre-pandemic, lost opportunities for overtime and working less hours were significant drivers of income loss, and 505 (61%) had less opportunity for overtime during the pandemic. Figure 6 models the predictors of income change among workers staying in the same factory.[48] Key findings include that working hours since the start of the pandemic are the primary driver of any gains or losses in income, with a reduction in both hours and overtime being associated with income loss. Being unionised and a workers' vulnerability to forced labour are also associated with an income loss, although the former may be a result of wages for unionised workers being higher prior to the pandemic, and the latter is not statistically significant.

The effect of unionisation on income change may appear at first counter-intuitive. But the combined evidence of our survey results and qualitative interviews supports the notion that unionised workers had more to lose than other workers in the pandemic, and that garment worker unions have faced difficult trade-offs among protecting job security, workplace health and safety and worker incomes. For example, the pre-pandemic incomes of unionised workers were on average higher than those of non-union workers, and so had further to fall (see Table 2). Plus, Figure 7 displays the results of modelling that shows unionised workers were less likely to have their contract terminated.[49] The qualitative interviews gave further evidence as to the difficulty unions faced in the context of cancelled orders and employer pressure (see section below on government responses), and indicates that some unions have supported temporary lockdowns and production decreases to protect workers from Covid-19.

Figure 6. Modelling of income change –workers staying in the same factory

Coefficient estimate
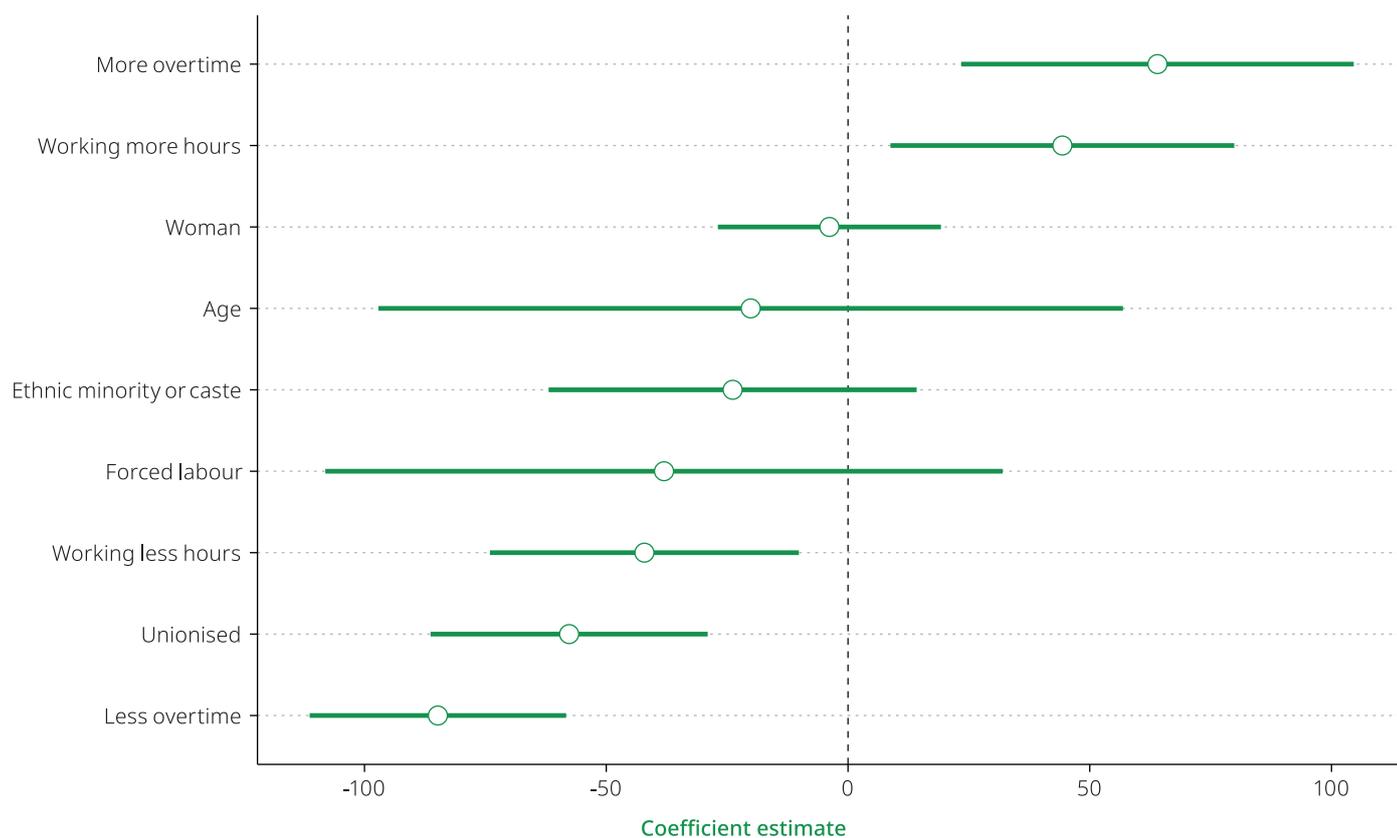
Note: OLS estimates for income change for workers who have stayed in the same factory. 95% confidence intervals. Numeric predictors scales 0-1. N = 733. Country controlled for but omitted from plot. Negative value is associated with income loss, positive associated with income gain.

Table 2. Change in monthly income (US$ PPP) by country and workers' union status

Country	Unionised	Mean pre-pandemic income	Mean income change	N
Ethiopia	No	124.97	-5.31	180
	Union	112.08	-18.36	5
Honduras	No	868.27	19.28	157
	Union	1069.8	-106.1	116
India	No	586.95	-64.13	228
	Union	684.09	-99.62	46
Myanmar	No	677.95	-150.55	184
	Union	649.57	-132.79	64

Figure 7. Modelling of contract termination - all workers
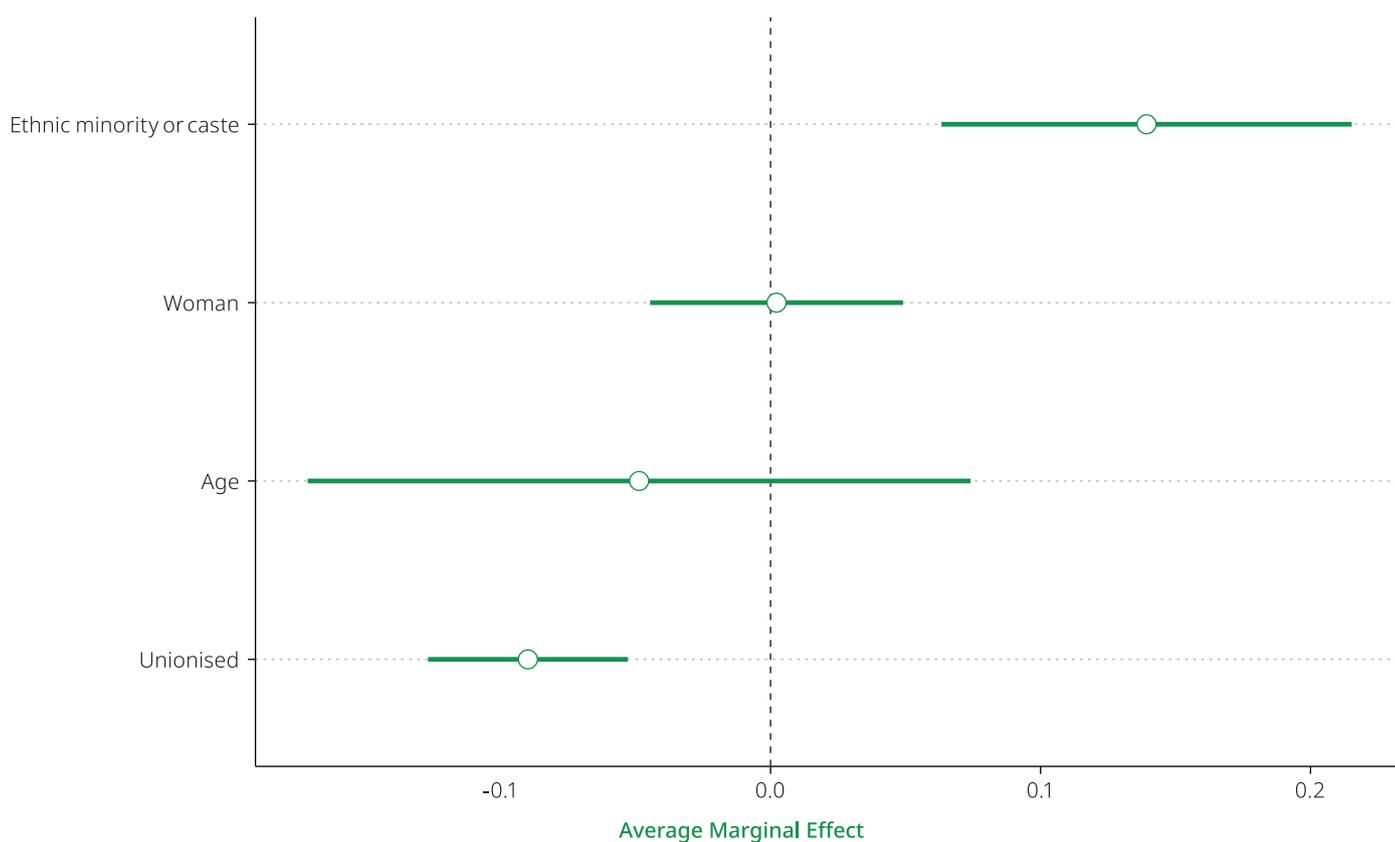
Note: Average marginal effects from binomial logistic regression model. Dependent variable is pre-pandemic contract terminated (terminated = 1). Boostrapped 95% confidence intervals. Numeric predictors scaled 0-1. N = 1133. Country is controlled for but omitted from the plot.

Among the workers who lost their jobs, 16% are owed wages, and the amount owed varies significantly (see Table 3). As well, of the 145 workers whose contracts were terminated, nearly 80% were not paid the full severance pay legally owed to them in their respective countries, and over two-thirds were paid nothing at all. Only in Honduras did the majority of workers owed severance receive the full amount (see Table 4).

Workers commonly reported needing to skip meals as a result of lost income.

This loss of income—compounded by various wage-related abuses—has had a profound impact on the livelihoods of the workers in our sample, leading them to resort to desperate measures to make ends meet. For instance, workers commonly reported needing to skip meals as a result of lost income. One worker in Ethiopia told us: 'Sometimes I eat breakfast and skip lunch or dinner. Life is so tough but I am trying to survive.'[50] Another worker in Honduras told us: 'I have a sister who is diabetic and she's in a serious condition. I had to sacrifice buying food for one week in order to be able to cover her medical expenses to get a doctor's appointment.'[51] Other workers reported needing to supplement their declining income by doing odd jobs at night after their factory shifts or over the weekend. As one worker in Ethiopia explained, 'I wash clothes for people after my garment work and in the weekends. My [garment work] salary covers only rent.'[52] Another worker from Honduras told us: 'I work as a house-cleaner on my days off to be able to make a bit of money, at least enough for a meal that day.'[53]

Table 3. Average amount of owed wages (in US$ PPP)

Country	Mean owed wages	Median owed wages	N
Ethiopia	112.57	65.22	10
Honduras	8246.06	8530.41	3
India	132.21	11.80	9
Myanmar	1942.6	1493.63	30

Table 4. Receipt of severance pay among workers whose contract was terminated

Severance Pay Receipt	N	Percentage
No	93	64.10%
Yes, around half of what I am owed	4	2.80%
Yes, but less than half of what I am owed	18	12.40%
Yes, everything I am owed	30	20.70%
Total	145	100.00%

Unfair treatment and forced labour

Most respondents in our survey—including those who were able to maintain their pre-pandemic factory job and those who have obtained new employment since the onset of the pandemic—reported several forms of unfair treatment and an overall deterioration of their working conditions (see Figure 8). Non-wage related issues raised by these workers included key indicators of forced labour:[54] verbal abuse; physical abuse; threats and/or intimidation; false promises from employers; gender-based and sexual harassment; violations of workers' freedom of association rights; and limitations on movement, including restricted access to the toilet or water.

