

SEPTEMBER 2025

Executive Summary

Since 2011, the Fair Labor Association (FLA) and its members have worked to turn their fair compensation commitments into higher wages for workers in global supply chains.¹ Between 2022 and 2025, FLA conducted two studies—one in Vietnam, and one in Bangladesh—to pilot strategies to raise workers' wages. Buyers participating in the project received customized recommendations and began developing individual action plans to improve their practices.

For the projects, FLA partnered with other multi-stakeholder initiatives (MSIs), including the Ethical Trading Initiative and the Partnership for Sustainable Textiles; civil society and consultants, including the Research Center for Employment Relations (ERC), [Global Worker Dialogue](#), and InSync Global; 15 global apparel buyers; four manufacturers in Bangladesh; and two manufacturers in Vietnam.

The first phase of the project, in Vietnam, was a pilot initiative to explore opportunities for multi-buyer factories and global brands to collaborate to advance living wages. The second phase, in Bangladesh, was a case study to examine the impact of a recent minimum-wage increase, building on insights from the Vietnam phase of the project. Both phases included worker and management interviews, reviews of buyers' and suppliers' policies and practices, and workshops to share lessons learned.

Findings and recommendations

The research team found that wages rose in Vietnam due to some buyer practices and commitments and project interventions, and in Bangladesh due to government mandates – however, the gap between average wages and living wages was larger in Bangladesh.² As of 2025, most workers in both countries still earned below living wages.³

The team identified recommendations for all buyers working toward living wage goals, such as:

- Committing to responsible purchasing practices;
- Advocating with governments for labor reforms and minimum wages that are also living wages;
- Supporting worker engagement, social dialogue, and collective bargaining;
- Ensuring that living wage commitments are shared across internal teams;
- Accounting for living wage costs in pricing negotiations; and
- Working with multi-stakeholder initiatives and local civil society organizations on wage progress.

¹ The phrases “living wage” and “fair compensation” are used interchangeably in this report.

² Individual reports on the factory projects and analysis will be published later in 2025.

³ See this report's appendix for FLA's latest wage data from both countries.

Introduction

Apparel and footwear manufacturing jobs, like those studied in Vietnam and Bangladesh, are widely recognized as among the lowest compensated professions worldwide, particularly in countries with developing economies. For nearly 15 years, FLA and its members have been working to improve workers’ wages in all industry sectors in which they work.

In 2011, FLA and its members established a foundational commitment to fair compensation, affirming a worker’s right to wages that allow them to meet basic needs for themselves and two dependents, with some remaining discretionary income. Since then, FLA has continually developed practical tools and guidance for companies to benchmark progress towards fair compensation and prepare for public reporting. This report builds on previous FLA reporting on fair compensation globally, as well as on individual country reports on fair compensation in [Bangladesh](#) and [Vietnam](#), published in 2018 and 2019.

FLA and its project partners conducted their latest living wage initiatives in Vietnam and Bangladesh during a time of shifting global awareness of the need to improve compensation for the lowest-paid workers, exemplified by the 2024 launch of the International Labour Organization’s (ILO) first-ever formal program on living wages.

Background

Since 2015, FLA member companies have been collecting wage data from their supplier factories and/or owned facilities to support the FLA community’s fair compensation goals. In 2018, FLA released its wage data collection tools for company members, to make wage levels across supply chains easier for companies to document, measure, and analyze. Two years later, FLA launched an [online dashboard](#) to measure wage progress and a five-year plan to solidify fair compensation programs at member companies.

In 2022, FLA formally joined the [Global Living Wage Coalition](#) (GLWC), incorporating GLWC’s living wage estimates into FLA reporting and company guidance. When the FLA Board of Directors approved changes to the organization’s [Workplace Code of Conduct and Compliance Benchmarks](#) in 2023, they ratified a standard definition for living wage (at right) that aligns with both the GLWC and the ILO’s emerging living wage program.

Living Wage Definition
“The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and their family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.”

