



## **PUBLIC MONEY, PRIVATE HARM**

The Role of EU Procurement in Perpetuating Labour Violations:  
Lessons from Pakistan and Sweden.



is a not-for-profit organisation and enjoys special consultative status with the United Nations Economic and Social Council (UN ECOSOC). AwazCDS-Pakistan's core mission is to develop integrated and innovative solutions in cooperation with partners at all levels to secure the future of marginalised communities, especially by creating rightful spaces and life choices.



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Study Team: Zia ur Rehman, Mariam Amjad, Mahnoor Khan, Mathieu Vervynckt and Åse Botha

Authors: Sofia Käll, Mathieu Vervynckt and Åse Botha

Reviewed by: Zia ur Rehman

Conducted by: AwazCDS-Pakistan & Swedwatch

Facilitated by: Association of Women for Awareness & Motivation (AWAM) and National Organization for Working Communities (NOWCommunities)

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Cover photo: Åse Botha

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Layout: Åse Bengtsson Helin

Illustration: Josefin Herolf

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# 1. Executive summary

Public procurement is one of the European Union's most powerful tools to shape market behavior and promote responsible business conduct. Representing nearly 15% of GDP, and almost €2 trillion annually, public authorities hold enormous influence to uphold human rights, fair labour practices, and environmental sustainability. This is especially crucial in high-risk industries such as textiles, where exploitation is widespread.

This report presents findings on labour conditions in Pakistan's textile sector – which indirectly supplies the EU's public sector, including Sweden's healthcare system. As the sixth-largest cotton producer and a long-established textile exporter, Pakistan plays a vital role in supplying home and healthcare textiles. Yet behind its export success lies a troubling reality: workers frequently endure exploitative conditions, earning well below the legal minimum wage, often without contracts, social protection, or safe working environments. Testimonies gathered from Faisalabad and Karachi expose systemic abuses – excessive working hours, hazardous conditions, stark gender pay disparities, and retaliation against union activity. Social audits and certifications, relied upon by European buyers to ensure compliance, repeatedly fail to capture or remedy these violations, raising serious concerns about their efficacy.

These findings underscore that public procurement remains a largely untapped mechanism for promoting social standards among third-country suppliers to the public sector. On the contrary, they demonstrate a series of systemic shortcomings.

First, this study reveals that EU member states – in this case, Sweden – continue to indirectly source from factories marred by labour rights abuses, while failing to implement effective human rights and environmental due diligence (HREDD). In doing so, they become complicit in the perpetuation of exploitative working conditions. Second, it reaffirms that the EU's 2014 Public Procurement Directive, with its voluntary framework, legal vagueness, and lack of enforcement mechanisms, has failed to meaningfully integrate social and environmental considerations into procurement processes, resulting in fragmented and often superficial implementation across Member States. Third, the absence of mandatory HREDD requirements in public procurement legislation enables companies implicated in rights violations to continue winning public contracts – undercutting more responsible companies and distorting fair competition.

Even frontrunners like Sweden face challenges in aligning ambitious sustainability goals with practical constraints around traceability and accountability. Through its 21 Regions, Sweden is a large public procurer of healthcare textiles, including from Pakistan. As autonomous political bodies, the Regions manage hospitals, primary care centers, and specialised medical services – necessitating the procurement and distribution of hospital linens and related supplies. Despite Sweden's reputation as a leader in sustainable procurement, persistent gaps remain – particularly in achieving tangible improvements for workers in public supply chains. Procurement teams are frequently under-resourced and sustainability clauses in tenders are hard to enforce. Nevertheless, Sweden's procurement landscape – featuring small to mid-sized sup-

pliers – alongside its established codes of conduct for sustainability and new contract clauses on due diligence, may pave the way for more targeted oversight, meaningful supplier engagement and knowledge-sharing.

At the time of publication, the European Commission is in the process of revising the Public Procurement Directive, which presents a timely and necessary opportunity to recalibrate EU procurement policy. To drive meaningful change, the revised framework must elevate sustainability from a discretionary goal to a binding obligation. This entails introducing mandatory HREDD, enforceable transparency requirements, fair purchasing mandates, and alignment with global standards such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. Public buyers must also be equipped with coherent legal tools, harmonised criteria, and institutional support to implement these responsibilities effectively.

Based on firsthand research conducted in Pakistan, this report argues that embedding human rights and environmental due diligence into procurement is essential for the EU to leverage its market power to help dismantle exploitative practices in global supply chains. By doing so, the EU can strengthen its position as a global leader in sustainability – turning ethical procurement into a strategic and competitive advantage. Public spending must no longer subsidise abuse; instead, it should serve as a catalyst for responsible business practices and systemic change.

## 2. Recommendations

To ensure public procurement becomes a powerful driver for human rights and environmental due diligence and sustainable business practices, legal and policy reforms are needed at EU level and across EU Member States. The following recommendations target EU policymakers and aim to inform the ongoing revision of the EU's 2014 Public Procurement Directive – with the goal of transforming procurement into a tool for accountability, fairness, and positive change across global supply chains.

### **1. Introduce mandatory Human Rights and Environmental Due Diligence (HREDD)**

HREDD should be integrated as a mandatory requirement in all stages of the procurement cycle, from pre-tender assessments to contract performance. Such requirements should align with the UNGPs and OECD Guidelines' risk-based approach, and emphasise meaningful stakeholder engagement, supplier risk assessments, and accessible grievance mechanisms as opposed to only third-party audits and certifications as go-to avenues.

### **2. Eliminate price-only tenders**

The focus on awarding contracts solely based on price has led to a damaging trend of prioritising cost over ethical considerations. The new approach Most Advantageous Tender (MAT) should be the standard, emphasising sustainability and social impact alongside price and technical specifications.

### **3. Clarify legal scope for social criteria**

The definition of “link to the subject matter” must be reinterpreted to impose sustainability requirements at the supplier level. This is essential to avoid incentivising companies that offload social responsibility onto subcontractors and to include all business practices of a supplier as opposed to the ones linked to the procured good or service. This should be reinforced by mechanisms that enable contracting authorities to exclude suppliers associated with severe human rights violations, even when not directly linked to the specific contract. Conversely, suppliers demonstrating strong due diligence and responsible practices should be eligible for preferential treatment or inclusion on whitelists.

### **4. Require supply chain transparency**

To combat supply chain opacity – one of the largest enablers of labour exploitation – suppliers must be obligated to disclose country of origin, factory data, and subcontractor information. This information should be stored in an EU-wide registry accessible to all contracting authorities, which would limit the administrative burden for both authorities and suppliers.

### **5. Promote shared responsibility and fair purchasing practices**

Contracts should be designed to support fair purchasing practices, including realistic delivery timelines and clear accountability mechanisms. Procurement should not reward bidders who cut corners on worker welfare to reduce prices.

### **6. Mandate data collection and collaboration**

To strengthen learning, accountability, and enforcement, Member States should be required to systematically collect and share procurement data. The European Commission should develop a standardised tool to track progress in key sustainability areas, identify business and human rights risks, and benchmark outcomes across Member States.

### **7. Public procurers as change agents**

Public buyers can drive improvements in working conditions by requiring due diligence and monitoring compliance. However, many lack the capacity to implement sustainability requirements effectively. Member States should invest in building procurement expertise and tools to strengthen fair purchasing practices, increase leverage over suppliers, and promote consistent, long-term sustainability outcomes.

## **3. Introduction**

Public procurement represents a powerful tool for shaping market behaviours and advancing responsible business conduct. In the European Union (EU), it accounts for approximately 15% of GDP – nearly €2 trillion annually<sup>1</sup> – giving public authorities significant influence over working conditions, environmental sustainability and human rights in global supply chains. By integrating social and environmental requirements into procurement policies and procedures, public authorities can help foster decent work and responsible business practices, not least in high-risk sectors such as textiles.

The textile industry, vital to public services, is particularly vulnerable to labour rights abuses, including low wages, precarious employment, poor working conditions, and gender-based pay gaps. These challenges are especially pronounced in production countries such as Pakistan, where textile factories supply goods for European public contracting authorities, including the Swedish Regions responsible for the healthcare sector.

This report examines working conditions in the final stages of textile manufacturing in two of Pakistan's principal production hubs: Faisalabad and Karachi. In these cities, workers often endure excessive hours, unsafe workplaces, lack of social protection, and an absence of formal employment contracts – factors which severely undermine their access to fair wages and benefits. These abuses are further exacerbated by weak enforcement of labour laws, limited oversight, and opaque supply chains.

Existing EU public procurement rules have largely failed to prevent human rights abuse or promote stronger environmental and social safeguards in public sector supply chains. The European Court of Auditors' report (2023) concluded that, despite the 2014 reform of the directive, "the promotion of strategic procurement with the goal to encourage greater consideration of environmental, social or innovative aspects has had a limited impact overall, the share of procedures using award criteria other than price is very limited".<sup>2</sup> The European Commission's ongoing revision of the EU's 2014 Public Procurement Directive thus presents a critical opportunity to level the playing field - sending a clear signal to companies benefiting from taxpayer-funded contracts that they must no longer contribute to, or enable, the kinds of exploitation documented by Swedwatch and its partners<sup>3</sup>.

Public authorities can play a transformative role by embedding human rights and environmental due diligence (HREDD) in procurement procedures, thereby advancing compliance with internationally recognised standards on responsible business conduct such as the United Nations Guiding Principles on Business and Human Rights (UNGPs) and OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD Guidelines). Requiring suppliers to disclose supply chain data, adopt fair purchasing practices, and engage in meaningful stakeholder dialogue can significantly mitigate risks of labour exploitation.

Drawing on on-site research and extensive interviews with textile workers in Pakistan, this study examines the intersection of public procurement, labour rights, and sustainability – focusing specifically on Sweden's healthcare sector sourcing textiles from Pakistan. It begins by outlining the role and importance of EU public procurement and its connection to Pakistan's textile industry, then assesses working conditions in factories in Faisalabad and Karachi. The study subsequently evaluates the effectiveness of current regulatory frameworks and offers actionable recommendations to ensure that public spending does not contribute to a race to the bottom in global supply chains, but instead is strategically leveraged to promote respect for human rights.





One of many factories in Faisalabad. While the textile industry provides an important source of income for women, female workers are largely concentrated in lower-skilled roles and report bias in training assignments, leaving them with few opportunities to advance. PHOTO SWEDWATCH

## 4. Why public procurement matters

Public procurement is no longer seen as a mere technical exercise but as a powerful tool for advancing public interest and upholding shared values<sup>4</sup>. While the European Commission increasingly seeks to use procurement to strengthen domestic production, enhance competitiveness within the single market, and reduce dependence on suppliers from non-EU countries<sup>5</sup>, the findings of this report highlight a critical reality: the provision of public goods and services remains deeply tied to long and complex supply chains – a condition that is unlikely to change in the near future.

How public funds are spent has direct and lasting consequences for labour standards, environmental sustainability, and supply chain resilience. With ongoing environmental degradation and growing global inequality and security risks, aligning procurement with a business and human rights agenda is thus more urgent than ever.