Levels of unfair treatment are high and key indicators of forced labour are widespread. Among the 1019 current workers in our survey: 356 (35%) reported verbal abuse; 245 (24%) reported threats and/or intimidation; 224 (22%) reporting receiving unfair wage deductions; 196 (19%) reported restricted access to water and the toilet; and 399 (39%) reported a lack of PPE and social distancing. PPE was not included in the indexes of forced labour vulnerability, but we note it here given the serious consequences of Covid-19 exposure, including death.

We created two scales to capture workers' vulnerability to forced labour within our dataset; one for all current workers, and one for workers staying in the same factory ('Forced labour 1' refers to the former, 'Forced labour 2' the latter; see Technical Appendix for details of their construction). They show that within our dataset, indicators of forced labour were most prevalent in Ethiopia, followed by Myanmar, Honduras, and then India (see Figure 9).[55]

Figure 8. Indicators of forced labour during the pandemic – current workers
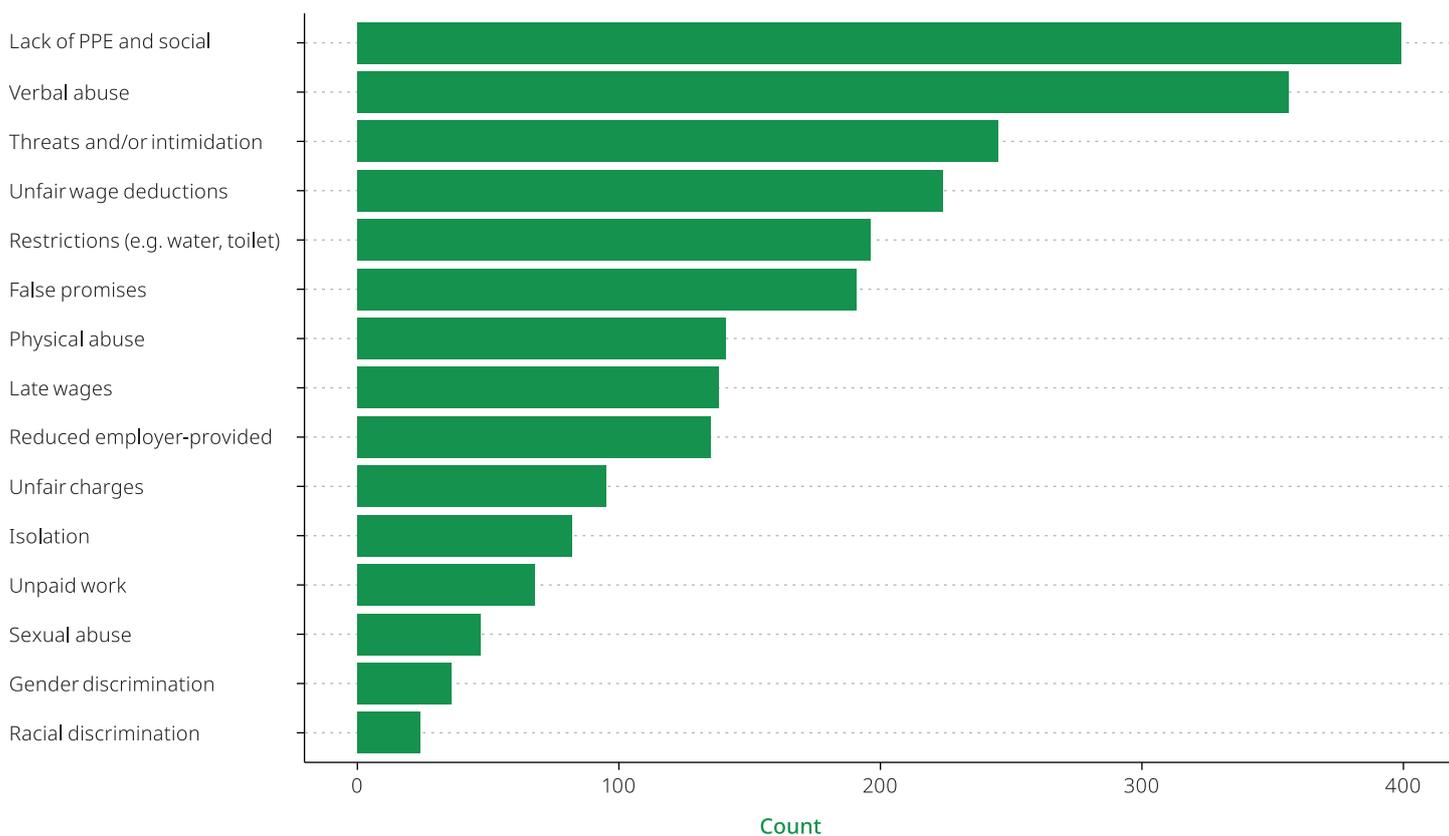
Current workers – N = 1019.

Figure 9. Distribution of forced labour scale 1 during the pandemic
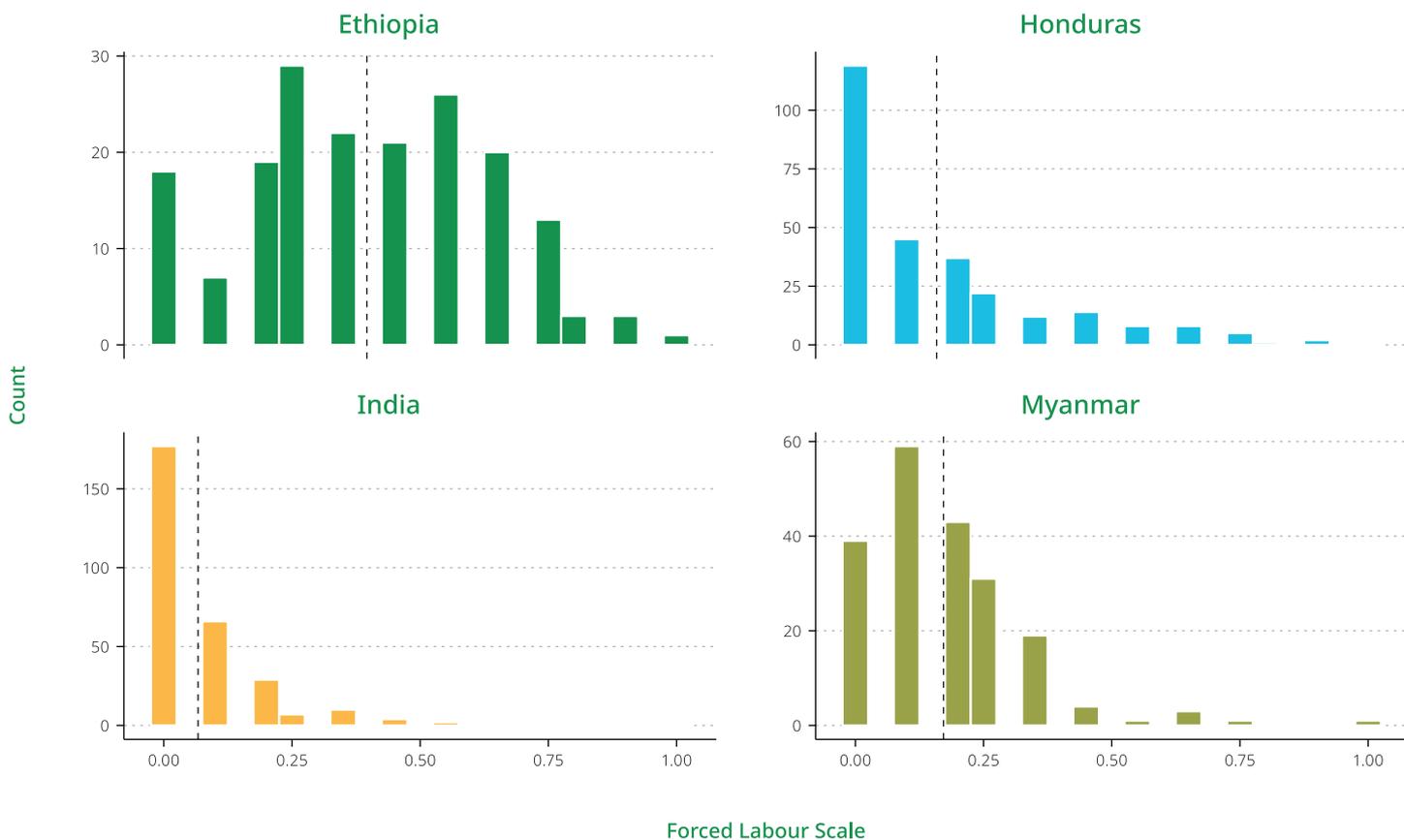
Note: Forced labour scale 1 – current workers. N = 951. Vertical dashed line shows mean within country. Cronbach's alpha = 0.769.

The modelling below estimates the predictors of a worker's score on the forced labour index for current workers (see Figure 10).[56] Some of the key findings include that: vulnerability to forced labour was highest for workers who remained employed in the same factory during the pandemic; worked high numbers of hours; accrued additional debt during the pandemic; and lost some or all of their savings. Although Figure 10 also shows that the only statistically significant effects are those of additional debt and staying in the same factory.

Figure 11 shows the predictors of the forced labour index for workers who stayed in the same factory.[57] In this sample, working more hours and having less overtime is associated with vulnerability to forced labour; our data suggests that some workers are being compelled to work longer hours but are not being remunerated as if it was overtime. For instance, one garment worker in Ethiopia told us that throughout the course of one month during the pandemic, she achieved the set production target and did overtime. But the production bonus and overtime pay rate was not reflected in her pay at the end of that month. She added: 'We have demanded to be paid, but they denied it and replied they aren't getting buyers for the products. Nevertheless, we know and see the export shipment every month.'[58]

Our interviews with workers expound how indicators of forced labour have manifested during the pandemic. Workers described being subjected to or witnessing incidents of verbal abuse. A worker in Honduras noted, 'Discrimination and verbal abuse have always existed, but with the pandemic everything has gotten worse…now everything is worse.'[59] Several workers also witnessed situations where their co-workers were physically abused. In Ethiopia, one worker told us that he saw a worker who was advocating for his right to annual leave. The worker, 'got hit and fired for asking for what is in his right.'[60]

Workers also reported having witnessed instances of sexual and gender-based harassment. A worker in Ethiopia described a pattern of quid pro quo sexual harassment, noting: 'It is unfortunate to be a woman. If, for example, a worker causes something to go wrong in the production line, manager or supervisors leverage the opportunity to ask them out. If the worker declines, they lose their job.'[61] A worker in Honduras told us that one of her colleagues was subjected to sexual harassment by a supervisor at the factory and reported the issue to factory's human resources department. She told us that while sexual harassment is not necessarily a new issue at the factory, in pre-pandemic times, the factory would typically fire or otherwise punish perpetrators of harassment, but that now there was no accountability.[62]

In Ethiopia, one worker told us that he saw a worker who was advocating for his right to annual leave. The worker, 'got hit and fired for asking for what is in his right.'

Workers also reported having witnessed instances of sexual and gender-based harassment.