Leveraging these emerging data-collection capabilities, commitments, definitions, and partnerships, between 2022 and 2025 FLA examined progress on wages paid to garment workers in two factories in Vietnam and four factories in Bangladesh. To implement the project, FLA worked with 15 member companies and other buyers from relevant factories, and NGO partners including the Ethical Trading Initiative and the

Partnership for Sustainable Textiles. The Initiative for Global Solidarity provided funding for the project.⁴

The project's goals were to better understand workers' wages relative to living wage benchmarks, identify the factors that influence wage levels in multi-buyer facilities, and develop recommendations for FLA members and other companies working to achieve fair compensation targets for workers.

Methodology

Project work began in Vietnam in 2022, with support from the Research Center for Employment Relations (ERC), and was expanded to Bangladesh in 2024, with support from the service providers [Global Worker Dialogue](#) and InSync Global. The Vietnam phase of the project was structured as a pilot project involving interventions intended to help buyers and supplier meet their living wage goals.

Before each phase of the project, the FLA analyzed wage data reported by FLA member companies sourcing from each country to identify wage trends leading up to the project's launch.

For the pilot project, two factories in Vietnam, along with eight of their global buyers, agreed to provide information to FLA about their production planning and purchasing practices, respectively. The factories also agreed to provide information about their compensation and human resources systems, and to make workers available for interviews and surveys with the project team. Workers, including union representatives, provided their perspectives on wage gaps and possible solutions, verified wage data collected by the project, and received training from the project team on living wage concepts and social dialogue opportunities.

After gathering this baseline information, project staff met with members of management from both factories and recommended steps they could take to make progress toward living wages for workers. Factory leaders made subsequent improvements and reported back to the project team on outcomes of the interventions.

With the Bangladesh phase of the project starting after interventions in Vietnam had already begun, project staff structured the Bangladesh work as a case study that could benefit from initial insights from Vietnam, while also examining the effects of a recent 2023 minimum wage increase in Bangladesh.

The Bangladesh case study involved four factories, which were identified as strategic partner facilities by seven global buyers participating in the project. Similar to the Vietnam phase, project staff conducted worker, union, and management interviews, evaluated the purchasing practices of the buyers involved, and provided recommendations for improvement.

The Bangladesh project launched during the summer of 2024, a period of significant political upheaval that saw widespread public protests, government crackdowns and arrests of protestors,

⁴ The Initiative for Global Solidarity (IGS) is implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, and supported by the German Federal Ministry for Economic Cooperation and Development (BMZ).

the eventual resignation of the prime minister, and the formation of an interim government. Project staff, workers, factory management, and buyers continued with the project despite the effects of the nationwide unrest, such as business disruptions, communications outages, and other challenges.

At the close of the project, FLA organized multi-stakeholder workshops to share insights, and buyers participating in the project developed individual action plans to support suppliers in progressively achieving living wages for workers.

Observations and insights

In [FLA's 2016 global survey](#) of garment workers' wages, Vietnam ranked eighth out of 21 for workers' purchasing power, while Bangladesh ranked last out of 21 countries. In both countries at that time, average wages fell short of living wage estimates, with the largest gap in Bangladesh. An analysis of FLA wage data from 2015 to 2022 showed that living wage gaps remained in both countries, and that Bangladesh continued to lag behind Vietnam.

FLA data from Vietnam showed that wages had generally increased since 2015, with the exception of a drop in wages in 2020 coinciding with the start of the global COVID-19 pandemic. FLA staff calculated that at the outset of the Vietnam pilot project in 2022, the gap between wages earned by the average worker and the relevant GLWC living wage estimate was around 16%.

FLA data from Bangladesh, by contrast, showed that while average wages had increased between 2015 and 2019, wages stagnated thereafter, resulting in a nearly 52% gap between average wages and GLWC living wage estimates by 2022.

Starting with this baseline data, project staff researched the relationship between minimum wage increases and workers' wages in each country, and documented their observations from their field work and interviews with project participants in each phase to inform their recommendations.

OBSERVATIONS FROM THE VIETNAM PILOT PROJECT

The government of Vietnam maintains four regional minimum wage rates that have increased every year since 2013, with the exception of two years during the beginning of the COVID-19 pandemic. In addition, Vietnam requires employers to pay an extra 7% of the minimum wage to workers who have received relevant training, and an extra 5% for jobs categorized as "heavy, toxic and hazardous." Both qualifications apply to most garment industry jobs, elevating the applicable minimum wage for many workers relevant to this study.