### 4.1 The growing importance of human rights in business

The intersection of business operations and human rights is increasingly urgent in today's global landscape. Democratic governance is declining worldwide, with a growing number of people living under authoritarian regimes<sup>6</sup>. The International Labour Organization (ILO) reports a global increase in forced labour, exacerbated



by rising armed conflicts and weakening institutional protections<sup>7</sup>. Furthermore, women's rights are increasingly under threat, and gender-based discrimination remains pervasive across industries and societies<sup>8</sup>. Environmental and human rights defenders face mounting dangers, with documented instances of harassment, threats, and violence against those advocating for labour and environmental protections<sup>9</sup>. The International Trade Union Confederation (ITUC) also warns of deteriorating working conditions, including growing restrictions on the right to organise and bargain collectively<sup>10</sup>. These converging trends underscore the urgent need for strong regulatory frameworks – and a serious debate on the role of business and public authorities in addressing these challenges – particularly in sectors like textiles, where public procurement wields significant influence.

## 4.2 States' duty to protect human rights via public procurement

Governments have a responsibility to protect human rights, including within their business relationships. The UNGPs' so-called "Pillar 1" establishes the state duty to protect, emphasising that "States conduct a variety of commercial transactions with business enterprises, not least through their procurement activities. This provides States – individually and collectively – with unique opportunities to promote awareness of and respect for human rights by those enterprises, including through the terms of contracts, with due regard to States' relevant obligations under national and international law."<sup>11</sup>

Despite international consensus around this responsibility, research has consistently identified significant labour and human rights violations in many industries critical to public procurement, such as textiles, healthcare equipment, and electronics, where weak regulatory enforcement and institutional deficiencies create environments conducive to labour exploitation<sup>12</sup>. These sectors' supply chains often extend into countries with systemic human rights risks, making it imperative for public authorities to adopt robust HREDD mechanisms and for their business partners to follow suit. Since their inception in 2011, the UNGPs have offered practical guidance to help implement these responsibilities in a manageable way.

## 4.3 Shortcomings in EU public procurement practices and opportunities for reform

The current EU public procurement framework has significant deficiencies in effectively addressing sustainability concerns. While some Member States have made considerable progress in integrating HREDD into procurement policies, others lag behind, resulting in inconsistent implementation across the EU<sup>13</sup>.

Sweden serves as an example of positive progress, particularly within its regional authorities responsible for public transport and healthcare. For over a decade, the Swedish Regions have implemented sustainability-driven procurement practices, including HREDD frameworks, with notable success<sup>14</sup>. However, these efforts remain largely voluntary, highlighting the need for an EU-wide level playing field that subjects all Member States to uniform sustainability standards<sup>15</sup>.

Legal uncertainty surrounding the use of social requirements in procurement processes further complicates matters, as the 2014 Directive is interpreted differently in different Member States and among different public buyers. This uncertainty often leads to the exclusion of social requirements, with the lowest price remaining the default criteria in most cases<sup>16</sup>. Additionally, contracting authorities frequently cite a lack of the resources and skills when it comes to HREDD as well as sustainability requirements in general<sup>17</sup>.

The European Commission President Ursula von der Leyen's 2024 announcement to revise the EU Public Procurement Directive has placed public procurement at the heart of the political agenda, suggesting it matters perhaps more so than usual to address the aforementioned gaps and weaknesses.<sup>18</sup>

## 5. Textile production in Pakistan and its link to the Swedish public sector

Pakistan's home and healthcare textile industry plays an important role in supplying essential products like hospital linens and medical uniforms to international markets, including Sweden. Swedish Regions rely on these imports for healthcare delivery, yet the supply chains involved often carry significant social and environmental risks. This section examines the connection between Pakistani textile production and Swedish public procurement, with a focus on labour conditions and the potential for sustainable sourcing.

### 5.1 Pakistan's textile industry as an economic driver

The textile sector remains the backbone of Pakistan's manufacturing industry and a central driver of economic development. As the world's sixth-largest cotton producer and one of the leading textile exporters in Asia, Pakistan's textile industry is vital both to the national economy and to millions of livelihoods<sup>19</sup>. In 2023–2024, Pakistan's textile and apparel exports reportedly rose by 9.67%, reaching approximately \$16.3 billion, and accounting for nearly 58% of the country's total exports<sup>20</sup>. The sector also provides direct employment to around 40% of the industrial workforce<sup>21</sup>, reinforcing its status as a cornerstone of Pakistan's labour market. Spanning the full value chain, from cotton production, spinning and weaving to dyeing, printing, garment manufacturing, and finishing, the industry plays a pivotal role in both domestic production and export-led growth.

The textile industry growth in recent years is thanks to a combination of favourable government policies, technological advancements, and increasing demand. Recognising its significance and recent growth, the Government of Pakistan has introduced policies such as the Textiles and Apparel Policy 2020–25 to enhance global competitiveness, promote value addition, and encourage sustainable practices<sup>22</sup>. These initiatives aim to boost exports and modernise the sector, ensuring long-term growth despite challenges like fluctuating cotton prices, energy shortages, and global market competition.



According to many workers, the pressure to meet targets often overrides safety concerns.  
PHOTO SWEDWATCH

Within this broader industry, home and healthcare textiles hold an important position, especially for export. Textiles such as bed linens, cushion covers and towels, medical uniforms and patient clothing are among Pakistan's key products, with major markets including the EU, the United States, and the Middle East. In 2023, the EU imported \$6.23 billion worth of textiles and clothing from Pakistan, underscoring the nation's significant role as a supplier in this sector<sup>23</sup>. Many of these items are likely to be used in hospitals and public healthcare services. The country's strong cotton production and integrated supply chains have earned it a global reputation for being a good producer hub for home and healthcare textiles. However, as this study reveals, serious concerns remain, particularly around labour conditions in the sector.



## 5.2 Swedish Regions as procurers of Pakistani healthcare textiles

Sweden has a decentralised governance system, where responsibilities for key public services are divided between the state, regions, and municipalities<sup>24</sup>. The country's 21 Regions (*regioner* in Swedish) are primarily responsible for healthcare and public transportation. As autonomous political entities, the Regions manage hospitals, primary care centers, and specialised medical services, ensuring access to healthcare for citizens. They also coordinate public transport systems within their territories in collaboration with municipalities and national authorities.

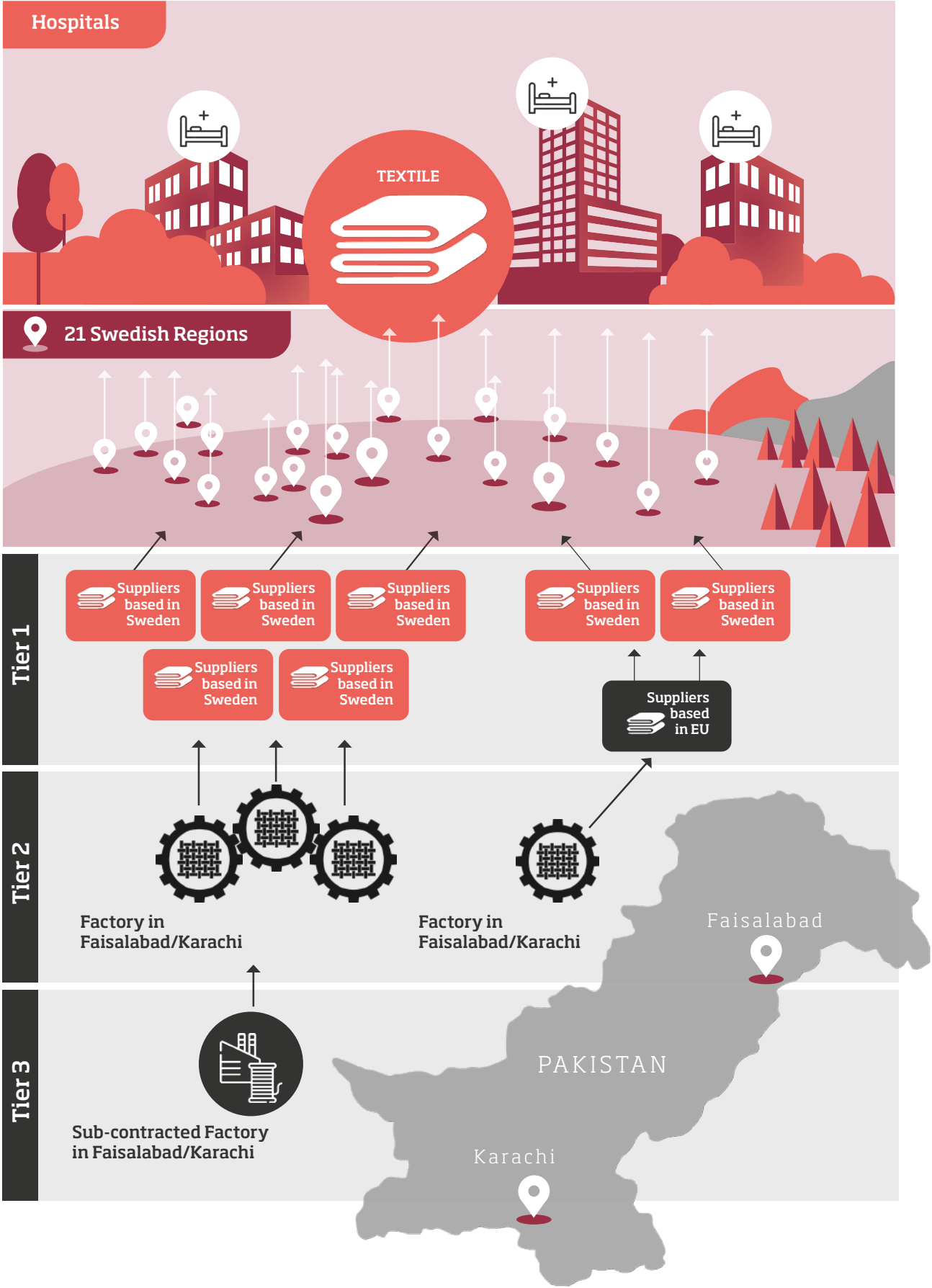
With an annual combined budget of approximately 66,6 billion SEK (€5.8 billion) each year for public procurement<sup>25</sup>, Swedish Regions are playing a critical role in shaping value chains through their purchasing decisions. This is particularly evident in the procurement of healthcare textiles – such as hospital bed linens, patient garments, and medical staff uniforms.

Sweden's public procurement guidelines explicitly identify the textile sector as high-risk from a human rights perspective<sup>26</sup>. The global textile industry is characterised by long, fragmented, and non-transparent supply chains, often involving subcontracted production and limited traceability. These challenges are further exacerbated in countries with weak governance and poor labour and environmental protection. Pakistan, in particular, has been identified through multiple international assessments as a high-risk country in these areas and is ranked as a risk country in the Swedish national guidelines for public procurement<sup>27</sup>.

While no centralised public data currently exists on the total volume or value of healthcare textiles procured by the Swedish Regions, or the proportion specifically sourced from Pakistan, a mapping exercise conducted by the National Secretariat for Sustainable Public Procurement suggests that between 30 and 50 percent of the production for a subset of suppliers takes place in Pakistan. In dialogue with Swedwatch, several EU-based companies directly supplying healthcare textiles to Sweden's public sector confirmed that Pakistan serves as a key production hub in their supply chains.