Figure 10. Modelling of forced labour scale 1 – current workers
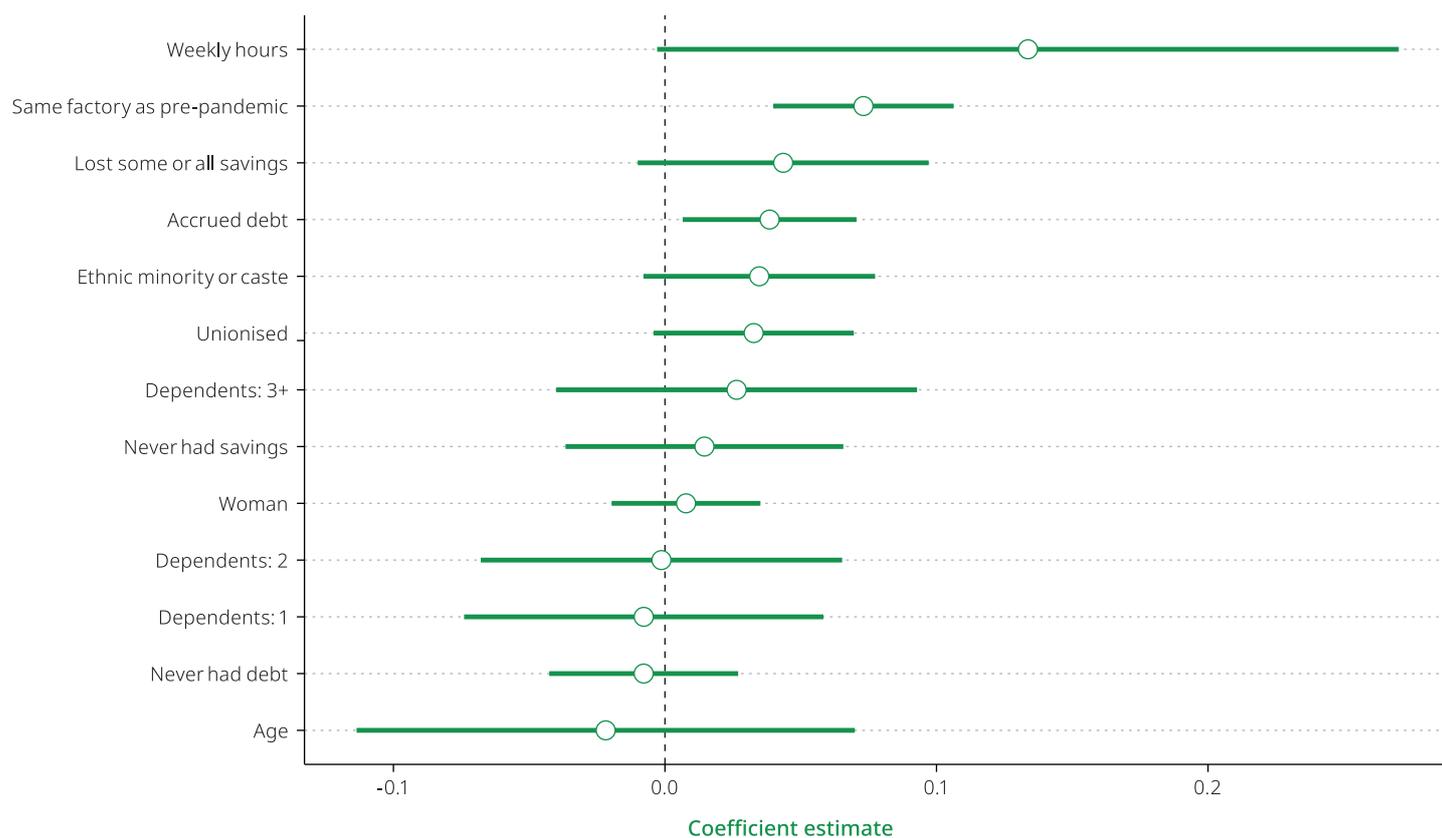
Note: OLS estimates for 'Forced labour scale 1' among current workers.
95% confidence intervals. Numeric predictors scales 0-1. N = 789.
Country is controlled for but omitted from plot.

Figure 11. Modelling of forced labour scale 2 – workers staying in the same factory
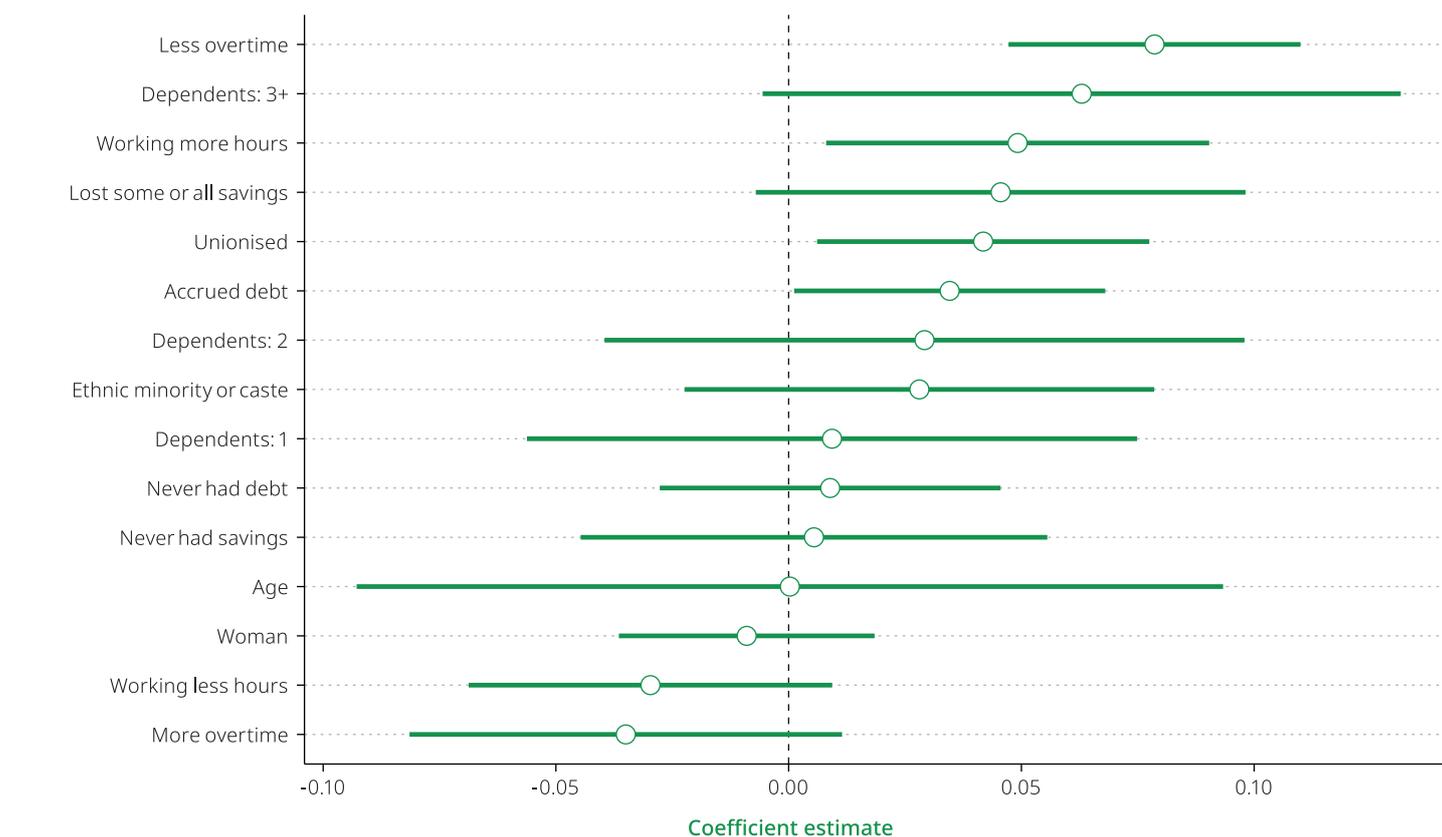
Note: OLS estimates for 'Forced labour scale 2' among workers staying in the same factory.
95% confidence intervals. Numeric predictors scales 0-1. N = 619.
Country is controlled for but omitted from plot.

Several workers in our sample also reported restricted access to the toilet or to drinking water. One worker in Ethiopia told us that they are not allowed to use the bathroom during the morning, so when workers are actually allowed to use the bathroom, there is a very long line, and the bathroom facilities are poorly maintained. The worker said, 'Thousands [of workers] try to use the toilet at the same time, so we try not to use it and hold it until we are back at our homes.'[63] Another worker in Honduras told us that, due to heightened pressure to meet production quotas, workers typically avoid using the bathroom or drinking water, adding 'we are facing an exaggerated level of hyper-exploitation.'[64]

Figures 12 and 13 compare working conditions during the pandemic and pre-pandemic for workers staying in the same factory. We find that a sizeable proportion of workers are facing new forms of unfair treatment during the pandemic. Figure 12 looks at workers who stayed in the same factory and experienced at least one indicator of forced labour vulnerability, showing that the majority of these workers had no issues pre-pandemic, with the exception of Ethiopia. Figure 13 shows of the 298 of workers who reported verbal abuse, 122 had not experienced this pre-pandemic; of the 206 workers who reported unfair wage deductions, 99 had not experienced this pre-pandemic; and of the 222 workers reporting threats and/or intimidation, 63 had not experienced this pre-pandemic. Concerns about lack of social distancing and PPE to protect against exposure to Covid-19 were also surfaced frequently in our survey and interviews, which are unique to the pandemic.

During our interviews, we asked workers why they remained in their current jobs amidst a surge in unfair treatment. Most reported being unable to leave their garment job as a result of both individualised and structural factors.[65] In Ethiopia, for example, several workers told us that they are unable to exit their current employment situation because if they leave, their managers will deny them their 'work experience,' a reference document attesting their level of work experience.[66] In the absence of this document, workers who decide to leave would have to start at square one at their new job, which would mean less seniority and therefore lower pay. As such, withholding this document from workers traps them in their current employment situation.

The vast majority of workers, however, told us that they cannot exit their current job because they lack viable alternatives. One worker in India told us, 'We are here basically to earn and survive. There are thousands of migrant workers like us. So we have to cope with whatever issues come up.'[67] And a worker in Honduras summarised the situation as, 'Even if I am [practically] enslaved and exploited at the factory, without my job I can't feed my children.'[68]

We find that a sizeable proportion of workers are facing new forms of unfair treatment during the pandemic.