Both factories in this study were located in "Region 2" in Vietnam, with a base minimum wage of 4,160,000 Vietnamese dong (VND) per month at the time of the study in 2022, or around \$160. Workers at both factories were earning wages higher than the minimum wage at the start of the project.

As of March 2022, GLWC estimated a gross living wage for a family of two adults and two children (with one adult employed full-time, and the other employed part-time) to be 7,611,979 VND.

GLWC raised this estimate to 8,217,792 VND as of 2024; both living wage estimates convert to around \$333 USD as of the dates they were established.

Key observations recorded over the course of the Vietnam phase of the project include:

- **Predictable order volumes help support living wage goals:** At one of the participating Vietnam factories, workers' wages suffered during two periods of unexpectedly reduced demand for the factory's products. Two FLA buyers originally participating in the project exited the factory for business reasons, one of them early in the project, at the same time that the factory was experiencing lower order demand from its other usual buyers. As a result, workers' hours were diminished, and work was sometimes suspended while the factory sought new buyers.
- **Buyers should invest in long-term partnerships with suppliers based on shared human rights goals:** Frequent shifts between sourcing locations can make it hard to sustain efforts to reach living wages. Suppliers can be wary of making wage-related changes that may increase their costs without a guarantee that their buyers will not unexpectedly end the business relationship, but will continue to support higher wages as part of a long-term partnership.
- **Buyers should account for the cost of living wages in their pricing discussions with suppliers:** Project staff found that some participating buyers monitored only for whether factories paid higher-than-minimum wages, and did not discuss with suppliers how their living wage commitments should affect labor-costing. During the course of the project, the factories continued to manage costing negotiations and communication with buyers to ensure labor costs were upheld.
- **Strategic coordination between buyers' internal teams enhances their ability to meet social responsibility goals:** Complications often emerge when buyers' internal teams are not aligned on ethical sourcing goals. In the first example above, a supplier's sustainability staff had planned to participate throughout the entire living wage project only to be surprised by the buyer's sourcing team's intention to exit the participating facility. In the second example, the buyer's failure to account for living wages in their costing estimates undermined the supplier's intention to deliver on stated fair compensation goals. In both of these cases, and others throughout the project, the project team identified areas where buyers should establish or improve their purchasing practices.
- **Effective worker engagement results in greater worker satisfaction:** Worker engagement in wage-setting processes had historically fallen short at both participating factories. For example, neither factory had previously involved workers in wage-setting negotiations or asked them about their living costs. Following project interventions, one factory engaged workers in a cost-of-living analysis, collected information from workers about production times to inform costing estimates, and consulted with worker representatives prior to wage adjustments. Workers surveyed at the end of the project reported greater workplace

satisfaction at the factory conducting strong worker engagement—even though the less-engaged factory raised wages more.

- **Providing workers with opportunities to learn new skills is key to their advancement:** Project staff identified gaps at both factories related to prioritizing workers' development of new skills to qualify them for higher wages. Both factories implemented worker-development improvements during the project, by revising training systems, adding incentives for skill-building, or both.
- **Strengthened leverage by multiple buyers and MSIs can be an important incentive for suppliers:** Many buyers in this study reported limited leverage working alone to operationalize commitments with suppliers. Project staff found that MSIs provide strengthened leverage, which is an important motivator for the multi-buyer factories involved. At the same time, coordinating leverage proved to be difficult in practice, when costing teams from different buyers were unwilling or unable to collaborate and share information with each other. Furthermore, anti-trust regulations in North America restrict companies in sharing pricing and costing information due to the risk that sharing this information could lead to increased costs for consumers.

At the end of the Vietnam phase of the project, average wages at the participating factories were still below the GLWC estimate for living wages, but the gap for average wages was between 7-11% smaller than at the beginning of the project. The lowest wages recorded remained 16-18% lower than the GLWC estimate, and the highest wages were 4-20% higher than the GLWC estimate.