Many of the suppliers of healthcare textiles to Swedish Regions are classified as small and medium-sized enterprises (SMEs). While SMEs may face resource constraints in implementing complex sustainability requirements, their smaller scale and shorter supply chains can also offer advantages for transparency and collaboration. This dynamic makes the Swedish-Pakistan case study highly relevant for understanding how global public supply chains are tied to EU member states, as well as for assessing the integration of HREDD into procurement policy and practice.

**FIGURE 1:** Supply chain



## Public procurement process in Sweden

In Sweden, public procurement is governed by the *Lag (2016:1145) om offentlig upphandling*.<sup>28</sup> The procurement process typically begins with identifying the need for a purchase, followed by analysing the market and defining requirements. Detailed tender documents are then prepared, outlining the specifications and criteria for selection. These tenders are publicly advertised to invite potential suppliers to submit their proposals. Submitted proposals are subsequently evaluated based on predefined criteria, and the contract is awarded to the supplier that best meets the requirements. This structured approach aims to uphold the EU Directive's fundamental principles of transparency, equal treatment, and non-discrimination throughout the procurement process<sup>29</sup>.

## 6. Methodology

### 6.1 Data collection

This study draws on qualitative on-site research conducted in two phases in Pakistan, carried out collaboratively by Swedwatch and local partner organisations. The first round of on-site data collection took place in Faisalabad during January – June 2023, followed by a second phase in November 2024 in both Faisalabad and Karachi. The on-site investigation was conducted in partnership with the Pakistani non-governmental organisation (NGO) Awaz Foundation Pakistan: Centre for Development Services (AwazCDS-Pakistan), which supported the facilitation of interviews with workers and other stakeholders in ways that prioritised informed consent, participant agency, and ethical engagement throughout the process. Additional support was provided by Faisalabad-based NGO AWAM<sup>30</sup> and Karachi-based NGO NOWCommunities<sup>31</sup>.

The primary data collection methods consisted of semi-structured in-depth interviews and focus group discussions (FGDs). In total, 12 in-depth interviews were conducted with factory workers, alongside eight FGDs involving a total of 89 participants – approximately an equal number of men and women (see Table 1). All workers interviewed were employed at factories engaged in the final stages of manufacturing of textiles for the European market, including the Swedish healthcare sector. The mapping of the factories was done by using an international database<sup>32</sup>. The participants in the study represented nine different factories, providing a broad view of working conditions across the sector. In addition, one interview was conducted with a factory middle manager to capture insights from a supervisory perspective within the production hierarchy.



**TABLE 1:** Overview of data collection via interviews

Data Collection	Total interviews	Participants	Total Participants
FGDs (4 x male, 4 x female) with workers	8	10-13 in each	89
In-depth interviews workers	12	1 in each	12
Expert interviews	10	1 in each	10

## 6.2 Thematic scope

The FGDs and interviews explored themes including working conditions, occupational health and safety, wages and benefits, work-life balance, legal rights awareness, access to grievance mechanisms, and training and development opportunities. The interviews were guided by open-ended questions to allow participants to freely share their experiences. Supplementary data was also collected on respondents' employment positions, tenure, and salary levels, which provided additional context for the thematic analysis.

To observe workplace dynamics first-hand, a factory visit was carried out in Faisalabad. This provided an opportunity to cross-reference workers' testimonies with direct observations of the physical working environment and to assess how workplace policies and official factory information were communicated to employees in practice.

To complement the workers' perspectives, ten key stakeholder interviews were conducted with experts from academia, media, NGOs, trade unions, and government agencies in Pakistan. These interviews provided valuable background on the structural and systemic challenges facing labour rights in the textile industry and offered external viewpoints on the enforcement gaps that persist despite legal frameworks.

All interviews and FGDs were conducted in Urdu, based on the preferences of the participants. Informed consent was obtained from all participants, who were briefed on the purpose of the research, their right to withdraw at any time, and the voluntary nature of their participation. Participants were assured of confidentiality and anonymity. All interviews were recorded – with consent – transcribed and subjected to qualitative analysis.

The study adhered to ethical research practices, emphasising a participatory approach and respectful engagement with all respondents. In presenting the findings, care has been taken to reflect workers' lived experiences as accurately and respectfully as possible, particularly when discussing issues such as gender discrimination, low wages, or unsafe conditions.

## 6.3 A note on transparency

This report does not disclose the names of workers, factories, or companies sourcing from these factories for Sweden's public healthcare sector due to several considerations. Swedwatch follows a standard risk assessment procedure to ensure its actions do not inadvertently harm rightsholders' livelihoods or physical well-being. In Pakistan, worker interviews revealed serious risks of retaliation from factory management for speaking with external parties, such as social auditors or foreign investigators. Many workers reported threats and harassment. At their request, Swedwatch and AwazCDS-Pakistan decided to withhold names and factory details to prevent identification and potential repercussions.

In Sweden, public procurement contracts are publicly accessible either through official websites or by directly contacting the relevant contracting authorities, ensuring that tier-1 supplier information is always available upon request. However, due to the limited publicly available supply chain data beyond tier-1, Swedwatch had to send disclosure inquiries to textile companies directly supplying the Swedish regions.

These suppliers responded to Swedwatch's inquiries with varying levels of transparency. Some fully disclosed factory details, while others declined, citing trade secrecy. A few shared partial information provided their identities remained confidential. These varied responses reflect differing levels of buyer engagement with labour rights and reveal a broader reluctance to face public scrutiny or risk losing commercial opportunities, including possible disengagement by public contracting authorities over reputational or legal concerns.

The difficulty in obtaining supply data, even when taxpayer money is involved, underscores a broader issue: supply chain transparency remains a major obstacle for civil society organisations and rights holders seeking to hold companies (and governments) accountable. This issue is especially worrisome in the case of public procurement, where governments have a duty to ensure taxpayer money is used ethically, efficiently, and transparently.

Rather than relying on voluntary corporate disclosure, public access to supply chain data should be a baseline requirement for receiving government contracts. Swedwatch has previously argued that such transparency could strengthen risk prevention, support HREDD, and improve oversight of public spending<sup>33</sup>. A notable development in this area is the joint Code of Conduct for suppliers as well as contract clauses on due diligence for sustainable supply chains, launched in 2024 by the National Secretariat for Sustainable Public Procurement in Sweden and adopted by all Regions. This includes an ambitious clause on supply chain transparency<sup>34</sup>. However, the clause means that the supply chain data would become available to contract authorities, but not directly to the public.

## 7. Research findings from Pakistan

At the core of this publication is the testimonial evidence of workers employed in Pakistan's textile sector. The following sections present key findings from on-the-ground research conducted by Swedwatch and its partner AwazCDS-Pakistan in 2023 and 2024, offering vital insights into the often-overlooked challenges faced by those producing goods for Swedish public healthcare. These firsthand accounts shed light on the human cost embedded in global supply chains and underscore the urgent need for stronger protection and accountability in public procurement.

### 7.1 Contractual exploitation

Most workers interviewed in Faisalabad and Karachi are not directly employed by the factories where they work. Instead, they are informally hired through private contractors, often without written agreements. These contractors supply labour to numerous home-textile factories serving the Swedish public sector while also collaborating with other subcontractors – creating a complex web of informal employment arrangements.

Although the Pakistani labour code recognises the role of private contractors in recruitment, it does not require them to ensure minimum wages or social security. As a result, informal contractual arrangements have come to dominate Pakistan's labour market, enabling factory owners to bypass legal obligations and evade accountability. This system fuels widespread labour rights abuse, which is examined further in this report.

Work arrangements via private contractors are often shrouded in secrecy. Many workers under informal contracts reported being unaware of the brands they produce for, citing only export destinations like the EU, UK, or US. Lacking formal contracts, they are denied fundamental labour rights, including social security cards, fair wages, medical support, and paid leave, while also being exposed to exploitative practices such as excessive overtime.

***“There’s a lot of secrecy about where exactly the products end up. We only know that they’re shipped to big international buyers, possibly large retail chains or luxury brands.”*** / Female worker from Karachi

High illiteracy rates further expose workers to unfair contractual terms. This was evident in a focus group discussion in Faisalabad, where only two out of 13 male participants could read the consent form provided by Swedwatch and AwazCDS-Pakistan. Female workers interviewed in Faisalabad and Karachi also reported being pressured to sign contracts without adequate time to read, understand, or question the terms.

***“The contract I signed was in a language I couldn’t fully understand, and no one explained the terms to me. I signed it because I needed the job”*** / Female worker in Karachi





Pakistan's textile industry is known for high-quality, durable textiles, suited for home and healthcare use, and largely produced for export. PHOTO SWEDWATCH

Factory employers often use private contractors as a loophole to evade their legal responsibilities toward workers. This avoidance can take particularly cynical forms. For example, workers reported a widespread practice of terminating contracts on the 89th day of employment – just one day before they become entitled to legal regularisation – only to rehire them immediately after.

One Faisalabad-based worker, with over 25 years of experience knitting, stitching, and folding home-textile products, expressed frustration at never being regularised as a salaried employee, despite having trained hundreds of newcomers over the course of his career. Similarly, a Karachi-based worker, with 32 years of experience and working since the age of 7, reported knitting bedsheets as a piece-rate worker hired through a private contractor, without ever securing formal employment. These cases illustrate a form of systemic abuse that keeps workers in a perpetual state of precarity, denying them basic rights and benefits.

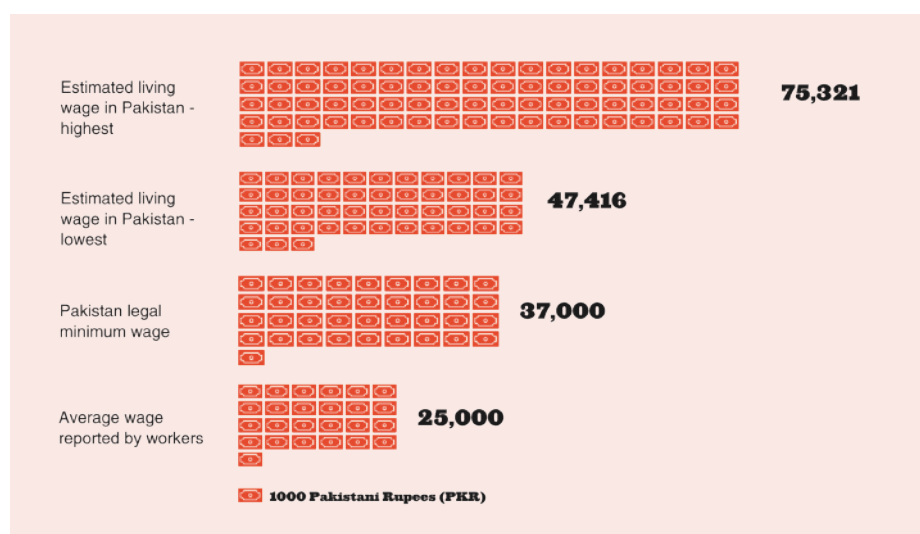
## 7.2 Wage theft

Since June 2024, Pakistan's monthly minimum wage has been set at 37,000 PKR (€120,87)<sup>35</sup>. However, while many factories claim compliance with this new standard, widespread violations remain pervasive. Swedwatch and AwazCDS-Pakistan observed how some factories display banners at their entrance stating that workers are paid the

minimum wage by the first of each month. Yet, interviews revealed that these claims are often deceptive, with workers consistently receiving much lower pay.