Figure 12. Comparison of forced labour indicators with pre-pandemic

Issue comparison

- Is less severe / often now
- Same as before
- Was less severe before
- Was less often before
- No issues before
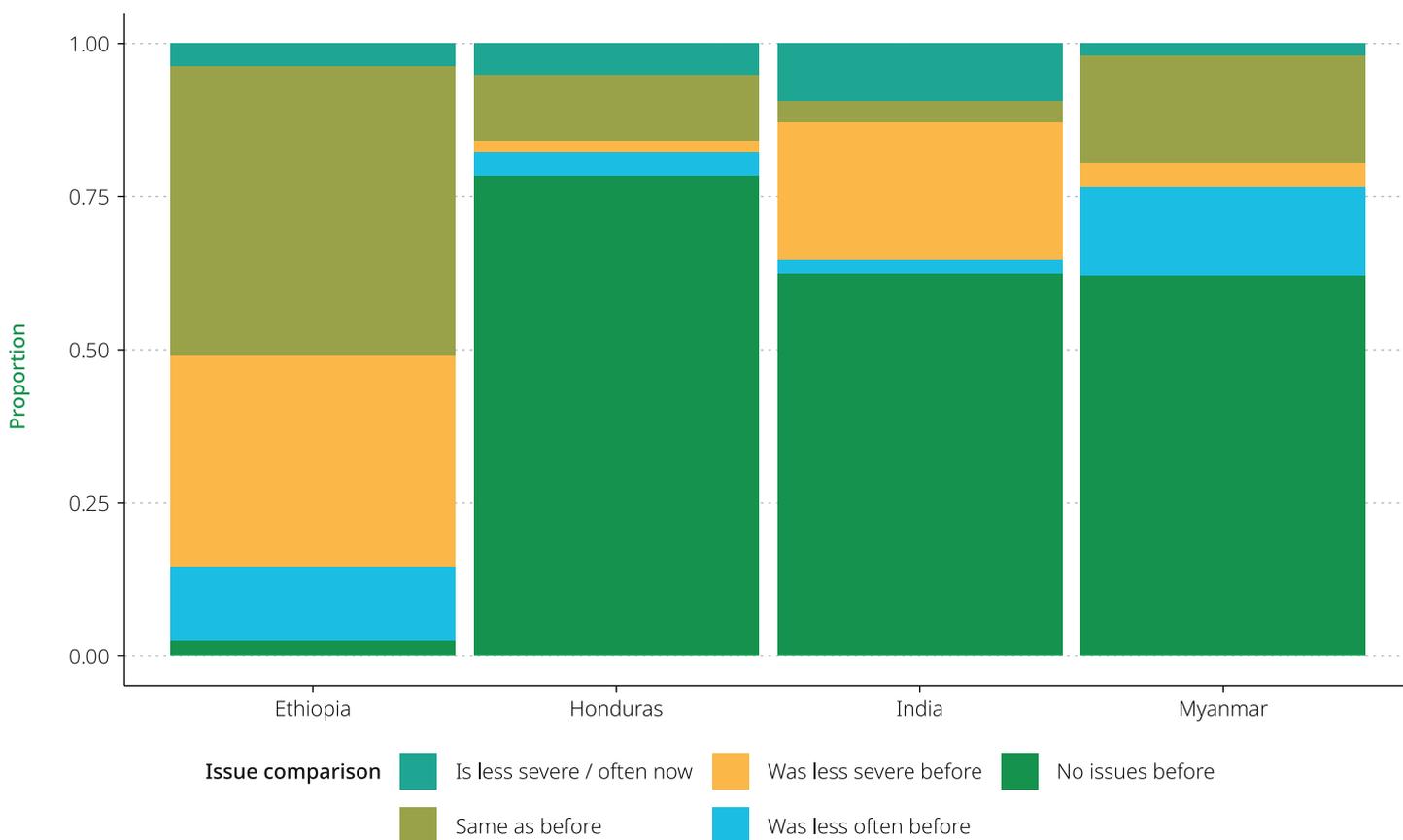
Note: Displayed are workers who stayed in their pre-pandemic factory and experienced at least one indicator of forced labour (N = 554).
Responses detail how indicators of forced labour have changed compared to pre-pandemic.

Figure 13. Indicators of forced labour for workers who did not have any issues pre-pandemic
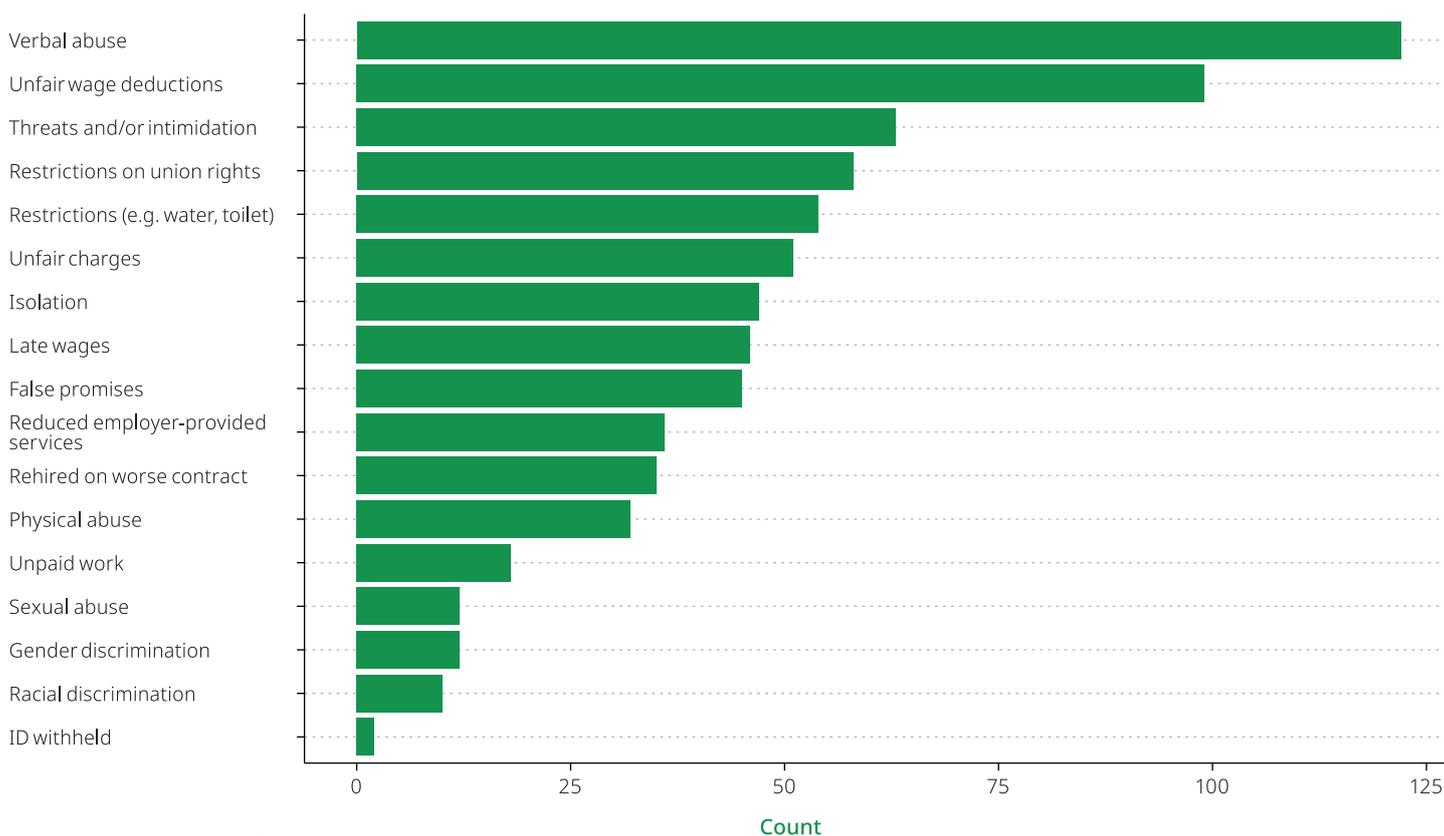
Note: Displayed are the number of workers exposed to an indicator
of forced labour, who experienced none of these issues pre-pandemic.

Growing indebtedness

The pandemic has pushed many garment workers—who have long been paid below a living wage and began the pandemic with little to no money saved—further into debt.

Of the workers in our survey, average levels of savings have fallen sharply during the pandemic, from a mean of PPP-adjusted US$409.18 pre-pandemic to US$136.71. Of the workers for which we have complete data on their savings, the total number of respondents with no savings has increased by 25% from 704 to 882 people in the sample (see Figure 14); and 20% of respondents (200) lost all of their pre-pandemic savings, often in the aftermath of sudden contract termination and unpaid severance.

At the same time, average levels of debt have risen from a mean of US$1835.23 PPP-adjusted pre-pandemic to US$2125.48, an increase of 16%. Over 60% of the workers in our survey have had to borrow money during the pandemic. Average debts have more than doubled in Ethiopia, increased by 34% in Myanmar, 21% in India and 6% in Honduras (see Figure 15). The most common reasons for borrowing were to cover food and housing costs. Medical costs were also a common reason to borrow in Honduras and India. Interest rates varied amongst the workers in our research and were often usurious.

These trends are alarming given the well-documented links between debt and vulnerability to forced labour for workers at or below the minimum wage.[69] Corroborating these earlier studies, we have shown in Figure 10 and Figure 11 that increases in debt during the pandemic are associated with an increase in workers' vulnerability to forced labour.

Opportunities for workers to repay debts are slim. When we asked respondents what they anticipate needing to do in order to repay their debts, the most commonly anticipated strategies were working longer hours or overtime. In some cases, particularly in Ethiopia, workers indicated that they were planning on taking on another loan to repay their debts. However, given that workers are often already working excessive hours, and given the significant interest rates attached to loans, such strategies are poised to further deepen workers' poverty and overwork.

Increases in debt during the pandemic are associated with an increase in workers' vulnerability to forced labour.