Based on feedback from the project team, both participating factories increased their cross-departmental collaboration on living wage goals, and one factory added new production bonuses for workers who were previously ineligible. The project team provided buyers with detailed reporting on their findings in Vietnam, along with customized recommendations responding to the information buyers provided on their costing, sourcing, and purchasing practices. Buyers began developing individual action plans to continue working toward living wages for all workers at the participating factories in Vietnam.

OBSERVATIONS FROM THE BANGLADESH CASE STUDY

In contrast to the regular minimum wage updating seen in Vietnam, at the start of the Bangladesh phase of the project in 2024 minimum wages for garment workers had increased only twice in the past ten years—once in December 2018, and once in December 2023. During this five-year period, cumulative inflation in Bangladesh reached a level higher than 39%.⁵

The five-year cadence between increases represents the maximum time allowed to elapse between periodic review and revision of wages in the ready-made garment (RMG) sector by Bangladesh's Minimum Wage Board—a tripartite body including worker representatives, employers, and

⁵ Based on the International Monetary Fund (IMF) Consumer Price Index (CPI) data for Bangladesh; calculated as the percentage change between the 2023 and 2018 annual average CPI values (114.09 and 81.84, respectively).

government officials.⁶

The 2023 increase followed widespread worker protests about poor wages, and resulted in a minimum wage of 12,500 Bangladeshi taka (BDT) per month, or around \$112, up from 8,000 BDT (\$72). This was followed by another legal adjustment as the project was coming to a close in December 2024, when the government announced an adjustment to the 5% annual wage increase for continuing workers. The adjustment rose to 9% for all garment workers with one year of service, raising the minimum for these workers to 13,625 BDT (\$113 as of January 2025, accounting for inflation). The 2024 GLWC living wage estimate for satellite cities surrounding Dhaka was 23,100 BDT (\$208), which applied to two of the four factories studied.

Key observations recorded over the course of the Bangladesh phase of the project include:

- **Most participating factories planned regular production around excessive overtime:** Three of the four factories participating in the study planned production around six-day weeks with 10-hour days, resulting in regular 60-hour weeks for workers. Workers at one factory regularly worked even longer schedules, resulting in illegal levels of overtime. Especially when compensation falls far below the living wage, workers may become accustomed to working regular excessive overtime to survive, and may even request more hours. However, production planning that relies on such levels of overtime, and wages so low that workers cannot survive without working overtime, both violate the FLA Code of Conduct.
- **The involvement of sourcing agents can dilute fair-compensation commitments:** At least one buyer participating in the Bangladesh phase of the project did not engage directly with the participating supplier, instead arranging all orders through an agent. Without direct engagement between the buyer and supplier, the understanding of the companies' mutual commitment to purchasing and production practices to support fair compensation was lost.
- **Not all factories provide consistent wage documentation to workers:** Workers who do not receive pay-slips are at risk for being underpaid, or for not understanding whether their wages are correct. All employers should provide documentation of their wages to workers, and all FLA company members should require their suppliers to provide this documentation.
- **Increasing minimum wages successfully translated to higher wages, but not living wages:** Initial wage analysis for participating Bangladesh factories relied on data collected by FLA members in 2023. In each case, this wage data was lower than data collected during fieldwork in 2024 following the minimum wage increase, indicating that all four factories had recently raised wages to comply with the new legal minimum wage. Historical research similarly showed the minimum wage increase in 2018 to have been a primary driver for higher wages, before wages stagnated from 2019 to 2023. Despite these wage increases, workers are still not paid a living wage.

⁶ The Bangladesh Labour Act, 2006 provides the legal framework for wage-setting across all industries in Bangladesh. The act allows for garment-industry wage-setting to occur more frequently than every five years, though increases between the five-year reviews are rare.

Similar to the Vietnam phase of the project, data collected from buyers in the Bangladesh phase indicated that companies should improve their internal communications and integrate living wage goals into sourcing practices. The project team likewise found gaps in factories' worker engagement on wage setting and pay structures.

Interviewers found that workers paid the price for companies' inability to provide living wages, often living in poor conditions without access to quality food. The project team conducted 300 interviews with workers across the four factories studied, and heard directly that one way workers can survive on wages that fall far short of a living wage is by repeatedly cutting corners on housing and food for themselves and their families.