Moreover, estimates suggest that a monthly living wage in Pakistan exceeds 75,000 PKR (€246,94), exposing not only the significant disparity between legal and actual earnings but also between actual earnings and what workers need to live a dignified life (see Figure 2).

**FIGURE 2:**  
Reported wages compared to minimum and living wages



Source: Interviews with workers; *The Industry We Want*

Interviews with workers in Faisalabad and Karachi reveal widespread wage violations. Trade union leaders and labour advocates point to weak law enforcement, corruption – particularly within Pakistan’s military – and irresponsible purchasing practices by buyers, including those supplying the Swedish public sector. Additionally, testimonies reveal a collusive system where factory employers and private contractors manipulate wages and pay rates, with contractors skimming off workers’ earnings. The lack of direct communication between workers and management further obscures wage transparency and deepens financial insecurity.

In Faisalabad, male workers producing pillow covers and bedsheets for factories supplying the Swedish public sector earn between 18,000 PKR (€58.72) and 30,000 PKR (€97.86) per month – well below the legal minimum. Depending on work availability from private contractors, some earn as little as 250 PKR (€0.82) per day, while others go weeks without income. Female workers reported inconsistent wage payments, frequent delays of two to three months, and no compensation for overtime. Some also complained that wages – once paid daily – are now withheld until an entire container is filled and dispatched. This process can take up to ten days, leaving many workers financially strained in the meantime.

In Karachi, workers in factories supplying the Swedish public sector survive on similarly low wages, averaging between 20,000 (€65,84) and 30,000 PKR (€98,75) per month. Some workers employed through private contractors reported slightly higher wages of 38,000–40,000 PKR (€127 - €133), but only by enduring shifts of 16–18 hours a day. Unlike in Faisalabad, textile workers in Karachi noted that local factories do not bother displaying banners claiming compliance with minimum wage laws.

Struggling with low wages, some workers spoke of migrating to the Gulf region as a potential escape. One interviewee, burdened by debts of 1.1 million PKR (€3,590) due to low per-piece rates and health issues limiting him to eight-hour shifts, shared his plans to leave for Saudi Arabia after spending 32 years in Karachi's textile industry – despite being aware that upfront recruitment fees could push him deeper into debt.

A trade union leader from the General Workers Union in Karachi estimated that out of 100 factories, only about five comply with minimum wage laws and primarily due to pressure from global buyers. This suggests that the leverage global buyers hold in ensuring fair wages remains underutilised.

## WORKER TESTIMONIALS

### WAGE EXPLOITATION

In-depth interviews with workers give further insight into the severity of wage exploitation and financial distress within Pakistan's textile industry:

- A Karachi worker claimed being denied pay during frequent power outages, sometimes lasting up to four hours.
- A transgender worker in Faisalabad, responsible for folding bed linen, reported earning just 5,000 PKR (≈ €16) per week (8,000–10,000 PKR (≈ €26 - €31) every two weeks) and despite six years of full-time work – less than half the legal minimum wage.
- A 45-year-old worker in Karachi, who started as a child worker in 1992, described taking advances from contractors for basic expenses, trapping him in bonded labor. Despite working 12-hour days, he reported earning merely 25,000–30,000 PKR (≈ €78.00 - €93.60) a month while owing 310,000 PKR to his electricity provider.
- A senior worker from Faisalabad, with 25 years of experience in roles like knitting and stitching, reported earning 25,000–30,000 (≈ €78.00 - €93.60) PKR per month including overtime, while working under a sub-subcontractor.
- A 38-year-old worker with 15 years of experience in Faisalabad's textile sector disclosed earning between 15,000–17,000 PKR (≈ €47 - €53) monthly, struggling to support a family or life partner.

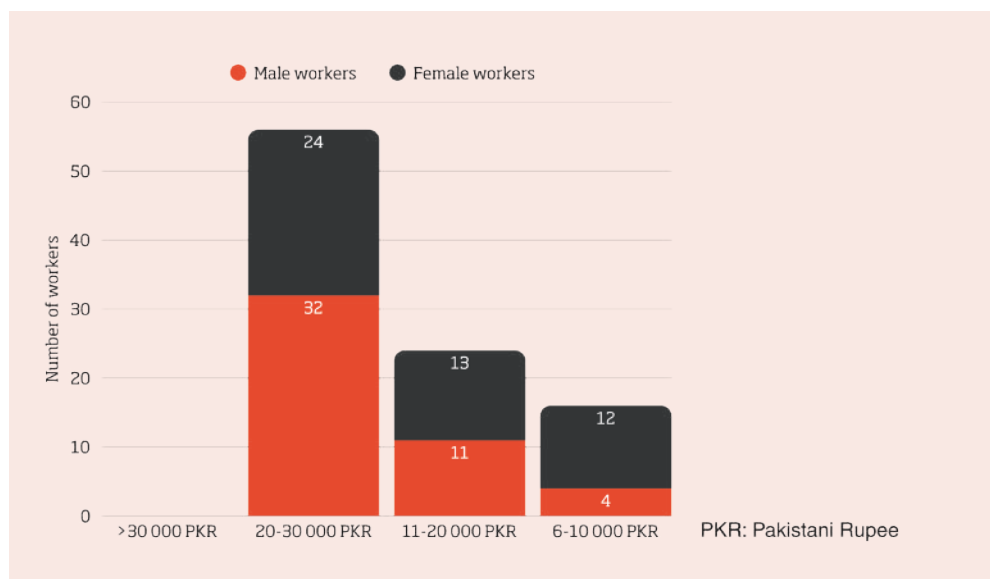


### 7.3 Gender pay-gap

While all interviewed workers earn far below a living wage, this study reveals a stark gender pay gap across the industry. Figure 3 shows that lower income groups are overwhelmingly dominated by female workers, with some earning as little as 6,000 PKR a month (€19.64), even though they work identical hours and often perform the same tasks as their male counterparts. One female worker from Karachi shared, “Even when workers perform the same tasks, women and younger employees often face wage discrimination. The management claims it’s based on performance, but the bias is evident.”

This discrepancy is particularly noticeable in administrative roles, where women are confined to repetitive or detail-oriented tasks, such as sorting, stitching, or quality control, while men typically occupy supervisory positions. Limited access to training, promotions, and skill development programs further restrict women’s career advancement and earning potential.

**FIGURE 3:**  
Monthly earnings of interviewed male and female workers



Source: Based on Swedwatch's interviews with workers

### 7.4 Excessive working hours and overtime

The home-textile industry workforce is frequently required to surpass the legal limit of 48 working hours per week while not being given sufficient rest periods during their shifts. In several focus group discussions and one-on-one interviews, both male and female workers voiced complaints about extended working hours and the absence of overtime compensation or adequate breaks.

Workers argued that regularised employees are sometimes compelled by factory management to work overtime, while those employed through private contractors are paid on a piece-rate basis – earning more only if they produce more. However, the distinction between forced overtime and voluntary extended hours remains blurred, as underpaid piece-rate workers often feel pressured to work longer shifts to increase their earnings, regardless of whether factory management explicitly enforces this.

***“Even when workers are categorised as “regular,” it doesn’t guarantee fair treatment. (...) For example, workers might start at 8:00 or 9:00 a.m., and on certain days, continue working throughout the night, only to leave the factory the following morning. Sometimes this occurs for one or two nights straight.”*** / Female worker from Faisalabad

A 56-year-old quality assurance worker in Faisalabad shared that he regularly works double shifts to cover household expenses. Similarly, three workers employed through a private contractor at a Karachi-based factory reported working 16 to 18 hours a day, earning between 38,000 and 40,000 rupees (€127 - €133) – only marginally above the legal minimum wage but still far below the estimated living wage. Female workers from both Faisalabad and Karachi stated that their overtime payments are often ignored, delayed, or unfairly calculated.

***“Overtime hours are not clearly tracked, leading to disputes over payments. Workers often feel cheated when promised rates are not honored.”*** / Female worker from Karachi

One of the main drivers of excessive working hours is the intense pressure global buyers place on suppliers to lower prices while simultaneously demanding higher standards or unrealistic production targets. One manager interviewed in Faisalabad described how last-minute order changes create additional stress, often resulting in overtime for workers without fair compensation. This pressure trickles down to private contractors and ultimately affects workers in vulnerable positions.

For example, workers explained how they often carry out grueling hours without breaks or, at best, with a single hour-long pause when shifts extend into the nighttime. Some workers complained about having to request and subsequently being denied toilet or water breaks. Even without taking breaks, workers in some factories are prohibited from bringing water bottles to their workstations due to concerns about spills damaging the fabric. Others warned that the relentless pace leads not just to heightened stress but also affects the quality of the final product.

In short, while increased production demands from global buyers may enable factory owners to rapidly expand their operations – adding extra floors or purchasing more machinery – this growth does not translate into worker prosperity. As one union leader from Karachi summarised, “The workers, who are essential for this growth, can’t even afford basic things like a bicycle after working for five years. The wealth disparity is alarming – the factory grows exponentially, but the workers remain in poverty with no improvement in their lives.”



Some factories are specialised, focusing on a single stage like weaving or stitching, while larger, vertically integrated units handle multiple steps and are more geared toward export production.

PHOTO SWEDWATCH

## 7.5 Absent social security

Pakistani labour law stipulates that factory employers must provide social security to regularised employees, granting textile workers essential benefits such as annual and sick leave, paid maternity leave, medical care, and coverage from the Employee Old-Age Benefits Institution, which offers pensions, old-age benefits, and social insurance. However, factory management systematically circumvents these obligations through informal private contracting arrangements. Consequently, none of the workers interviewed— except for one – has been able to obtain the crucial social security card and the associated pension benefits, despite repeated promises from factory management. This includes employees with 10-15 years of service in the factories.

Experts and trade union leaders interviewed point out inadequate law enforcement as a key factor that leaves even formally regularised employees without access to essential social security benefits. Workers confirmed that only supervisors and managers receive social security cards whenever they are issued. For example, during a focus group discussion in Karachi, five out of 11 male workers said they were regularised employees, but none had ever been given a social security card. Similar findings were noted in other focus groups interviews as well. Similarly, a worker

interviewed in Faisalabad estimated that, of around 200 workers at his factory, only around 20 had social security cards. Moreover, pension schemes under the Employee Old-Age Benefits Institution are often opaque or inaccessible to workers, in part because employers fail to inform them.

## Widespread failure

This is not just an anomaly but rather reflects a broader issue with social security in Pakistan. A study by the Centre for Labour Research estimates that only 7.12 million workers receive social protection, which represents only about 11% of Pakistan's total labour force of 65.5 million. As illustrated by Figure 4, this leaves approximately 58 million workers in unprotected employment<sup>36</sup>.

**FIGURE 4:**  
Share of socially protected workers in Pakistan's workforce



Source: *Social Protection for the Unprotected Economy*, Centre for Labour Research, 2020

## Gender impacts

The lack of social safety nets has a profound impact on workers' well-being. Workers who need to take sick leave due to illness often face pay deductions, discouraging them from taking the necessary rest. Although management claims sick leave is allowed, it is often strongly discouraged by supervisors or is difficult to get approved. Women are typically hit twice as hard. Pregnant women are often prohibited from working, yet they receive little to no financial support during pregnancy. Moreover, paid maternity leave is rarely provided, forcing many women to return to work immediately after childbirth. Even those who can take maternity leave are often not guaranteed a position upon their return. The lack of daycare facilities or other childcare options further makes it difficult for women to continue working once they have children. These factors contribute to a widespread feeling among female interviewees that they are either pushed out of the labour market or forced to make painful choices between their health, family, and livelihood.