Figure 14. Number of workers with no savings compared to pre-pandemic
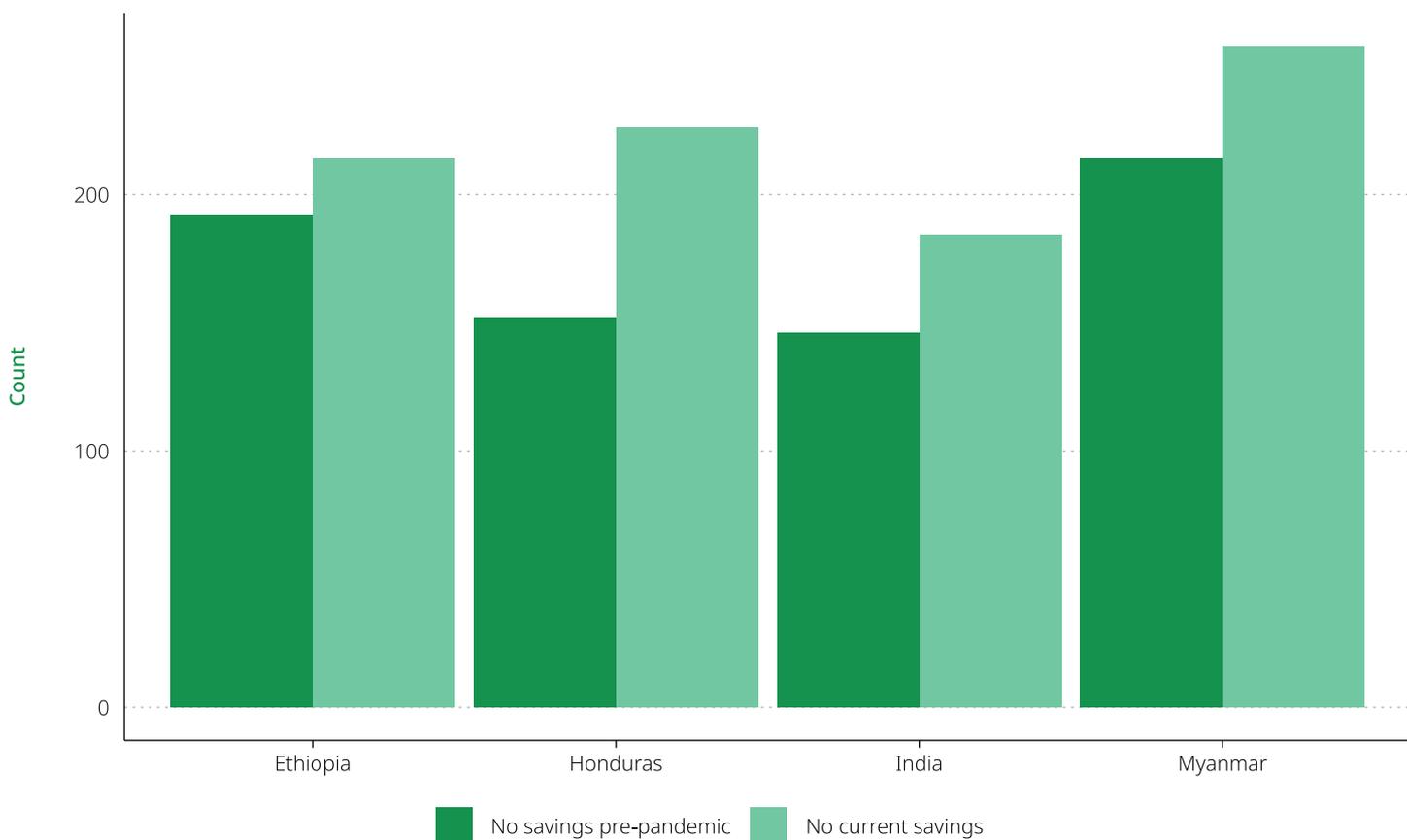
## Figure 15. Average debt levels compared to pre-pandemic
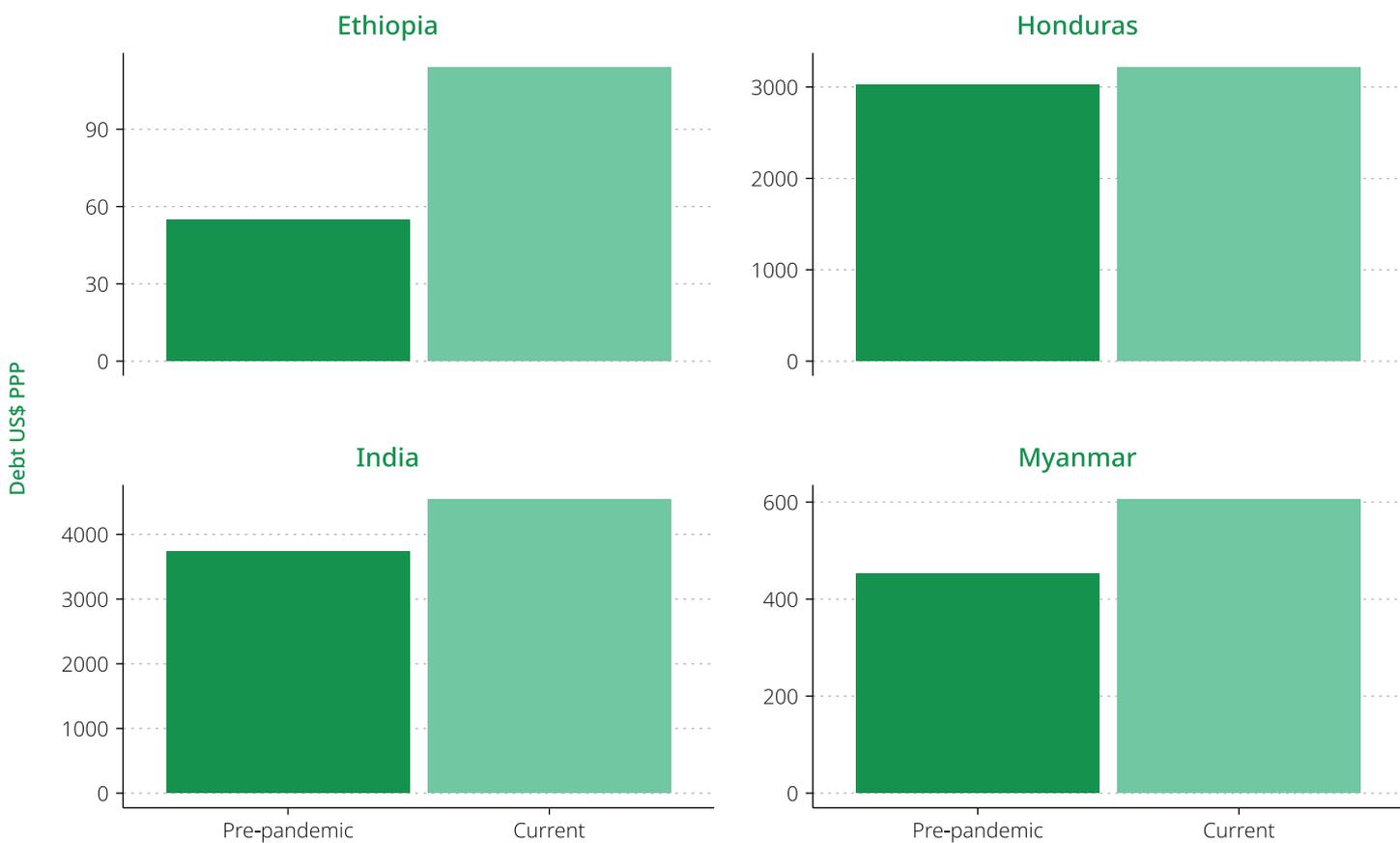
Indeed, garment workers' entrenched reliance on borrowing for the purpose of survival leaves them at high risk of cyclical debt bondage. As one worker in Honduras put it, 'our debt keeps on rising and rising, and the more it rises the more it feels like we will never finish paying and get out of this hole.'[70] Some workers reported facing the decision between eating or repaying their loans, which is especially concerning given the intersection between malnutrition and infectious disease.[71] One worker in Ethiopia said: 'there are times I skip breakfast to cut back on my expenses and be able to gradually pay back my debt.'[72] Another worker in Honduras told us that, during the pandemic, her children have needed to pause their studies and work in order to help her pay off accumulated debts.[73] And a worker in India told us, 'I was forced to borrow money for food from my relatives. I was not able to repay the loan I took earlier [for his wife's C-section delivery]. So, to repay the loan I had to borrow money from money lenders at an exorbitant rate of interest.'[74]

Indebted workers in our sample also reported facing violence or threats at the hands of their lenders.

Indebted workers in our sample also reported facing violence or threats at the hands of their lenders. One worker in Honduras told us that she was forced to take on another loan to pay off her existing debt because her lender threatened her and her children. She said, commenting on the issue generally: 'It has happened to me that I get a loan from another lender because they have threatened my life or my children's life. If you owe 10,000 *lempiras* (roughly US$415) they [lenders] find out about your life and use it to threaten and coerce you.'[75] Another worker in Ethiopia, who has not been able to pay back the money he borrowed, recounted his experiences of being subjected to verbal and physical abuse by his

lender. This worker told us: 'There is also a time he tried to choke me. I am avoiding him as much as I can,' adding 'I have decided to leave the industry because the debt has become unbearable. If I stay here, the debt is going to kill me.'[76]

Business and Governance

This section draws from interviews we conducted with experts. Our data reveals that business responses, including both suppliers and MNCs, as well as government responses left garment workers unprotected and facilitated declines in their working and living conditions.

Variations in MNC commercial performance

While headlines have been dominated by coverage of MNC financial losses, our research suggests that the pandemic has impacted businesses along the supply chain in variegated ways: while some garment MNCs have indeed reported losses, others have experienced surging sales, achieved historic net cash positions, and recorded record profits.[77] According to our interviewees, MNC financial performance has been shaped by: product type (i.e., sporting goods, athleisure, and basics sales were steady even amidst lockdowns in consumer countries); e-commerce capabilities, which enabled MNCs to continue to sell while brick-and-mortar stores were closed; ownership models (i.e., as explained below, contrary to conventional industry wisdom, those who owned factories within their supply chain sometimes did better than those relying on outsourcing models); concentration of the supply base (i.e., those with a smaller number of supply partners producing higher proportions of their goods did better); and depth of relationship with suppliers (i.e., strong, long-term relationships and partnerships with suppliers were advantageous).

For instance, one MNC representative explained how his company, which owns a large proportion of the factories in its supply chain, was able to quickly reconfigure production towards PPE and remain profitable through the pandemic: 'the fact that we own our factories means we have direct control of everything that goes there. It makes our lives easier for us as a company. We're able to

invest in our own factories, we're able to invest directly in our own employees, we're able to retrofit our factories to start producing a new product in no time pretty much.'[78] Another MNC representative from a sportswear company described that his greatest challenges occurred in relation to shared factories that had a high presence of orders from 'high street fashion companies, which were much more significantly impacted and much more quickly acted to pull orders from these factories.'[79]

While some garment MNCs have indeed reported losses, others have experienced surging sales.

MNC pandemic responses

Notwithstanding the variation in how the pandemic impacted MNC sales, most MNCs responded to the shock in a similar way, especially early on in the pandemic—by shifting the damage onto suppliers and workers who could least afford it. Indeed, garment MNCs responded to the pandemic by seeking to protect their bottom line, not their CSR commitments. The key features of this response described by our interviewees included: order cancellations and invocation of *force majeure* clauses; refusal to pay for orders already produced; late payment to suppliers (with some still outstanding); demands for discounted prices on existing and new orders; and severed communication with factories. As one expert described:

'It became very much about cash flow, if we can't sell we don't have money coming in, if we don't have money coming in, how do we pay for things. And that's where you saw even quite responsible big companies who should know better frankly panic and start to do things which was all about them managing their cashflow rather than taking a slightly longer term, more mature view, about

how do we look at our business within a system and what actions do we take to make sure the system suffers least harm rather than just protect our little bit of it which is, you know, delaying payments, cancelling orders and all the sort of behaviours that we saw early on.'[80]

An MNC representative described, 'Large brands, they were just cancelling contracts. We knew that there were cases where brands that had already issued purchase orders (POs) to their suppliers, they cancelled POs and sometimes production that was already there in the facilities, they cancelled those.'[81] An industry association representative in Bangladesh who has been working closely with suppliers during the pandemic noted, 'There are owners who have produced or even shipped orders on but not received payment from the brand. They keep on emailing them without getting any response.'[82] One expert bluntly stated, 'it was a straight-out robbery, a money grab.'[83]

Simply put, MNCs did what they are hard-wired to do: prioritise profit over social commitments, and leverage their disproportionate power, geographic and legal distance from suppliers to their advantage. As one MSI representative described, 'The core business is about production, sales, finance, commercial brand and so forth. I think the initial reaction we saw even from companies who otherwise have behaved relatively well was that that muscle took over. It was about money, it was about commerciality, it was about brand. CSR people told us, "We're not in the room. We're not in the room at the moment."'[84] One MNC representative described:

Indeed, garment MNCs responded to the pandemic by seeking to protect their bottom line, not their CSR commitments.

'So, a brand is struggling financially, it will always take measures just to make sure that the costs of that company are cut and why is that? Because probably the CEO of that company needs to report to a board and it's asking for results, for financial results, and the CEO needs to deliver those results every quarter. Sometimes not even long term, every quarter.'[85]

In that light, it's perhaps unsurprising that several interviewees stressed the coherence across MNC responses at the outset of the pandemic. One confessed, 'I'm not sure I've heard of any brand that can honestly put its hand on its heart and say, "We put social first." I didn't see it in the early days, I really didn't see it.'[86] However, there are a few positive deviations. For instance, one MNC representative proudly declared of his company, 'We didn't cancel not even one PO and we even went further— we had the suppliers, a group of suppliers that we knew were struggling and there were cases on which we were able to even accelerate payments to those suppliers.'[87]

Impacts on workers and suppliers

MNC responses to the pandemic unleashed a domino effect along the supply chain. As one interviewee noted, in direct response to order cancellations, 'thousands of factories closed either temporarily or indefinitely. This has obviously resulted in mass worker lay-offs.'[88] Another described, 'There's no doubt that the behaviours of international brands really drove—and who knows the exact numbers—tens of thousands, hundreds of thousands of workers into a more vulnerable situation and probably extreme poverty at worst.'[89] Interviewees emphasised the ways in which the pandemic revealed how directly MNCs' commercial practices shaped living and working conditions for workers. As one put it, 'When this crisis hit, the kind of knee jerk reaction of MNCs was indeed to cut and run for the hills, leaving, yes, a huge amount of disruption in the aftermath.'[90]

As is reflected in our worker survey and interview data, in this aftermath, workers had two main fates: 1) being suddenly laid off or suspended, or 2) remaining employed but with generally worse conditions and pay. When it comes to workers who remained employed during the pandemic, interviewees representing MNCs, international organisations, and MSIs who handle worker complaints and grievances described spikes in the numbers of workers reporting problems, and the severity of the issues raised. As one described, 'The

amount of complaints we received have skyrocketed incredibly, significantly.'[91] We were told that for workers who remained employed, non- and under-payment of wages became a norm, as did restrictions on freedom of movement—trends evident in our worker survey and interviews.

Non- and under- payment of wages became a norm, as did restrictions on freedom of movement.