Conclusions and Recommendations

This project found that average wages for workers fall short of GLWC living wage estimates at all of the factories studied, in both Vietnam and Bangladesh. Findings indicate that wages have been increasing in both countries, with wages in Vietnam closer to living wage estimates than wages in Bangladesh.

In Vietnam, the government has shown consistent progress in addressing wage shortfalls by raising the minimum wage regularly. At the participating factories in Vietnam, the project team found that both regular minimum wage increases and project interventions had contributed to higher average wages for workers.

In Bangladesh, the government has raised its minimum wage less frequently. The project team found that the recent minimum wage increase was a primary driver of higher wages, with some increases related to worker retention and the legal requirement to raise wages by 5% annually. However, these increases varied across factories, and the team found that in general wages do not increase without a minimum wage update or other government mandate.

As of this report's publication, neither buyers nor suppliers in Bangladesh had yet implemented recommendations or action plans resulting from this project, limiting the effects of any current company interventions on wage levels.

Based on observations from the project, FLA recommends that buyers and suppliers working to implement a living wage commitment should:

- 1. Advocate for labor reforms and minimum wages that meet living wage benchmarks:**
Because of the importance of legal minimum wage increases in driving higher wages, companies should advocate with governments for worker participation in wage-setting processes and strong protections for their freedom of association. Companies should also advocate directly with governments for higher minimum wages that represent living wages for workers. Buyers should clarify for governments that their fair compensation commitments mean they will continue sourcing from their country and will financially support higher minimum wages via their price negotiations with suppliers. Both buyers sourcing from Bangladesh and suppliers operating there should advocate for an annual wage review process to replace the current de facto five-year process.

2. **Support worker engagement, social dialogue, and collective bargaining:** Buyers should ensure their suppliers are aware of the buyer's support for worker involvement in wage negotiations. Buyers should also encourage their suppliers to directly engage workers to better understand workers' cost of living, the time it takes for them to complete factory tasks, and any other topics related to wage setting. Suppliers can reinforce this by establishing or strengthening worker-management dialogue, ensuring worker representatives are democratically elected and trained, and creating regular channels for discussion on wages and working conditions.
3. **Ensure that living wage commitments are shared across internal teams:** A buyer's fair compensation commitment cannot be implemented by its social responsibility team working alone. The goal of achieving living wages for workers must be communicated throughout the company and prioritized by all teams responsible for sourcing decisions. Similarly, the buying company's internal teams must communicate closely about any planned exits from factories, especially where ending a predictable sourcing relationship may have adverse effects on living wage progress. Suppliers can support this by expressing their commitment to progressing toward living wages and communicating this intention broadly with buyers and other partners, reinforcing the shared importance of wage improvements.
4. **Account for the living wage costs in pricing negotiations:** Buyers should regularly review and update their costing practices to ensure that the living wage estimates they are using are up-to-date. When minimum wage updates go into effect, buyers should ensure that costing for future orders takes this into account. Suppliers should also account for labor costs to address the living wage gap in their workforce and build confidence in relationships with buyers committed to wage progress, share the analysis, and have open dialogue on the challenges and potential solutions.
5. **Work with multi-stakeholder initiatives and local civil society organizations to spur progress:** Collective efforts taken together with multi-stakeholder organizations can provide opportunities for companies to collaborate with like-minded peers and achieve greater results than a single company working alone. Local civil society organizations often have key insights into workers' challenges and can help companies advocate with governments for higher minimum wages or with suppliers for greater worker involvement. The strongest multi-stakeholder partners amplify the voice of workers and civil society while bringing practical steps and solutions to businesses to improve human rights due diligence and workers' wages.

Taking actions like these can help companies protect workers from poverty wages, excessive overtime, and the housing and nutrition challenges workers face when their wages are too low to support their families.

Noting different levels of progress toward living wages in Vietnam and Bangladesh, FLA emphasizes that it does not recommend pulling sourcing from countries facing more serious living wage challenges than others. Rather, FLA encourages all members to work closely with their

suppliers in all sourcing countries to apply the lessons learned from this project and extend fair-compensation commitments across their supply chains.