## Workplace injuries

In the event of a workplace injury, workers reported that factories typically offer only basic first aid before sending them home, leaving them without compensation for medical leave or access to benefits such as medical treatment coverage. A trade union leader further noted that factory owners sometimes offer injured workers a few thousand rupees for medical expenses, but this is often more of a tactic to prevent workers from pursuing further claims or escalating the incident rather than an actual effort to support their recovery.

***“Injuries happen very often, yet there is no bandage or medication provided. Sometimes, the security guard might offer some medicine if asked personally, but management does not supply any, even for something as basic as a headache.”*** / A transgender worker from Faisalabad

Due to the lack of medical facilities on factory premises, workers must rely on each other to fix transport to the nearest emergency clinic. A senior textile worker from Karachi shared how the factory refused to cover his medical expenses or provide paid medical leave after a sewing machine needle went through and broke inside his finger, and a colleague had to take him to a nearby clinic for surgery.

Beyond the immediate health impacts, the absence of social security enables factory managers to dismiss workers without notice or legal accountability. A worker shared how employees often learn of their termination upon arriving at the factory gate the following morning. A representative of the Pakistan Trade Union Federation in turn asserted that factory owners prioritise paying hefty bribes to labour and tax authorities over fulfilling their obligations to provide social security.

## 7.6 Poor occupational health and safety

Occupational health and safety standards in Pakistani textile factories remain critically inadequate. Workers’ testimonies reveal that health and safety issues persist, leaving workers at risk of similar preventable tragedies. While larger factories generally offer better conditions due to regulations and safety programs, they are the exception. Most workers are employed in small and medium-sized factories, which are often overcrowded, poorly ventilated, and lack basic facilities.

### Hazardous working conditions

Workers from Faisalabad and Karachi reported that factories fail to provide essential safety gear like masks and gloves. Even during the COVID-19 pandemic, factory owners allegedly refused to supply masks, requiring workers to purchase their own outside of working hours to secure employment. With masks in short supply, prices soared to 300 rupees or approximately 1 euro —half the daily wage of some workers interviewed. Furthermore, during a visit to a supposedly best-in-class factory, Swedwatch observed that mask-wearing requirements were not enforced, despite posted signs mandating their use.

Consequently, workers reported skin rashes from exposure to chemicals used in textile processing, throat infections and breathing difficulties due to poor ventilation and inhalation of dust and textile particles. Disinfectants for handwashing, once provided during COVID-19, are no longer supplied, and workers claim masks are now only distributed when social auditors visit.

During a male focus group discussion in Faisalabad, several workers reported hearing about two workplace fatalities attributed to heart attacks. However, civil society organisations and other stakeholders suspect factory management may misclassify preventable workplace incidents as sudden medical events to evade liability. One female worker shared that despite her husband's decade-long service at the factory, she received no compensation following his workplace death, also labeled as a heart attack.

In Karachi, a male worker with kidney disease requiring regular dialysis recounted seeing colleagues taken away in ambulances for the same condition. Another worker reported witnessing women fainting during the summer months due to rising temperatures – a problem exacerbated by climate change, inadequate ventilation, heavy machinery, and overcrowded workspaces. Workers also reported excessive noise resulting in constant headaches and fatigue, urging management to provide noise-canceling equipment and consider mental health support.

Ergonomic conditions appear to be problematic, with one 52-year-old male worker from Karachi reporting digestive issues and severe difficulty getting up after sitting for long hours. Despite these health challenges, he complained about facing pressure by his supervisor to complete up to 50 items in 4 hours, resulting in significant pain in his back and legs.

## Fire safety

Workers in both Faisalabad and Karachi report that fire safety measures remain inadequate and poorly enforced. Although emergency exit signs have become more common, workers frequently encounter blocked exits due to stacked materials or machinery, severely impeding escape during emergencies. Fire extinguishers are increasingly being installed, but many workers admit they lack the necessary training to operate them effectively. In addition, safety drills are rare and inspections of fire alarms and exit signs are not consistently conducted. This effectively leaves employees unprepared for real emergencies.

***“There are a few fire extinguishers and safety posters around the workplace, but many of us feel they are just for show. There’s no regular safety drill or comprehensive program to teach us how to avoid hazards”*** / Female worker in Karachi

Karachi in particular has experienced devastating industrial fires in recent years, including the tragic Ali Enterprises blaze in 2012 (see Fact Box below p. 34). Yet, when asked whether fire safety has improved since this incident, workers familiar with the case expressed skepticism. While fire extinguishers have been mounted,

many remain nonfunctional. One worker noted that the narrow pathways leading to fire exits, combined with the absence of emergency training, greatly heighten the risk of overcrowding and chaos in the event of a fire.

## **WORKER TESTIMONIAL**

### **CHILD LABOUR IN FAISALABAD**

Despite the Punjab Restriction on Employment of Children Act (2016) explicitly banning hazardous work for individuals under 18, loopholes in the private contracting system enable children as young as 12 to carry out physically demanding work without any special protection. Workers interviewed confirmed that, despite factory management's denials, child labour remains prevalent. Some children are assigned simple, repetitive tasks such as sorting materials, packing products, cleaning, or assisting older workers, while others perform the same duties as adults but receive significantly lower pay. According to one interviewee, families sometimes bring their children to learn skills, with child workers labeled as "trainees." However, this designation often serves as a pretext for unpaid labour disguised as apprenticeship.

An interview with a 14-year-old knitting machine operator in Faisalabad – who had been working at a local factory for four months after his father fell into debt – seemed to confirm these concerns. While the child at first claimed to have been born on December 12, 2006, he later admitted having memorised this date to appear compliant with child labour regulations. Further questioning confirmed he was only 14, making him legally ineligible for such hazardous work. Lacking a valid national ID card, his age was difficult to verify, allowing employers to exploit his undocumented status.

He reported earning just one rupee per completed piece on a piece-rate basis, resulting in a daily wage of 400–500 PKR ( $\approx$  €1.24 – €1.55). Additionally, private contractors frequently enforced overnight shifts to meet urgent orders, requiring him to work from 9 a.m. to 4 a.m. up to five times a month, sometimes expecting him to return at 9 a.m. the same day. When asked if he could complain about his situation, the child worker explained that while the factory had a suggestion box for grievances, it was largely ineffective, as many workers hesitated to use it due to distrust in the system. Harassment complaints were typically handled informally through the human resources department, but this process was described as slow and inadequate.

"We lack the power to demand improvements. Speaking up could put our jobs at risk, and that's a risk most of us cannot take. It feels like we are stuck in a system where we have no voice or influence."

## **Poor sanitation and hygiene conditions**

Feedback from workers in Faisalabad indicates significant shortcomings in sanitation facilities. For example, one interviewee stated there were only two washrooms serving a total of 80 workers – one of which is designated for approximately 30 women – while toilets reserved for managers remain locked. Workers in both Faisalabad and Karachi reported that factory cleanliness is generally poor, with proper cleaning carried out solely during inspections or audits.





Power cuts are frequent in Karachi and other cities in Pakistan, leading to unstable electricity and complex wiring – and when backup systems fail, factories face production gaps. PHOTO SWEDWATCH

The inadequate sanitation facilities are a particular challenge for female workers and workers in particularly vulnerable positions, who complained about the long distances they must travel to access restrooms, their shared usage, and overall unhygienic conditions. One transgender worker from Faisalabad described the factory environment as filthy, citing stagnant ponds of foul-smelling water near the entrance as emblematic of the poor hygiene standards. While hygiene conditions temporarily improve during audits – with amenities like towels, soap, drinking water, and spotless toilets provided – these provisions vanish once inspections end (see also section 7.9). In contrast, factory management is said to continue enjoying access to better hygiene conditions, including mineral water.

## 7.7 Discrimination and sexual harassment

Female workers reported experiencing harassment from male colleagues but often refrained from reporting incidents due to fears of retaliation or victimisation. Complaints to supervisors were said to be frequently ignored, with workers advised to either endure the situation or leave.

Although various reporting channels exist, including mobile numbers for lodging complaints against harassment or supervisors, these mechanisms remain largely insufficient. When asked about their effectiveness, female workers from both



Faisalabad and Karachi unanimously stated that grievance procedures are poorly communicated and inadequately understood. As a result, their complaints are either ignored or dismissed, creating a deterrent effect that discourages colleagues faced with similar harassment from seeking justice.

***“The [complaint] process feels intimidating and ineffective, so I prefer not to raise complaints even when there are serious issues”***

/ Female worker from Karachi

Female workers also highlighted inadequate support from their human resources department, which has at times allowed accused offenders to remain in their positions. This experience was echoed by a representative from the Pakistan Trade Union Federation, who highlighted that while some factories have anti-discrimination policies in place, their implementation is virtually non-existent. Nevertheless, since the risk of harassment is equally high or even greater at other factories, many female workers choose to remain at the same workplace.

One female worker described how men in superior positions initiate seemingly casual interactions – light-hearted conversations or friendly gestures like offering lunch or dinner – under the guise of easing workplace tensions. However, these subtle advances often escalate, and when women resist or assert their personal boundaries, retaliation follows. Many are fired outright or pressured to leave under false pretenses.

Focus group discussions with men in Faisalabad and Karachi revealed a complex and troubling dynamic surrounding harassment. A dominant narrative in the male focus groups was the widespread harassment of female workers by management, including quid pro quo harassment, where female workers receive 2 to 3 fewer working hours in exchange for so-called “relational benefits”. But when asked about peer-on-peer harassment, some male workers claimed to have never witnessed or heard of harassment by male co-workers against female colleagues, believing that management would intervene if such incidents occurred. Others stated that when harassment takes place between co-workers, the male perpetrator is typically dismissed – though in some cases, both the perpetrator and the female victim are let go. The perspectives shared in male focus group discussions contrast sharply with the accounts of female workers, suggesting either a lack of awareness among men about what constitutes harassment or a hesitation to raise the issue in a group setting due to its sensitive and widespread nature.

In-depth interviews with men and women suggest that workplace harassment may be far more severe than generally admitted by male workers in group discussions. One striking testimony came from a senior worker with over 25 years of experience in Faisalabad’s textile sector. He described a 2020 incident in which the local community gathered outside a subcontractor’s facility after two women went missing. The women had reportedly resisted repeated rape attempts and were subsequently murdered by factory managers – one allegedly stabbed in the stomach with scissors, the other burned alive. Swedwatch was unable to independently verify these allegations.

## WORKER TESTIMONIAL

### A TRANSGENDER WORKER'S PERSPECTIVE

Swedwatch and AwazCDS-Pakistan interviewed a transgender worker from Faisalabad with over three years of experience folding bed linen in home textile factories. Her account sheds light on the challenges faced by transgender workers in Pakistan's textile industry, as well as the intersectionality of gender identity, labour rights and socio-economic marginalisation in Pakistan more generally.

In conversations Samina\* shared that while she is fortunate to have the support of her family, she faces daily harassment and hostility outside her home. She described enduring constant teasing and crude remarks at work and, though she considers her manager generally supportive – even if he occasionally makes unsolicited comments about her makeup – she still feels vulnerable.