Multiple interviewees noted that workers experienced a surge in forced labour with two key dimensions, 'the non-payment of wages, which has been generalised' and 'the restriction of movement or isolation.'[92] In some cases, this related to how suppliers handled national lockdowns, effectively abandoning garment workers in their dormitories. As one expert described, 'we've found situations where workers have been isolated in the dorms without water, food for weeks without any information about when the work is going to be coming back.'[93] Another employer response to the pandemic was to suppress information and workers' access to mobile phones, news, and media to try to prevent workers from learning about Covid-19. Those suppliers 'controlled the information to such an extent that some factories …were working almost in secret, you know like having workers and locking the doors outside but the workers working inside.'[94]

Interviewees emphasised that layoff decisions often reflected opportunism and discrimination. For instance, one described that suppliers 'let go members of unions or people they suspect of union activity.'[95] Another stated, 'We have many examples of pregnant women that were either suspended or dismissed during the pandemic— officially for, you know, the reason that yes, orders were not there and the factory had to suspend production. But

then they were not called back, whereas their colleagues were.'[96] These perspectives align with the findings from our worker survey and interviews.

We were told during our interviews that as a result of these management practices, tensions between suppliers and workers are incredibly high. To illustrate this, one interviewee told a story about how workers assumed that a photo on social media of a Bangladeshi woman's body found in a garbage dump was that of a colleague who had disappeared from the factory. As he described, 'there was a young woman who was from the factory who had disappeared and so a lot of the co-workers were very worried, they speculated that maybe she had had Covid and the employer was hiding her. So, when this picture started circulating, they immediately thought that it was their colleague and it triggered a lot of protests and riots.'[97]

No doubt, suppliers were financially impacted in uneven ways by the pandemic, though this doesn't fully explain their differential responses. Suppliers tended to fare better in commercial terms when they are large and have access to credit. As one expert described, 'The big ones, they have a good relationship with banks, they could take out loans at a lower interest rate. Whereas the smaller or medium sized factories do not have those kind of accessibility.... the big groups who have diversified businesses or multiple units have set ups that could absorb the shock.'[98]

Recovering social responsibility?

In the face of public outcry at MNC irresponsibility, some MNCs sought to repair and minimise the damage they had caused. Our interviewees described several good practices that MNCs instituted, noting these were not immediate but tended to come later in the pandemic: use of digital payroll to provide direct cash support for workers; cash support and advance payments for suppliers; worker helplines and grievance systems; where closures occurred, ensuring suppliers paid full wages and severance owed to workers; level-loading, wherein orders from the future were placed early to keep a base level of operations and income going for the factories; mandating supplier cooperation with unions and worker representatives in planning factory responses; flexibility with delivery times; and dialogue and communication with suppliers. Yet, experts contend that the damage wrought in the early days of

the pandemic has been challenging to reverse. As one described, 'even when some brands realised quite quickly that they got it wrong, it takes a long while then to unravel that. Some workers can't be reached, how do you regain confidence, how do you re-plan production, how do you start the commercial wheels moving so that money comes back into the system?'[99]

Our interviews surfaced several reasons that some MNCs exhibited more socially responsible responses than others, including: motivations of individuals within the company to sustain social commitments;[100] self-interest, since it is in the company's interest for suppliers to have stability and low turnover;[101] business models premised upon 'long term partners, large partners, high volumes;'[102] producer country regulatory environment and home state regulatory environment.[103] Indeed, company responses did not happen in a vacuum, but rather were shaped by and intersected with government and social compliance responses.

Government responses and their impact on the garment industry

The government responses across producer countries in the global garment supply chains varied in terms of clarity and extent of support. The governmental regulatory space played a key role in the ability of garment workers to continue to receive income support when lockdown regulations were in place. The CSR director of a garment company commented: 'In those countries where there was a subsidy of the government, we were able to cover the remaining so employees were receiving … the same wage as if they were working. In some countries where the subsidy didn't exist, we were still able to provide for a very significant amount of the portion of the employee's salaries during the time that employees were in suspension mode.'[104] However, another interviewee emphasised that schemes in producer countries were time-limited and the resources have 'dried out.'[105]

One of the main challenges regarding government responses to the pandemic was the inaccessibility of social protection schemes. A Bangladesh based MSI representative commented on the India and Bangladesh government schemes, noting that many workers could not access these schemes for different reasons, such as factories being required to apply on behalf of workers; small factories not fulfilling the requirements for the

scheme; or workers being in an isolated industrial zone. Lacking access to government help was compounded by the long term, systemic issues faced by workers, such as weak labour regulation and enforcement. Two interviewees mentioned India's recent relaxation of its labour laws, which lower minimum wage and make it easier for companies to fire workers, with one noting that 'the fact that those laws have even been made worse in terms of protection for workers, that was a key barrier because obviously everyone feels that it's just a pass for them—potentially factories abuse that.'[106] In addition to relaxed labour laws, in some countries there were *no work no pay* provisions which 'on the one hand, they said factories had to lockdown for the COVID reasons, but then they're left with a law that doesn't require any payment for people.'[107]

The pandemic shifted the priorities of some trade unions. Factors such as changes in buyer demand and government mandated lockdowns resulted in a precarious environment for workers. The CSR director of a sportswear company stated: 'the unions accepted certain lower levels of wages or a reduced wage income for workers, as long as they kept their jobs.'[108] The lack of institutional support for unions has impacted the ability of collective bargaining. As one expert commented: 'the general trend has been to really squash as much as possible any type of freedom of association, collective bargaining and even labour expectations. Or make it such that it's very inefficient,' noting that heightened police powers have also been used to intimidate workers seeking to protest.[109]

Conclusion

Working and livelihood conditions for workers in the garment supply chain have deteriorated during the pandemic. Our research finds that workers have experienced sharp income drops, accompanied by a concomitant erosion of savings and surging indebtedness. As well, unfair treatment in garment factories has soared and key indicators of forced labour have surged. Many garment workers are now in situations of severe economic hardship and labour abuse.

Moreover, our research shows that the pandemic has revealed and exacerbated the deep-seated inequalities that have long been hard-wired into the global garment supply chains, and global production and trade systems more broadly. The MNCs and investors at the top have reinforced and expanded their power, but this has come at a high cost for workers. Not only have workers lost desperately needed income during the pandemic, and in some cases, their jobs, but they have also confronted worsening living and working standards. These developments have reversed social progress made and threaten 'the progress made on protecting and advancing worker rights — so all the work that's happened over the last ten, twenty years.'[110] Although the pandemic is beginning to subside in some parts of the world, garment workers' situation continues to rapidly worsen in many contexts. We are still seeing 'in a very vivid way, very quickly, a deterioration of working conditions,'[111] according to one of our interviewees.

Unsurprisingly, growing desperation amongst workers is pushing them into a downward spiral of degraded working conditions and heightening vulnerability to forced labour. As one of our interviewees explained, the mass unemployment of garment workers amidst the pandemic 'is very significant because that's pushing a lot of people to … no longer care about accepting working conditions that happen to be much worse.'[112] These impacts are playing out along gendered, racialised, age-based lines, as well as other markers of social difference, with women, racial, and ethnic minorities hit hardest and little relief in sight. As one of our interviewees explained, 'Covid-19 has exacerbated the trend or a situation already existed so it's not creating something new, but it is definitely worsening the situation where gender equality had made progress over the past years.'[113]

The uneven impacts of Covid-19 on the garment supply chain led several of our interviewees to conclude that the garment supply chain is broken and needs structural change. One commented, it's a 'broken system because there is such a power imbalance'[114] between suppliers and MNCs. An industry association representative noted the deep power imbalance between workers and employers, which has been exacerbated during the crisis: 'There is minimal trade union representation amongst migrant workers, amongst vulnerable workers, amongst the most voiceless in our society….The group that most needs protection through the state and through access to justice are those that have the least access to it.'[115] Another expert noted how profoundly garment supply chains are imbued with western dominance, describing that 'western business has captured the largest proportion of the profit, they've had the largest power historically and they've gone sourcing where they can get what they want at the cheapest possible price with a number of other conditions.'[116]

Viewed in this light, while deeply troubling given the intense human suffering at stake, the dynamics documented in this report are unsurprising. As one MSI representative aptly put it: 'The essential underlying business model in the supply chains is asymmetric, it's unfair, it puts the risk all at one point, it's not a reasonable share of value, it underpins the consistent situations we see for suppliers and workers. So, guess what, when you've got something that's stuck together with string and paper and you give it a shove, it falls to pieces.'[117] While there was widespread agreement in our worker and expert interviews that solving the problems that have surfaced in the global garment supply chain during the pandemic will require profound structural change, there was both optimism and pessimism about prospects for achieving this.

Recommendations

Multiple actors bear responsibility for the devastating impacts the pandemic has had on workers and for failing to adequately protect them from these. In this section, we offer recommendations for home state governments, MNCs, and investors.

'Home state' governments of MNCs (e.g., Canada, EU, UK, and US)

The 'home state' governments of MNCs have longstanding commitments to human rights and labour standards through United Nations conventions, trade agreements, and other governance mechanisms. They also have commitments to combat modern slavery and forced labour in global supply chains and to ensure that MNCs headquartered within their borders uphold relevant social standards in supply chains. During the pandemic, they have overwhelmingly failed to uphold these obligations. There is an urgent need for policymakers to take action to protect workers from forced labour and abuse in MNC supply chains. They should:

— Where profits have been made through unfair labour practices during the pandemic, require MNCs to pay funds (e.g., those set aside for stock buybacks, executive compensation, and cash reserves) to suppliers and workers instead.

— Require MNCs to reduce commercial pressure on their suppliers and alter commercial practices that trigger business demand for forced labour and overlapping forms of exploitation. In part, this could be achieved by mandating meaningful and consistent reporting on purchasing practices, wages, and the specific forms of worker vulnerability prevalent in their supply chains. This must include downward forms of value redistribution in supply chains.

— Mandate that MNCs collaborate with trade unions and worker organisations to provide robust remediation and compensation to workers within their supply chains who have suffered hardship during the pandemic, or who have been laid off without appropriate severance.

— Mandate business model innovation, such as banning outsourcing to ensure companies deliver upon employer and tax obligations, and institute anti-trust reform.

— Strengthen laws pertaining to corporate governance, finance, and trade in goods made with forced labour and other illegal labour practices to address the broader inequities in supply chains.

— Price forced labour-made goods out of the marketplace, such as by making below-cost sourcing and selling illegal.

— Examine the discrepancies between reporting undertaken by MNCs and the social compliance industry (e.g., social auditors, and ethical certification schemes) and research involving rights holders, such as our study, which will reveal serious gaps. Take action to regulate private governance and social compliance to stop the production and publication of misleading metrics and reporting that create inaccurate understandings of labour standards for consumers.

— Require MNCs to report on their pandemic responses and impacts on suppliers and workers in their supply chains, as part of transparency and due diligence reporting (e.g., UK Modern Slavery Act).

MNCs

Corporations should take urgent action to protect workers in their supply chains from forced labour and overlapping forms of exploitation and to ensure they are paid all monies owed to them (including wages and severance). They should:

— Redistribute value down the supply chain, ensuring that their purchasing and other commercial practices promote decent work rather than triggering endemic demand for forced labour and exploitation.

— Immediately reduce and eliminate pressures on their suppliers. For instance, they should stop refusing to pay for orders, demanding discounted prices or delayed payment schedules, or severing communication with factories. They should proactively facilitate decent work by following the better practices outlined in this report (see 'Recovering social responsibility') including paying suppliers promptly, level-loading, and offering cash support for workers.

— Innovate their business models to address the root causes of forced labour and overlapping forms of abuse such as by: ensuring above cost sale price; implementing minimum pricing structure and premiums; benchmarking labour costs and standards in purchasing agreements and introducing pricing tools that ring-fence wages; implementing living wage policies, supported by sourcing practices that ensure suppliers can afford these; sign long-term contracts with suppliers.

— Revisit commercial contracts to: afford greater prominence to labour standards; remove clauses guarding against third-party enforcement; include human rights due diligence obligations for both buyers and suppliers.

— Sign binding and enforceable agreements with workers and their representatives (e.g., trade unions), drawing from the success of the worker-driven Fair Food Program,[118] Accord on Fire and Safety in Bangladesh,[119] and Lesotho Agreements to Combat Gender-Based Violence and Harassment.[120] Given the critical role played by unions in labour rights compliance, it is imperative that MNCs recognise (and mandate that their suppliers recognise) workers' rights to organise and bargain collectively, including by entering enforceable and binding agreements with them.