Appendix

This project used wage data collected by FLA company members through 2022 (in Vietnam) and through 2023 (in Bangladesh) to serve as a baseline for analyzing wages earned by workers at the six participating factories. The charts below demonstrate the progression of average wage data collected by FLA company members in both countries through 2023, the most recent date for which collective FLA data is available.

This data does not include field-collected data from the project.⁷ Average wages depicted below cover far more factories (176 in Vietnam and 53 in Bangladesh) than the project averages cited in the body of this report that refer only to wages at the participating factories.

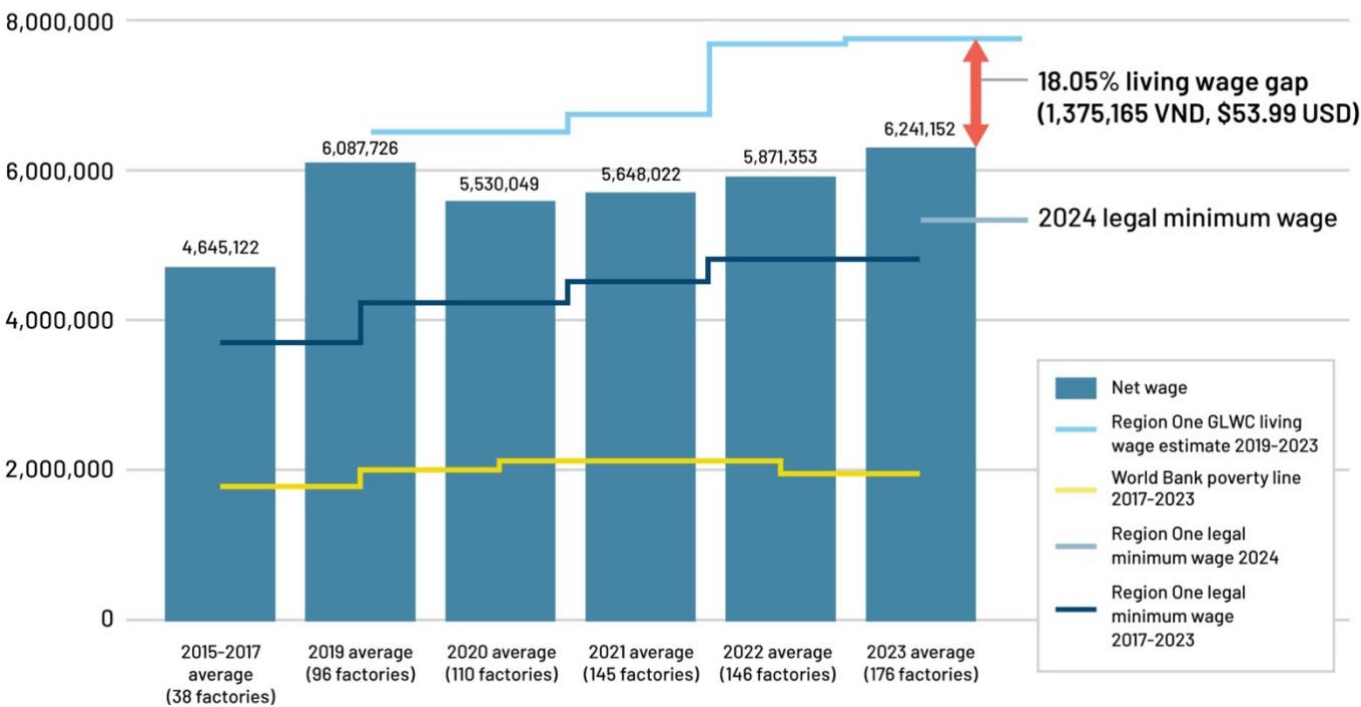
At the close of the Vietnam project, the two participating factories were performing better than the FLA average, with an average wage gap of only 5-9% between earned wages and living wage estimates, compared to an 18% gap for factories overall. The average gap for workers across FLA member-company suppliers more closely resembled the gap remaining for the lowest-paid workers in the project-participating factories.