Outside of work, Samina's situation is even more distressing. She shared that her earnings are often stolen on her way home, with passersby mocking her for carrying large amounts of money as a transgender person. To protect herself from physical harassment, she frequently relies on her brothers or father to accompany her, shielding her from being pushed, dragged, or ridiculed by strangers.

**"People think I am a girl instead of a boy, but at heart, I am a transparent person. I enjoy wearing makeup and a headscarf. People wonder why I act like a girl, but I am made by Allah, so what's wrong with them? I do my work like they do – I'm not teasing anyone, but they are teasing me."**

*\* Samina is a pseudonym used to protect the identity of the worker interviewed.*

## 7.8 Erosion of union rights

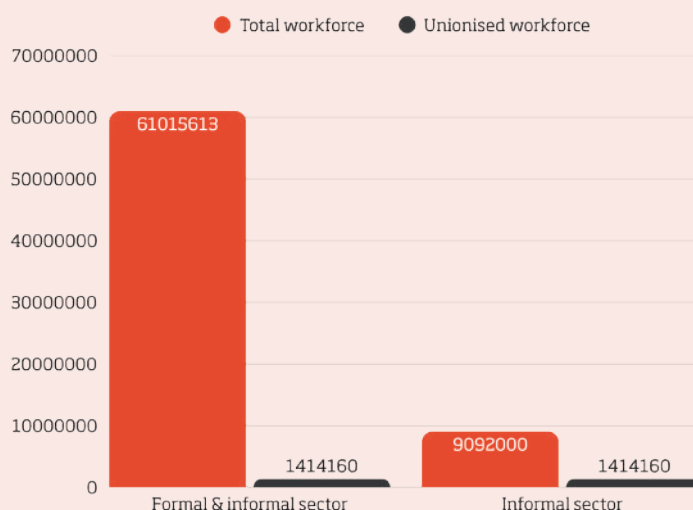
Workers and trade unions repeatedly reported significant barriers to unionisation within the factories, where unions are effectively prohibited and any attempt to organise – or even the mere suspicion of union affiliation – often results in severe repercussions such as immediate dismissal. For instance, a trade union leader from Faisalabad, affiliated with IndustriALL Global Union, highlighted that union activists are frequently forced into anonymity due to factory owners' strong connections with government officials, many of whom have direct ties to the industrial sector or the military establishment.

## State of unionisation in Pakistan

In Pakistan, the Constitution and legal framework recognise the rights to freedom of association, collective bargaining, and striking – yet these rights remain strictly regulated by the National Industrial Relation Commission<sup>37</sup>. According to the ITUC Global Rights Index 2024, Pakistani law lacks explicit protections against anti-union discrimination, leaving workers vulnerable to retaliation for union activities. The index ranks Pakistan among the “worst countries in the world to work in”, which means that while certain rights exist on paper, workers often have no real access to them, leaving them exposed to unfair labour practices<sup>38</sup>.

Figure 5 below presents the number of unionised workers (1,414,160) in relation to both the formal and informal workforce in Pakistan. Only 2.32% of the total 61 million workers in Pakistan – across both the formal and informal sectors – are unionised. However, since the law does not apply to the informal sector, unions operate exclusively within the formal sector. Union density within formal employment therefore stands at 15.55%.

**FIGURE 5:**  
Unionised workers as a share of the total workforce



Source: ILO, *A Profile of Trade Unionism and Industrial Relations in Pakistan, 2018*<sup>39</sup>

Karachi-based workers claim that a 1990s government decision to ban unions and implement a private contractor system has resulted in the complete absence of collective bargaining agreements in the city. One trade union leader in Karachi, who registered his union in 2011 and now represents up to 10,000 members, described how factory management undermines worker representation by bribing employees or using private contractors to offer selective benefits, deliberately dividing the workforce.

Karachi is also home to many migrant workers from the Punjab and Balochistan region in Pakistan, who fear that any association with a union could cost them their jobs. Factory owners and management actively blacklist union-affiliated workers, forcing union leaders to mobilise workers outside the factory premises. This absence of workplace representation weakens collective bargaining, leaving wages to be determined through informal deals between factory owners, contractors, and individual workers.

***“None of these factories [employing the interviewed workers] allowed us to enter. If the workers inside are found to be associated with any union, they’re immediately expelled, and the department they work in is shut down until it’s cleaned of union involvement.”***

/ Trade union leader, Karachi<sup>40</sup>

Finally, even in factories considered best in class, union rights remain rare. This was highlighted in an interview with a compliance manager from a leading factory in the outskirts of Faisalabad producing “high-quality, sustainable textile products”. Despite enjoying BSCI-certification<sup>41</sup>, the factory still relied on worker-management committees rather than unions and collective bargaining to represent workers’ rights. Workers from other factories criticised such committees as mere formalities, arguing that they provide no real involvement or influence for workers. Instead, they believe that management exerts full control over these committees. This renders them illegitimate platforms for addressing workplace concerns.

## 7.9 Overreliance on social audits

A key finding in this study is that social audits largely fail to detect human rights abuses in Pakistan’s textile sector, address workers’ concerns, or foster meaningful stakeholder engagement. Thirteen years after the audit failure that led to the Ali Enterprises disaster (see Fact Box below), this research in Pakistan suggests little progress has been made in this field.

Workers and trade union leaders in both Faisalabad and Karachi alleged that third-party social audits are often used to conceal, rather than address, deeper human rights issues. They argue that their primary focus is to check product quality as opposed to workers’ physical and mental well-being. Factories are meticulously staged before audits take place: workspaces are cleaned, health and safety gear like masks and gloves are distributed, and banners proclaim that minimum wages are paid on time. High-quality food is temporarily provided, and washrooms are stocked with soap and towels – only for conditions to deteriorate as soon as the auditors leave. Factories are also said to present falsified documents and social security cards to auditors, effectively hiding labour rights violations.

None of the workers interviewed reported ever having engaged meaningfully with an auditor or brand representative about their experience with labour rights abuse. In Faisalabad, workers reported that factory owners and managers tightly control the auditing process to prevent direct interaction – sometimes even eye contact –



between workers and external auditors. Interviewees described being coached on how to respond to auditors' questions, for example lie to auditors about their payment, stating that they do get paid for overtime, or get annual bonuses, even though they do not. Those who speak out negatively often face dismissal or exclusion from inspections. A unionised worker explained that supervisors and managers commonly stand close to staff during audits to pressure them into silence, making it especially difficult for women to report harassment to auditors or male managers.

Workers in Karachi shared similar concerns, describing how on audit days, gatekeepers bar outspoken employees from entering the factory, while entire sections may be shut down under the pretext of technical issues. Workers earning around 32,000 PKR (€99) may be permitted to speak with auditors – but only if they refrain from mentioning the legal minimum wage of 37,000 PKR (€115).

Some workers alleged that factory owners use specialised intermediaries to manage auditor visits and related communications. Some owners are said to bribe auditors to secure favourable reports and maintain orders from global buyers. One union leader raised concerns about the trustworthiness of auditors, stating “The problem with auditing organizations like BSCI is that they often send local representatives to conduct the audits. These local auditors are often not trustworthy; they take bribes or fail to fully investigate the situation. The auditors need to be more thorough and honest”.

#### FACT

### A history of flawed social audits

Swedwatch's findings on social audits align with extensive research showing that social audits should not be considered a substitute for genuine HREDD as they, for example, tend to overlook gender discrimination and sexual harassment in the workplace<sup>42, 43</sup>. A study by ECCHR, Bröt för die Welt and Misereor (2021) concluded that audits and certificates can even “increase human rights risks in a wide variety of sectors”, and that “the complete outsourcing of human rights due diligence, the existence of liability exemptions ('safe harbors'), as well as the mandatory introduction of audits or certificates in legislative proposals on human rights due diligence, are not advisable”<sup>44</sup>. Echoing this assessment, a 2022 Human Rights Watch analysis found the social audit and certification process to be “riddled with conflicts of interest, loopholes, and other problems that render it an inadequate tool to ensure respect for human rights and environmental standards”<sup>45</sup>.

Despite these warnings, the introduction of the UNGPs and OECD Guidelines has inadvertently led to an increased reliance amongst companies on third-party social auditors, who assess factory working conditions or rely on certificates from production site owners. As a result, the past few decades have seen a significant proliferation of social audits and related certifications, with the auditing industry itself estimating annual revenues of at least US\$300 million<sup>46</sup>. This approach risks reducing HREDD to a mere box-ticking exercise and a form of “top-down policing” of suppliers<sup>47</sup>, sidelining workers and communities from critical discussions and access to meaningful remedies. ►

The list of human rights violations overlooked by social audits continues to grow<sup>48</sup>. Few cases outside Pakistan illustrate the devastating consequences of flawed social audits more vividly than the Rana Plaza collapse in Bangladesh on April 24, 2013, which claimed at least 1,134 lives and injured thousands. Despite being audited multiple times by third-party auditing firms under compliance regimes like Amfori BSCI, the structural dangers of the building were ignored – ultimately leading to one of the deadliest industrial disasters in history<sup>49</sup>.

Similarly, a study by Transparentem on garment factory audits in India, Malaysia, and Myanmar found that, in nearly every worksite investigated in India and Myanmar, young workers were hidden during audits to avoid detection<sup>50</sup>.

### **The Ali Enterprises disaster: A stark example of audit failure**

Pakistani textile workers are no stranger to the devastating consequences of poorly executed audits, as tragically demonstrated by the deaths of over 250 workers in 2012 at the Ali Enterprises factory in Karachi. This occurred just weeks after the factory had received SA8000 certification from an Italian auditing firm. Despite the audit's approval, the factory had locked emergency exits, inadequate fire safety measures, and rampant labour rights abuses. In a complaint to the Italian National Contact Point, the auditing firm was accused of wrongfully certifying a factory where child labour, forced overtime, and deficient fire systems were prevalent, but refused to sign a mediation agreement<sup>51</sup>. This underscores not just the ineffectiveness of social audits but also the significant challenges workers face in holding the auditing industry accountable.

## **7.10 Certifications as a smokescreen**

Companies' overreliance on social audits cannot be seen separately from the widespread use and promotion of certification schemes among Pakistani suppliers and other suppliers to the public sector. During a visit to a leading factory in Faisalabad, Swedwatch observed a prominent display of multiple certifications, signaling that the factory had either passed a social audit or that its products adhered to stringent social and environmental standards, as such also ensuring consumer safety.

However, it is not just top-performing factories that showcase a range of certifications. As shown in Table 2, of the 8 factories employing the interviewed workers, all but one prominently features a mix of social and environmental certifications on their websites and in the public sphere (see Fact Box below p. 36). These include environmental certifications like OEKO-TEX® STANDARD 100, which focuses on the use of harmful substances in the production process, but also certifications looking at working conditions in supply chains, such as Amfori BSCI, Sedex, OEKO-TEX® STeP, and SA8000.

For example, OEKO-TEX® STeP certification – frequently perceived as merely a “green” label – sets criteria not only for environmental and chemical management in textile and leather production but also emphasises social responsibility, fair working conditions, and worker safety and protection<sup>52</sup>. In Pakistan alone, 163 suppliers are currently OEKO-TEX® STeP-certified, including at least 5 of the 8 factories hosting the interviewed workers<sup>53</sup>. Similarly, Amfori BSCI, an industry-driven initiative, partners with audit firms to assess compliance with its code of conduct on worker protection, fair wages, safe conditions, and the prohibition of child labour. At least five of the eight factories in this study publicly report BSCI compliance.