Investors

Investors have immense leverage to influence company behaviour. They should use that leverage to promote responsible commercial practices and decent work in supply chains. They should:

— Engage with worker organisations and advocates including trade unions, researchers, and producers to develop a robust and accurate picture of how company action has impacted workers and suppliers during the pandemic. Use the information gained to devise a strategy to pressure companies to take responsibility for the adverse impacts of their commercial practices during the pandemic.

— Ensure efforts support and follow the lead of worker-driven strategies to promote labour standards and decent work in supply chains and do not displace or undermine those.

— Compare discrepancies between reporting undertaken by MNCs and the social compliance industry (e.g., social auditors, and ethical certification schemes) and research reports that engage rights holders, such as this one, which will reveal serious gaps. Contribute to and support efforts to develop meaningful data, metrics, and indicators to guide social investment going forward.

Appendix

Anonymised List of Interviewees

Appendix Table 1. Worker survey

Worker sample	N	Country	Data collection
Worker_A1 - Worker_A300	300	Honduras	13/12/2020 – 17/01/2021
Worker_B1 - Worker_B310	310	Myanmar	28/11/2020 – 31/01/2021
Worker_C1 - Worker_C228	228	Ethiopia	28/11/2020 – 02/02/2021
Worker_D1 - Worker_D302	302	India	02/01/2021 – 19/01/2021

Appendix Table 2. Worker interviews

Workers	Date	Location	Gender	Age
Worker_A10	January 2020	Honduras	F	40
Worker_A11	January 2020	Honduras	M	54
Worker_A14	January 2020	Honduras	M	28
Worker_A27	January 2020	Honduras	F	38
Worker_A31	January 2020	Honduras	M	34
Worker_A37	January 2020	Honduras	F	43
Worker_A62	January 2020	Honduras	F	54
Worker_A69	January 2020	Honduras	F	32
Worker_A92	January 2020	Honduras	F	41
Worker_A169	January 2020	Honduras	F	39
Worker_A204	January 2020	Honduras	M	41
Worker_A220	January 2020	Honduras	F	46
Worker_A229	January 2020	Honduras	F	39

Workers	Date	Location	Gender	Age
Worker_A233	January 2020	Honduras	M	40
Worker_A253	January 2020	Honduras	M	43
Worker_A259	January 2020	Honduras	M	38
Worker_A260	January 2020	Honduras	F	42
Worker_A282	January 2020	Honduras	F	20
Worker_A285	January 2020	Honduras	M	26
Worker_A290	January 2020	Honduras	M	39
Worker_C1	January 2020	Ethiopia	F	22
Worker_C2	January 2020	Ethiopia	M	28
Worker_C3	January 2020	Ethiopia	M	22
Worker_C6	January 2020	Ethiopia	M	23
Worker_C13	January 2020	Ethiopia	M	19
Worker_C15	January 2020	Ethiopia	F	22
Worker_C16	January 2020	Ethiopia	F	19
Worker_C26	January 2020	Ethiopia	M	24
Worker_C28	January 2020	Ethiopia	F	22
Worker_C31	January 2020	Ethiopia	M	18
Worker_C32	January 2020	Ethiopia	F	22
Worker_C33	January 2020	Ethiopia	M	21
Worker_C34	January 2020	Ethiopia	F	23
Worker_C77	January 2020	Ethiopia	F	24
Worker_C126	January 2020	Ethiopia	M	22
Worker_C153	January 2020	Ethiopia	M	20
Worker_C154	January 2020	Ethiopia	F	26
Worker_C155	January 2020	Ethiopia	F	18

Workers	Date	Location	Gender	Age
Worker_C157	January 2020	Ethiopia	F	23
Worker_C160	January 2020	Ethiopia	M	26
Worker_D170	March 2020	India	M	48
Worker_D173	March 2020	India	F	43
Worker_D174	March 2020	India	M	25
Worker_D204	March 2020	India	M	26
Worker_D213	March 2020	India	F	20
Worker_D214	March 2020	India	F	36
Worker_D217	March 2020	India	M	26
Worker_D229	March 2020	India	F	19
Worker_D240	March 2020	India	M	30
Worker_D241	March 2020	India	M	34
Worker_D270	March 2020	India	M	35
Worker_D276	March 2020	India	M	30
Worker_D278	March 2020	India	M	50
Worker_D280	March 2020	India	M	40
Worker_D282	March 2020	India	F	25
Worker_D283	March 2020	India	M	28
Unidentified_D1	March 2020	India	N/A	N/A
Unidentified_D2	March 2020	India	N/A	N/A
Unidentified_D3	March 2020	India	N/A	N/A
Unidentified_D4	March 2020	India	N/A	N/A

Appendix Table 3: List of industry and expert interviewees

1	Auditing firm representative 1	24/03/2021	Social auditing and certification; verification of labour standards; compliance; social compliance
2	Auditing firm representative 2	12/04/2021	Social auditing and certification
3	Director of social compliance firm	23/04/2021	Social auditing and certification; verification of labour standards; forced labour
4	CSR director, garment company	13/04/2021	Corporate social responsibility; responsible purchasing; labour rights and standards; business models; forced labour
5	CSR director, sportswear company	23/04/2021	Corporate social responsibility; human rights; labour rights; purchasing practices
6	Industry association representative 1	28/04/2021	Sustainability standards; auditing; ethical certification
7	Industry association representative 2	28/04/2021	Sustainability standards; auditing; ethical certification
8	Social compliance expert 1	26/03/2021	Worker voice; technology; big data; auditing
9	Alternative labour monitoring representative 1	08/04/2021	Alternative labour rights monitoring
10	Alternative labour monitoring representative 2	08/04/2021	Alternative labour rights monitoring
11	MSI representative 2	22/04/2021	Business models; sourcing; forced labour; supply chain governance; labour standards
12	MSI representative 1	23/04/2021	Supply chain governance; apparel industry; role of states; effectiveness of private governance
13	Industry association representative 3	23/04/2021	Industry association; consumer goods manufacturing; labour and social compliance
14	Social compliance expert 2	24/04/2021	Auditing; public-private partnership; enforcement; industry cooperation; sector-based solutions; forced labour

15	International organisation representative 1	16/04/2021	Employer practices; governance; companies; supply chain
16	International organisation representative 2	23/04/2021	Labour rights; migrant workers; gender; forced labour; supply chain governance
17	International organisation representative 3	26/04/2021	Gender; public-private governance; factory compliance
18	MSI representative 3	28/04/2021	Labour benchmarks in pricing; sustainability; compliance; supply chain governance
19	MSI representative 4	28/04/2021	Labour benchmarks in pricing; sustainability; compliance; supply chain governance
20	Worker organisation representative 1	29/04/2021	Forced labour; brand responsibility; worker rights; remediation

Technical Appendix (TA)

Technical Appendix Table 1 (TA1): Summary statistics and description of key measures

Name	Description	Type	Summary	Notes
Age	Banded age	Ordinal	Under 18 (2), 18 – 25 (502), 26-30 (230), 31 – 35 (142), 36 – 40 (129), 41 – 45 (68), 46 – 50 (39), 51 – 55 (18), 56 – 60 (3), 61 – 65 (2), 65+ (1)	4 missing observations.
Country	Country	Nominal	Ethiopia (228), Honduras (300), India (302), Myanmar (310)	
Dependents	Number of dependents	Ordinal	0 (178), 1 (95), 2 (209), 3+ (658)	
Ethnic minority	Whether a worker identifies with an ethnic minority group or caste	Nominal	No (957), Yes (180)	3 missing observations.
Unionised	Whether workers are unionised or part of a workers' association	Nominal	Unionised (267), Not unionised (873)	
Woman	Whether worker is a woman	Nominal	No (490), Yes (650)	
Years as a worker	Number of years as a worker	Continuous	Mean = 7.41, SD = 7.24	Outliers above 71 years removed due to data entry error.
Current income	Workers' current monthly income	Continuous	Mean = 560.36, SD = 334.61	Converted to US$ PPP (2019 conversion factors). Outliers above 3700 due to data entry error removed. Applies to respondents currently working.

Name	Description	Type	Summary	Notes
Pre-pandemic income	Workers' pre-pandemic monthly income	Continuous	Mean = 627.45, SD = 352.65	Converted to US$ PPP (2019 conversion factors). Outliers above 5000 due to data entry error removed. Applies to respondents currently working.
Contract status	Are workers gaining new jobs during the pandemic on a fixed-term contract?	Nominal	'No, temporary contract' (40), 'No, work is casual' (94), 'Yes, written or oral contract' (4), 'Yes, written or oral fixed term contract' (59)	Applies to workers gaining a new job during the pandemic.
Forced labour 1	Forced labour scale for current workers	Continuous	Mean = 0.178, SD = 0.209	N = 951, does not include respondents not currently working.
Forced labour 2	Forced labour scale for workers in the same factory	Continuous	Mean = 0.179, SD = 0.192	N = 759, does not include respondents not currently working in their pre-pandemic factory.
Overtime	Changes to a workers' overtime hours compared to pre-pandemic	Ordinal	Less (505), More (82), No change (235)	Applies to workers in the same factory only.
Owed wages	Are workers who changed factory or lost their job during the pandemic owed wages?	Nominal	Yes (52), No (266)	Applies to workers not currently in their pre-pandemic factory.
Same factory as pre-pandemic	Whether worker is in the same factory as pre-pandemic	Nominal	Yes (822), No (318)	
Severance pay	Were workers who had their contracts terminated paid severance pay?	Ordinal	No (93), 'Yes, around half of what I am owed' (4), 'Yes, but less than half of what I am owed' (18), 'Yes, everything I am owed' (30)	Applies to workers whose pre-pandemic contracts were terminated (N = 145).

Name	Description	Type	Summary	Notes
Weekly hours	Weekly working hours during the pandemic	Continuous	Mean = 52.19, SD = 9.26	Outliers above 91 hours removed due to data entry errors.
Weekly hours comparison	Changes to a workers' weekly hours compared to pre-pandemic	Ordinal	Less (239), More (88), No change (495)	Applies to workers in the same factory only.
Working conditions comparison	Worker's self-reported comparison of working conditions between pre-pandemic and new jobs	Nominal	Better (48), The same (75), Worse (73)	Applies to workers gaining a new job during the pandemic. 1 missing observation.
Borrowed money during pandemic	Whether workers reported borrowing money during the pandemic	Nominal	Yes (694), No (446)	
Current debt	Current debt level	Continuous	Mean = 2125.48, SD = 4237.44	Converted to US$ PPP (2019 conversion factors). Outliers above 30000 due to data entry error removed.
Current savings	Current savings level	Continuous	Mean = 136.71, SD = 634.19	Converted to US$ PPP (2019 conversion factors). Outliers above 10000 due to data entry error removed.
Debt change	How a workers' level of debt changed during the pandemic	Nominal	Lost debt or debt stayed the same (295), Accrued debt (451), Never had debt (328)	66 missing observations.
Pre-pandemic debt	Pre-pandemic debt level	Continuous	Mean = 1835.23, SD = 4071.21	Converted to US$ PPP (2019 conversion factors). Outliers above 30000 due to data entry error removed.

Name	Description	Type	Summary	Notes
Pre-pandemic savings	Pre-pandemic savings level	Continuous	Mean = 409.18, SD = 1009.95	Converted to US$ PPP (2019 conversion factors). Outliers above 10000 due to data entry error removed.
Savings change	How a workers' level of debt changed during the pandemic	Nominal	Accrued or did not lose savings (68), Lost some or all savings (241), Never had savings (682)	149 missing observations.

Technical Appendix Table 2 (TA2): Forced labour scales – construction

Two scales are constructed to measure forced labour vulnerability, hereby 'Forced labour scale 1' and 'Forced labour scale 2'. The former applies to current workers, the latter to workers staying in their pre-pandemic factory. The scales are highly correlated. However, as outlined in the table below, 'Forced labour scale 2' includes indicators of 'restrictions on union rights' and 'forced rehiring'.