The collective data over the past several years show a clear picture of both the steady increases in Vietnam (apart from the drop at the beginning of the pandemic), and the years-long stagnation in Bangladesh discussed in this report. The data shows that FLA average net wages increased in Vietnam by 6.3% from 2022 to 2023, increasing somewhat ahead of the minimum wage, which rose by 6% from 2022 to 2024. While wages in Bangladesh increased more between 2022 and 2023 (by 23%), it has been harder for wages in Bangladesh to keep up with inflation. Still, it is notable that FLA average net wages in 2023 were already exceeding the minimum wage instituted in 2024.

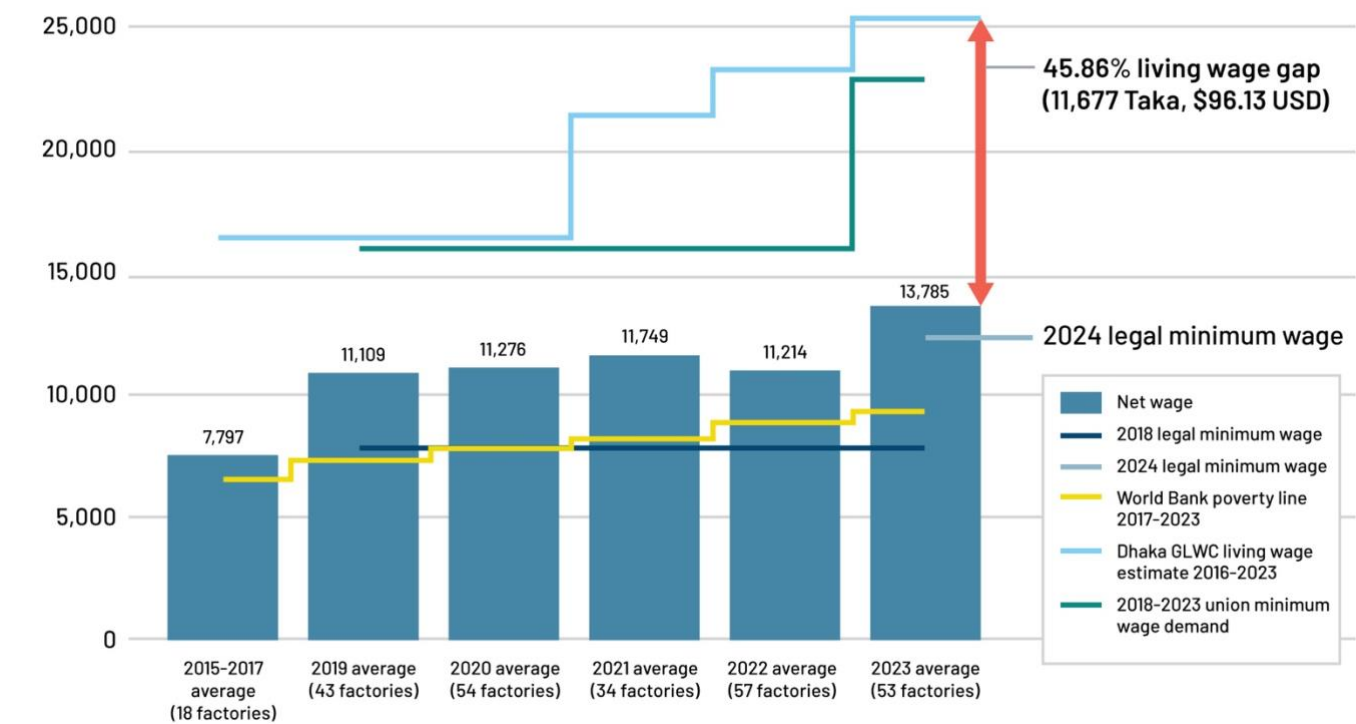
Like the data from the project, the broader universe of FLA-collected data reveals that **the average worker in neither country earns a living wage.**

⁷ Project reports for each factory and buyers' efforts will be published in 2025.

Vietnam Worker’s Average Monthly Net Wages from FLA Companies, 2015-2023



Bangladesh Worker’s Average Monthly Net Wages from FLA Companies, 2015-2023



ABOUT THE FAIR LABOR ASSOCIATION

The Fair Labor Association (FLA) promotes human rights at work. We are an international network of companies, universities, and civil society organizations collaborating to ensure that millions of people working at the world’s factories and farms are paid fairly and protected from risks to their health, safety, and well-being.