In conversations with Swedwatch and AwazCDS-Pakistan, workers confirmed that buyers often demand the certifications as proof of social and environmental compliance. However, they view these as primarily aimed at satisfying international buyers rather than improving working conditions. One worker explained, “Some buyers demand certifications like ISO or environmental compliance. The factory management sometimes briefs us about these requirements, but they don’t directly benefit us as workers”. A colleague added, “Certifications are often displayed in the factory, but as workers, we don’t have much involvement or understanding of what they mean.” Additionally, a trade union leader from Karachi expressed concerns about the reliability of BSCI compliance, accusing local auditors of accepting bribes or failing to properly investigate.

Despite these reservations, the investigated factories continue to use certifications to position themselves as sustainable suppliers to international buyers, not just online but also at public events (see fact box below p. 36 and Table 2). This highlights a significant risk: certifications can be exploited by suppliers and buyers to mask labour rights violations and falsely project a socially responsible image – a practice known as social washing. Similarly, certification logos can be misused or plagiarised on websites to falsely suggest compliance, despite the factories not being officially recognised by the certifying bodies in question.

While this study does not claim that all certifications are inherently ineffective, it finds that they often fall short and therefore cannot serve as a proxy for worker- and community-driven HREDD. Interviewed workers therefore stressed the need for independent, management-free dialogue, ideally conducted through unannounced and anonymous channels, to provide a more accurate assessment of working conditions.

## Heimtextil and the risk of social washing

In January 2025, all but one of the suppliers employing interviewed workers showcased their products at Heimtextil – a major global trade fair held over four days in Frankfurt am Main, Germany, that connects textile manufacturers, retailers, and designers. Since its launch in 1971, it has provided international exhibitors with a platform to showcase products ranging from bed, bath, and table linens to floor and window coverings, upholstery, and sun protection systems.

Heimtextil has expanded significantly in recent years, with over 3,000 exhibitors from 142 countries and more than 50,000 visitors in 2025<sup>54</sup>. Through its Econogy program, Heimtextil positions itself as a promoter of social and environmental sustainability, aiming to guide visitors to responsible suppliers and contribute to the Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

Pakistani home textile suppliers had a strong presence at the 2025 fair, with 275 exhibitors—including all but one of the factories employing the interviewed workers (see Table 2). Despite documented labour rights abuses at their facilities, every one of these suppliers was listed in Heimtextil's Econogy Finder, an online directory showcasing supposedly sustainable textile producers, each with a dedicated webpage. One Karachi-based factory, accused by interviewees of exploitation, advertised itself with the slogan: "Sustainability isn't just something we say, it's everything we do."

**TABLE 2:** Factories, sustainability certifications and exhibitions

Factory	Location	Amfori BSCI <sup>55</sup>	Sedex certification or membership/SMETA <sup>56</sup>	OEKO-TEX® STeP <sup>57</sup>	OEKO-TEX® STANDARD 100 <sup>58</sup>	OEKO-TEX (unspecified by factory)	SA8000 <sup>59</sup>	Exhibited at Heimtextil fair 2025
1.	Faisalabad	X	X		X		X	Yes
2.	Faisalabad	X	X	X	X			Yes
3.	Faisalabad		X			X		Yes
4.	Faisalabad				X			No
5.	Faisalabad	X	X	X	X			Yes
6.	Karachi	X	X	X	X			Yes
7.	Karachi	X	X	X	X			Yes
8.	Karachi							Yes
9.	Karachi			X	X			Yes



## 8. Analysis: evaluating the EU Public Procurement Directive through the Swedish experience

The Pakistan case study raises critical questions about the adequacy of the EU's 2014 Public Procurement Directive in addressing human rights abuses in public sector supply chains, enhancing transparency and integrating due diligence requirements. The following sections examine the Directive's key shortcomings and propose necessary legislative reforms to better prevent, mitigate, and respond to such risks in the future.

### 8.1 Regulatory design versus practical outcomes

The EU's public procurement framework, particularly Directive 2014/24/EU, was designed to modernise public purchasing by integrating environmental, social, and innovative considerations. However, more than a decade later, the directive's potential to drive strategic procurement remains largely underused<sup>60</sup>. The prevailing focus continues to prioritise market integration and cost efficiency, often undermining broader EU policy goals, including climate action, fundamental human rights, and labour standards.

The Sweden case illustrates both the strengths and shortcomings of the Directive's current design. The country has developed a robust national framework for sustainable procurement<sup>61</sup>. Additionally, all Swedish Regions actively coordinate their efforts through the National Secretariat for Sustainable Public Procurement, making joint bids and streamlining sustainability requirements<sup>62</sup>. This collaborative approach demonstrates how contracting authorities can leverage collective purchasing power while simultaneously building capacity among themselves and their suppliers.

Despite these promising developments, the voluntary nature of the Directive has resulted in wide disparities in implementation within EU Member States – including in Sweden. While Swedish Regions effectively apply social clauses and engage in sustained dialogue with suppliers, other public authorities rely heavily on lowest-price bids with minimal oversight<sup>63</sup>. Across EU Member States, the inconsistency is even more pronounced, limiting the Directive's ability to create a level playing field for responsible business practices.

Even in high-performing countries, data show that only a small proportion of public procurement, about 16 percent, qualifies as green<sup>64</sup>. When it comes to social criteria, the picture is even less clear. Although comprehensive data on the volume and value of socially responsible public procurement (SRPP) across the EU is lacking, an analysis commissioned by the European Parliament described the available data as “not very encouraging”<sup>65</sup>. For instance, in 2021, ten Member States awarded between 82% and 95% of their above-EU-threshold tenders solely on the basis of lowest price or cost. Similarly, the European Court of Auditors (2023) found that in eight

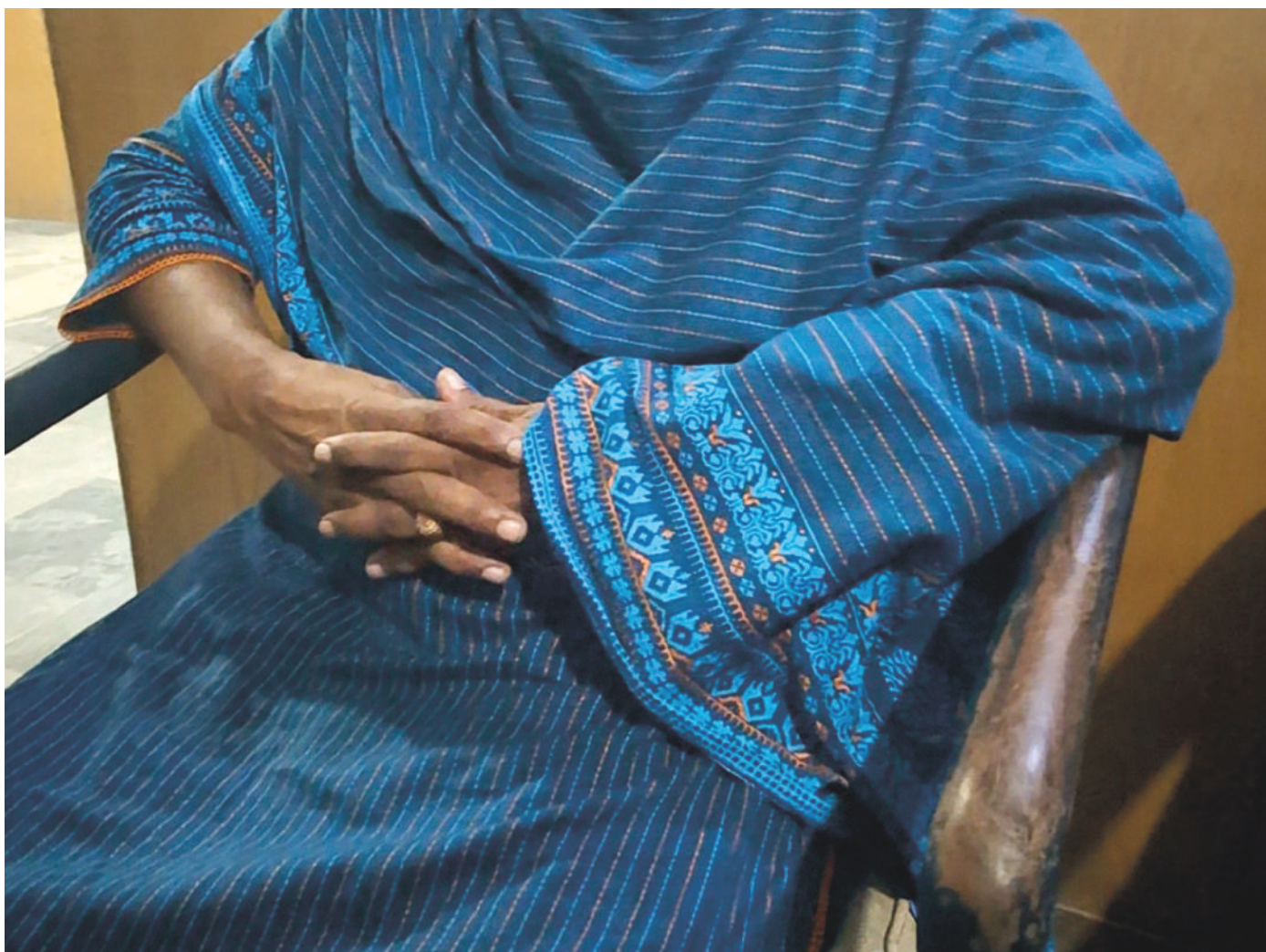


PHOTO SWEDWATCH

**“The contract  
I signed was  
in a language  
I couldn’t fully  
understand,  
and no one  
explained the  
terms to me.  
I signed  
it because  
I needed  
the job”**







**“Overtime hours are not clearly tracked, leading to disputes over payments. Workers often feel cheated when promised rates are not honored.”**



Member States, more than 80 percent of contracts were still awarded based solely on price<sup>66</sup>. This widespread reliance on cost as the primary factor sends a clear signal that the Directive, in its current form, has not succeeded in encouraging the uptake of sustainability in public procurement.

A major barrier is legal uncertainty. Provisions on proportionality<sup>67</sup> and the requirement to link sustainability criteria directly to the subject matter of the contract<sup>68</sup> are often cited by authorities as reasons for not including ambitious social or environmental conditions<sup>69</sup>. Interpretations differ widely not only between Member States but also among public buyers within the same country on what sustainability requirements are legally permissible. This ambiguity discourages authorities from applying the Directive's more progressive elements.

To support alignment with broader EU policy goals, such as those articulated in the European Pillar of Social Rights and the OECD Guidelines, public procurement must shift from being a cost-minimisation tool to a strategic mechanism for delivering public value. For this shift to occur, sustainability must be elevated to a fundamental principle, on equal footing with transparency and competition, and not relegated to a discretionary add-on. A revised Directive should provide legal clarity and mandate the integration of sustainability into all stages of the procurement process.