We constructed both scales through an iterative process drawing on both theory and statistical best practice. Firstly, surveys measured whether workers had experienced a range of single-item indicators of forced labour, which we derived from theory.[121] Next, we measured the inter-correlation of these indicators using polychoric correlation coefficients.

Indicators were included in the final scale according to the following criteria:

— they had either a mean correlation with all other indicators above 0.2 or they had a correlation above 0.2 with at least five other indicators

— and their inclusion improved the Cronbach's alpha of the subsequent scale.

We calculated each scale by taking an average across all issues, and then scaling this between 0 and 1. In the table below we include Cronbach's alpha, a measure of reliability for scales. In both cases, alpha is above the conventional minimum threshold for acceptability (0.7).

	Forced labour scale 1		Forced labour scale 2	
	Current workers		Workers staying in a factory	
	Cronbach's alpha = 0.7646		Cronbach's alpha = 0.7576	
Indicator	Mean correlation	Correlations > 0.2	Mean correlation	Correlations > 0.2
False promises	0.408	11	0.352	13
Forced rehiring			0.120	7
Gender discrimination	0.335	12	0.249	14

| Indicator | Forced labour scale 1 | | Forced labour scale 2 | |
| | Current workers | | Workers staying in a factory | |
	Cronbach's alpha = 0.7646		Cronbach's alpha = 0.7576	
	Mean correlation	Correlations > 0.2	Mean correlation	Correlations > 0.2
Threats and/or intimidation	0.475	12	0.391	13
Isolation	0.188	5	0.198	8
Late wages	0.320	12	0.271	13
Physical abuse	0.380	12	0.265	11
Reduced services	0.335	12	0.291	13
Restrictions (e.g., water, toilet)	0.412	12	0.339	13
Restrictions on union rights			0.227	10
Sexual abuse	0.301	9	0.176	9
Unfair charges	0.308	12	0.284	11
Unpaid work	0.235	9	0.152	11
Verbal abuse	0.401	11	0.344	13
Wage deductions	0.310	11	0.234	9

Technical Appendix Table 3 (TA3): Regression tables – forced labour scales

| | Dependent variable | |
| | Forced labour scale 1 | Forced labour scale 2 |
	Current workers	Workers staying in a factory
Accrued debt during pandemic	0.039 (0.016)*	0.035 (0.017)*
Age	-0.022 (0.047)	0.0003 (0.047)
Dependents: 1	-0.008 (0.034)	0.009 (0.033)
Dependents: 2	-0.001 (0.034)	0.029 (0.035)

	Dependent variable	
	Forced labour scale 1	Forced labour scale 2
	Current workers	Workers staying in a factory
Dependents: 3+	0.026 (0.034)	0.063 (0.035)
Ethnic minority	0.035 (0.022)	0.028 (0.026)
Honduras	-0.260 (0.033)***	-0.245 (0.035)***
India	-0.348 (0.035)***	-0.369 (0.038)***
Less overtime		0.079 (0.016)***
Lost some or all savings	0.044 (0.027)	0.046 (0.027)
More overtime		-0.035 (0.024)
Myanmar	-0.233 (0.034)***	-0.244 (0.036)***
Never had debt	-0.008 (0.018)	0.009 (0.019)
Never had savings	0.015 (0.026)	0.005 (0.026)
Same factory as pre-pandemic	0.073 (0.017)***	
Unionised	0.033 (0.019)	0.042 (0.018)*
Weekly hours	0.134 (0.070)	
Woman	0.008 (0.014)	-0.009 (0.014)
Working less hours		-0.030 (0.020)
Working more hours		0.049 (0.021)*
Constant	0.226 (0.051)***	0.287 (0.033)***
Observations	789	619
R2	0.317	0.34
Adjusted R2	0.303	0.32

Note: $p<0.05$; $p<0.01$; $p<0.001$

Technical Appendix Table 4 (TA4): Regression tables – income change

	Dependent variable	
	Income change	Income change
	Current workers	Workers staying in a factory
Age	-84.737 (40.421)*	-20.119 (39.286)
Ethnic minority	-10.692 (17.934)	-23.853 (19.419)
Forced labour scale 1	-87.549 (32.426)**	
Forced labour scale 2		-38.052 (35.740)
Honduras	5.018 (20.269)	-19.768 (19.340)
India	-70.403 (22.466)**	-0.613 (23.766)
Less overtime		-84.821 (13.531)***
More overtime		64.009 (20.712)**
Myanmar	-164.036 (20.498)***	-118.603 (20.718)***
Same factory as pre-pandemic	-10.978 (15.036)	
Unionised	-71.207 (15.777)***	-57.673 (14.626)***
Weekly hours	229.595 (54.919)***	
Woman	-6.602 (12.238)	-3.848 (11.769)
Working less hours		-42.111 (16.302)**
Working more hours		44.333 (18.144)*
Constant	-73.755 (34.255)*	48.276 (19.372)*
Observations	910	733
R2	0.137	0.253
Adjusted R2	0.127	0.241

Note: p<0.05; p<0.01; p<0.001

Technical Appendix Table 5 (TA5): Regression table – contract termination

The table below displays the results of a model predicting whether workers had their pre-pandemic contract terminated. We display average marginal effects (AMEs) from a binary logistic regression model. AMEs indicate the average effect of a one-unit increase in the independent variable on the probability that a worker had their contract terminated, where a positive effect is associated with an increased probability of termination. Standard errors and indicators of statistical significance are presented. For ease of interpretation, continuous variables are scaled 0-1.

	Dependent variable
	Probability of pre-pandemic contract termination — average marginal effect (AME)
	All workers
Age	-0.049 (0.063)
Ethnic minority	0.139 (0.039) ***
Honduras	0.041 (0.023)
India	-0.001 (0.023)
Myanmar	0.214 (0.033) ***
Unionised	-0.09 (0.019) ***
Woman	0.002 (0.024)
Observations	1133

Note: p<0.05; p<0.01; p<0.001

Notes

1   Mark Anner and WRC, Abandoned? The Impact of Covid-19 on Workers and Businesses at the Bottom of Global Garment Supply Chains (University Park: PennState, 2020).

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46   It is important to note that the list of apparel MNCs represented in Figure 5 is only a reflection of worker interviewees' responses. We therefore make no claims as to the absolute accuracy and completeness of information regarding which brands the factories covered in our research actually produce for.

47   Conversion factors are available from the following repository, accessed 10 May 2021: https://data.worldbank.org/indicator/PA.NUS.PPP.

48   This shows the modelling results from a model that looks at the predictors of income change. The sample is all respondents currently working, i.e., those working in the same factory as pre-pandemic plus those now working a different job. We produced a similar model for current workers, but present this model as we have additional data to disaggregate between normal and overtime hours for workers staying in the same factory. We present the results of both models in full in the Technical Appendix. In both models the dependent variable is current income minus pre-pandemic income, converted to US dollars PPP, and the models are linear regression models estimated using ordinary least squares (OLS). Predictors with a negative effect (i.e., dot points to the left of the vertical line below) are associated with a loss of income, whilst those with a positive effect (i.e., dot points to the right of the vertical line) are associated with income gains. The further the distance of a dot point from the vertical line, the larger the effect. The horizontal bars running through points represent the 95% confidence interval, and variables are statistically significant if they do not include zero in the range of their confidence interval.

49   This shows the modelling results of a binomial logit regression, with whether a worker had their pre-pandemic contract terminated as the outcome variable. Presented in the figure are average marginal effects i.e. the average percentage point effect on the probability that a worker had their contract terminated. A positive effect means a variable is associated with an increased probability of termination. The model was estimated using the maximum likelihood method.

50   Interview with worker C13.

51   Interview with worker A11.

52   Interview with worker C15.

53 Interview with worker A10.

54 See: ILO, *ILO Indicators of Forced Labour* (Geneva: ILO, 2012).

55 The Technical Appendix has full details of how these scales were constructed, including measures of their reliability. The scales differ in that 'Forced labour scale 2' includes the following indicators: 'forced rehiring' and 'restrictions on union rights'. Whereas 'Forced labour scale 1' does not. Nevertheless, the scales are highly correlated to the point of being virtually interchangeable. And this is reflected in the similar distribution of forced labour vulnerability across each scale (see TA1 and TA2 in Technical Appendix).

56 This shows the modelling results of a linear regression model, estimated using OLS. The outcome variable is a forced labour scale, constructed on the sub-sample of current workers (see Technical Appendix).

57 This shows the modelling results of a linear regression model, estimated using OLS. The outcome variable is a forced labour scale, constructed on the sub-sample of workers staying in the same factory (see Technical Appendix).

58 Interview with worker C1.

59 Interview with worker A62.

60 Interview with worker C6.

61 Interview with worker C1.

62 Interview with worker A27.

63 Interview with worker C15.

64 Interview with worker A11.

65 Interviews with workers A27, A285, A282, C15, C34, C77, D174, D229 and D283.

66 Interviews with workers C15, C26, C34 and C153.

67 Interview with worker D170.

68 Interview with worker A27.

69 See LeBaron, *The Global Business of Forced Labour.*

70 Interview with worker A260.

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72 Interview with worker C1.

73 Interview with worker A10.

74 Interview with worker D240

75 Interview with worker A10.

76 Interview with worker C13.

77 Genevieve LeBaron and Penelope Kyritsis, "Without Action, Modern Slavery Will Surge in Supply Chains," *Globe and Mail*, 21 January 2021.

78 Interview with CSR director, garment company, April 13, 2021.

79 Interview with CSR director, sportswear company, April 23, 2021.

80 Interview with MSI representative 1, April 23, 2021.

81   Interview with CSR director, garment company, April 13, 2021.

82   Interview with MSI representative 2, April 22, 2021.

83   Interview with worker organisation representative 1, April 29, 2021.

84   Interview with MSI representative 1, April 23, 2021.

85   Interview with CSR director, garment company, April 13, 2021.

86   Interview with MSI representative 1, April 23, 2021.

87   Interview with CSR director, garment company, April 13, 2021.

88   Interview with MSI representative 3, April 28, 2021.

89   Interview with MSI representative 1, April 23, 2021; See also interviews with International organisation representative 2, April 23, 2021 and MSI representative 3, April 28 2021.

90   Interview with international organisation representative 3, April 26, 2021.

91   Interview with international organisation representative 2, April 23, 2021.

92   Interview with international organisation representative 2, April 23, 2021.

93   Interview with international organisation representative 2, April 23, 2021.

94   Interview with international organisation representative 2, April 23, 2021.

95   Interview with director of social compliance firm, April 23, 2021.

96   Interview with international organisation representative 3, April 26, 2021.

97   Interview with international organisation representative 2, April 23, 2021.

98   Interview with MSI representative 2, April 22, 2021.

99   Interview with MSI representative 1, April 23, 2021.

100   Interview with MSI representative 3, April 28, 2021 and CSR director, sportswear company, April 23, 2021.

101   Interview with CSR director, sportswear company, April 23, 2021.

102   Interview with CSR director, sportswear company, April 23, 2021.

103   Interview with CSR director, sportswear company, April 23, 2021.

104   Interview with CSR director, garment company, April 13, 2021.

105   Interview with MSI representative 4, April 28, 2021.

106   Interview with MSI representative 2, April 22, 2021.

107   Interview with CSR director, sportswear company, April 23, 2021.

108   Interview with CSR director, sportswear company, April 23, 2021.

109   Interview with international organisation representative 2, April 23, 2021.

100   Interview with MSI representative 3, April 28, 2021

111   Interview with international organisation representative 2, April 23, 2021.

112   Interview with international organisation representative 2, April 23, 2021.

113   Interview with international organisation representative 3, April 26, 2021.

114   Interview with MSI representative 4, April 28, 2021

115   Interview with social compliance expert 2, April 24, 2021.

116   Interview with MSI representative 2, April 22, 2021.

117   Interview with MSI representative 2, April 22, 2021.

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