## 8.2 HREDD and supply chain blind spots

One of the most significant failings of the current Directive is its lack of robust mechanisms to prevent, mitigate and remediate harm in global supply chains. The Pakistan case study reveals consistent patterns of labour rights violations, including wage theft, unsafe working conditions, and suppression of union activity. These findings make it clear that existing social clauses are not being properly monitored and enforced.

While Article 18(2) of the directive encourages public buyers to respect social and labour laws, it does not explicitly require them to monitor supplier compliance. This may contribute to a gap between the directive's intentions and its practical implementation. For example, in Pakistan, despite Swedish public buyers having a supplier code of conduct on human rights, issues such as unpaid minimum wages and lack of social protection persist. Both workers and suppliers often remain unaware of these standards, and the lack of effective oversight undermines procurement's potential as a tool for protecting human rights.

Instead of carrying out HREDD through meaningful engagement with workers, public procurers and their contractors too often rely on third-party audits and certifications to demonstrate compliance. However, workers interviewed in Pakistan revealed that these certifications or audit reports rarely reflect the realities on the ground. In some cases, workers were instructed to lie during audits, in others they had never spoken to an auditor – despite their factories holding multiple certifications or publicly claiming to meet various standards. In addition, our findings reveal a significant gender pay gap and show that women do not feel safe using any grievance mechanisms or speaking to social auditors. While certifications may offer a sense of assurance,



particularly for public procurers with limited time and capacity, this study shows how they can foster a false sense of security. Procurement authorities should move beyond paper compliance and require their suppliers to engage directly with sub-suppliers, workers, and civil society organisations – making their HREDD processes genuinely worker- and community-driven.

HREDD requirements must be grounded in internationally recognised standards and pay particular attention to the OECD's risk-based approach. This model encourages companies to focus their due diligence efforts on the most severe and likely risks, rather than applying one-size-fits-all requirements across all suppliers, a strategy that often leads to the creation of poorly designed standardised questionnaires, which increase administrative burdens without delivering greater impact<sup>70</sup>. Labels and certifications can play a role but must be backed by robust evidence and stakeholder engagement.

Concerns that HREDD requirements could place excessive burdens on SMEs have featured prominently in political debates. However, the Swedish experience suggests that these concerns may be overstated: 74 percent of all public contracts reportedly go to SMEs, despite the use of sustainability clauses and HREDD requirements<sup>71</sup>. The key to this success lies in targeted support such as training, simplified compliance tools, and contract designs tailored to the scale and capacity of SMEs<sup>72</sup>. Measures like dividing contracts into smaller lots, recognising the lower complexity of SME supply chains, and establishing proportionate requirements can make compliance both feasible and effective, without compromising due diligence standards.

Suppliers that demonstrate transparency in their supply chains should be rewarded in public tenders. The Pakistan case shows that smaller suppliers were often more willing to share supply chain data and had closer knowledge of their sub-suppliers. Public buyers should actively incentivise openness and encourage contractors to share meaningful data, including details on salient human rights and environmental risks and impacts, risk-based HREDD measures taken in response, and level of engagement with workers and other rightsholders. Greater transparency would reduce the burden on public authorities, improve public accountability, and enable citizens to better understand and oversee how their tax money is being spent.

A revised Directive must acknowledge and respond to the realities of labour and human rights risks in global supply chains. In addition to relying on media investigations or NGO reports to uncover abuses, public procurement should be equipped with proactive tools to identify and mitigate risks. Mandatory transparency, data sharing between Member States, and structured engagement with credible suppliers will help ensure that public spending contributes to human rights protection, rather than enabling violations. Achieving this will inevitably entail a shift from voluntary approaches towards the introduction and integration of mandatory HREDD criteria into procurement law – in line with internationally established frameworks on responsible business conduct.

## 8.3 Capacity and resource constraints in implementation

A major barrier to achieving sustainable procurement is the limited capacity of public buyers. Procurement teams often lack the time, expertise, and financial resources needed to implement and follow through on sustainability measures. This study shows that even where policy frameworks exist, operational limitations hinder impact. In Sweden, for example, social clauses are included in many contracts, but systematic follow-up remains uncommon. Case studies show that meaningful progress requires ongoing communication with suppliers and workers, including site visits and regular dialogue<sup>73</sup>. However, such practices are not yet standard, largely due to budgetary and staffing limitations.

These and other constraints also hinder public buyers from building trust with suppliers that is essential for effective due diligence. Swedwatch dialogues with public buyers and suppliers reveal frequent misunderstandings and mistrust between the two parties, especially concerning expectations around sustainability. This hampers the effectiveness of tenders and contracts and prevents the development of practices that would benefit workers in production countries.

Some suppliers are already developing responsible purchasing practices. For example, they are establishing credit systems to enhance the financial stability of subcontractors and strategically selecting supplier locations to enable regular factory visits. These types of efforts foster trust and allow for better planning, timely wage payments, and more ethical supply chain management. When supported by public buyers, such innovative initiatives can have a direct impact on working conditions in manufacturing countries as Pakistan. However, this requires – among other measures – pre-market dialogues with suppliers and targeted sector consultations to develop realistic and effective procurement strategies. Greater attention to the specific risks associated with different industries and products will lead to better contract design and more meaningful impact. In Sweden, several Swedish Regions are working with responsible contracting toolkits to guide due diligence processes thought their contracts with partners<sup>74</sup>.

Professionalising procurement through dedicated training, resourcing, and institutional reform is essential to solidify public procurers' position as agents for change<sup>75</sup>. A study commissioned by the European Parliament states that “even the most favourable legal framework for SRPP would remain inapplicable without awareness-raising of the benefits of SRPP, and the provision of adequate training and capacity-building measures”<sup>76</sup>. The European Commission should therefore step up efforts to provide funding and policy support to help Member States build capacity. A stronger, better-equipped procurement workforce would lead not only to more socially responsible outcomes but also to greater efficiency and public trust.

The lack of standardised guidance and data-sharing tools across Member States further hinders progress. A harmonised EU-wide platform for sustainability data, including information on companies' HREDD performance, would reduce duplication and improve coordination. Procurement officials also need access to transparent, reliable data on supplier operations, production sites, and business relationships. Without it, public buyers are left to respond reactively rather than preventively.

To ensure effective oversight, suppliers should be required to publicly disclose information about their operations and HREDD processes. A central EU registry could allow authorities across Member States to access and evaluate supplier performance more easily. In addition, mechanisms such as whitelists for trusted suppliers and blacklists for those repeatedly involved in rights violations could support consistent enforcement.

A revised EU Public Procurement Directive should lay the foundation for stronger support to public buyers. Here, the European Commission has a central role to play in ensuring that the Directive is not only ambitious in its intent but also impactful in practice. By complementing the revision with robust accompanying measures in the form of practical tools, and supporting their use across the Union, the Commission can help ensure consistent implementation and equip Member States and their respective contracting authorities to fulfil their state duty to protect against human rights abuse.

## 9. Conclusion

This report has examined the evolving role of public procurement as a tool for safeguarding human rights in global supply chains. Given its significant market power, public procurement holds unique potential to support fair and dignified working conditions, particularly in high-risk sectors and regions. The revision of the 2014 Public Procurement Directive is therefore more than a technical update, it is a defining opportunity to shape the kind of economy and society the Union seeks to foster. An updated law should stress the importance of aligning procurement practices with international human rights standards, not only as a matter of legal compliance but also as a political responsibility.

The case of Pakistan offers critical insights into the challenges of protecting workers in key EU supplier countries. In high-risk sectors like textiles, workers report poor working conditions, low wages, gender-based discrimination, and limited access to grievance mechanisms. Accountability is often obscured by complex supply chains and layers of subcontracting, making it difficult to trace responsibility. Female workers are especially vulnerable, frequently employed informally and at greater risk of exploitation.

These findings illustrate the need to integrate mandatory human rights due diligence requirements into public procurement. Such an approach would help level the playing field for all public sector suppliers, encouraging them to move beyond reliance on external audits or certifications and instead proactively engage with workers and communities affected by labour rights abuses. Governments play a crucial role in enabling this transformation by adopting ambitious policies and providing clear guidance, allocating sufficient resources, and promoting policy coherence across departments.

Insights from countries like Sweden and supply chains extending to places such as Pakistan highlight both the promise and the shortcomings of the current system. Despite commendable efforts by the Swedish Regions, implementation of socially responsible public procurement remains inconsistent across member states, and public buyers continue to face challenges such as lack of awareness, insufficient resources, and limited political backing. While social criteria are occasionally included in tenders, they are rarely monitored or enforced. Too often, procurement decisions still prioritise the lowest price over social value, and there is a pressing need for institutional support to build capacity among procurement officials.

As the revision process of the Public Procurement Directive advances, it is essential that procurement no longer remains siloed from the EU's broader sustainability agenda. To address these systemic gaps, clearer and stronger rules are required to embed sustainability as a foundational principle of EU procurement. Just as citizens would not tolerate their taxes enriching corrupt actors or tax-evading multinational corporations, public funds must not be allowed to perpetuate human rights abuses deep within global supply chains.







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has undergone an audit based on the Amfori BSCI Code of Conduct, which promotes ethical and socially  
responsible business practices in global supply chains. [https://www.amfori.org/en/solutions/social/](https://www.amfori.org/en/solutions/social/amfori-bsci)  
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- 52 OEKO-TEX Step describes itself as "a sign of responsibility towards employees and the environment,  
supporting a company's journey towards more sustainable production". See: [https://www.oeko-tex.com/](https://www.oeko-tex.com/en/our-standards/oeko-tex-step)  
[en/our-standards/oeko-tex-step](https://www.oeko-tex.com/en/our-standards/oeko-tex-step)
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- 55 Being Amfori BSCI (Business Social Compliance Initiative) compliant means that a company follows the  
Amfori BSCI Code of Conduct, which emphasises worker protection, freedom of association, fair wages,  
decent working hours, workplace health and safety, prohibition of child labour, and overall social respon-  
sibility and transparency.
- 56 Sedex certification indicates that a company has undergone an ethical and social compliance assessment  
based on the Sedex Members Ethical Trade Audit (SMETA). Sedex membership allows companies to  
share and access data on labour rights, health and safety, the environment, and business ethics, and gives  
them access to the SMETA methodology. Being SMETA audited means that a company has undergone  
a comprehensive assessment to evaluate working conditions and environmental performance in their  
business and supply chain.
- 57 OEKO-TEX® STeP certification describes itself as "a sign of responsibility towards employees and the  
environment, supporting a company's journey towards more sustainable production". It sets criteria  
not only for environmental and chemical management in textile and leather production but also empha-  
sizes social responsibility, fair working conditions, and worker safety and protection.
- 58 OEKO-TEX® STANDARD 100 is a globally recognised certification that ensures textiles and fabrics are  
tested for harmful substances.
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nal (SAI) to ensure that companies uphold ethical labour practices and provide fair and decent working  
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ducts as well as step-by-step guidance on the implementation process. See: [https://www.upphandlings-](https://www.upphandlingsmyndigheten.se/en/criteria/)  
[myndigheten.se/en/criteria/](https://www.upphandlingsmyndigheten.se/en/criteria/)
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- 66 European Court of Auditors (2023) Public Procurement in the EU. Less competition for contracts awarded for works, goods and services in the 10 years up to 2021. Available at: <https://www.eca.europa.eu/en/publications?ref=sr-2023-28>
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