

FLA member update: KMD Brands ended its membership as an accredited FLA member company in April 2026. This report has been published to provide transparency and learnings on living wages for the industry and garment workers.

PROJECT REPORT, FACTORY A
AUGUST 2026

Executive summary

As part of its [fair compensation](#) program, the [Fair Labor Association](#) (FLA) recently completed a study in Bangladesh to examine strategies for suppliers and buyers to progressively implement living wages for workers.

In total, four factories and five FLA member companies participated in the project. Two of the factories are located in the Gazipur region, while the other two are based in the Chittagong Export Processing Zone. This report covers the collaboration between the FLA member, KMD Brands, buying from one of four factories in Bangladesh that chose to participate in the project, and the project team.¹ For the purposes of this report, the factory is called “Factory A.”

Across all four factories studied, the project team found that the average worker did not earn base wages that met the [Global Living Wage Coalition’s](#) (GLWC) estimates for a living wage in Bangladesh.² Even with overtime, the average worker did not earn living wages, despite most workers logging excessive hours in an attempt to achieve them. Factory A, like two of the three other factories in this study, incorporated overtime into its regular production planning.

The factories started their lowest paid workers at the legal minimum wage, and provided higher wages as workers gained more skills and experience and moved between wage categories. However, workers interviewed by the project team across all factories reported dissatisfaction with the legal minimum wage, noting that it has been unable to keep pace with rising prices. In general, workers reported that their wages were too low to afford basic needs while also saving money for emergencies, and that most households required more than one earner to survive. Workers reported cutting back on food and housing costs to save money, often living in very poor conditions.

¹ The project team consists of staff from FLA’s fair compensation team, Global Worker Dialogue, RAPID, and InSync Global. This project was funded by the Initiative for Global Solidarity (IGS), implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, and supported by the German Federal Ministry for Economic Cooperation and Development (BMZ).

² Find detailed information about the Global Living Wage Coalition’s living wage estimates for Bangladesh on the GLWC website: <https://www.globallivingwage.org/living-wage-benchmarks/urban-bangladesh-surrounding-dhaka>

Specifically at Factory A, the project team found a mix of promising practices and opportunities for improvement. For example, Factory A was providing on-the-job training to help workers advance into higher-paid roles, was providing useful feedback to buyers about their purchasing practices, and had developed long-term partnerships with buyers. At the same time, Factory A's wage levels and overreliance on overtime—including overtime beyond legal limits—presented a distinct challenge to workers' quality of life. The project team recommended that Factory A engage in greater social dialogue with workers and the legally required Participation Committee on ways to make progress on workers' wages. The team recommended productivity incentives as one option for providing additional income opportunities for workers.

FLA encourages buyers to incorporate the real cost of labor into their pricing negotiations and to maintain long-term, collaborative supplier relationships to support investment in higher wages. Buyers' sustainability and purchasing teams should work together to ensure that purchasing decisions align with buyers' living-wage commitments, and buyers should collaborate with each other and with multi-stakeholder partners to increase their leverage with factories. Buyers should support suppliers' worker engagement efforts and consider ways to provide financial support for productivity incentives. Find further recommendations for buyers in the Conclusion section of this report.

Table of contents

Introduction and methodology 4

Background..... 5

Research observations 6

Factory A: Promising practices and recommendations..... 10

Buyer recommendations..... 11

Multi-stakeholder dialogue 13

Conclusion 14

Introduction and methodology

Since 2011, FLA and its members have worked to enact a fair compensation commitment for workers in global supply chains. As part of this commitment, and to add to the growing body of industry knowledge on strategies for enabling living wages, FLA studied wage progress at four factories in Bangladesh between 2024-2025. The studies aimed to assess the effectiveness of buyers’ and suppliers’ purchasing and production practices in supporting living wages and to develop joint strategies for improvement.

This report covers the part of the study conducted at Factory A, a garment manufacturing factory. Factory A is located in Gazipur and is one of seven facilities specializing in production, dyeing, design, or packaging operated across Bangladesh by the same owner. At the time of the research, Factory A supplied to more than seven global brands, including Rip Curl, which was acquired by FLA member KMD Brands in 2019.

TABLE 1: FACTORY A RESEARCH (2024)

Research method	Sources
Management and supervisor interviews	Factory manager, human resources manager, and supervisors
Sourcing agent interview	Bangladesh country manager
Worker interviews	75 workers
Brand purchasing practices review	Brand submitted documentation as part of the Milestone 5 evaluation within the FLA Accreditation Program
Wage data review	Documentation of wages during offsite worker interviews in October and November 2024 Annual wage data collected through FLA's Fair Compensation Toolkit

As part of the project, Factory A and KMD Brands agreed to provide information to FLA about their production planning and purchasing practices, respectively. The factory also agreed to provide information about its compensation and human resources systems and to provide the project team with access to wage data.

[Global Worker Dialogue](#) (GWD), in collaboration with a research firm in Bangladesh, conducted worker interviews and surveys on behalf of the project, recruiting participants from their neighborhoods, away from the factories. Between October and December of 2024, GWD conducted seven weeks of phone interviews and three weeks of in-person interviews. GWD followed up with a survey in March of 2025 to learn about workers’ experiences with minimum wage adjustments instituted by law in Bangladesh at the end of 2024. In all interviews, workers provided their perspectives on their wages and hours of work, and on the financial challenges they faced.

Following the data collection and analysis, the project team met with members of Factory A's management team and recommended steps to make further progress toward living wages. The project team also made recommendations to KMD Brands, which subsequently began developing an action plan for helping the factory meet their shared buyer-supplier fair compensation goals. Finally, FLA convened a multi-stakeholder meeting in Dhaka, Bangladesh to encourage dialogue between buyers and suppliers on ways to improve workers' wages.

Following the completion of the project activities described above, KMD Brands informed FLA of Rip Curl's decision to exit Factory A due to shareholder management challenges on the part of the supplier group, including relationship and financial instability; declining performance against key performance indicators, including a deterioration in delivery and quality; and delays and limited responsiveness in addressing the [Readymade Sustainability Council](#) (RSC) remediation requirements. Rip Curl's exit, as of November 2025, coincided with the closure of the factory unit. Additional information regarding the process through which the exit was conducted, as well as a more detailed review of the KMD Brands' responsible exit policy, is provided in the Buyer Recommendations section of this report.

Background

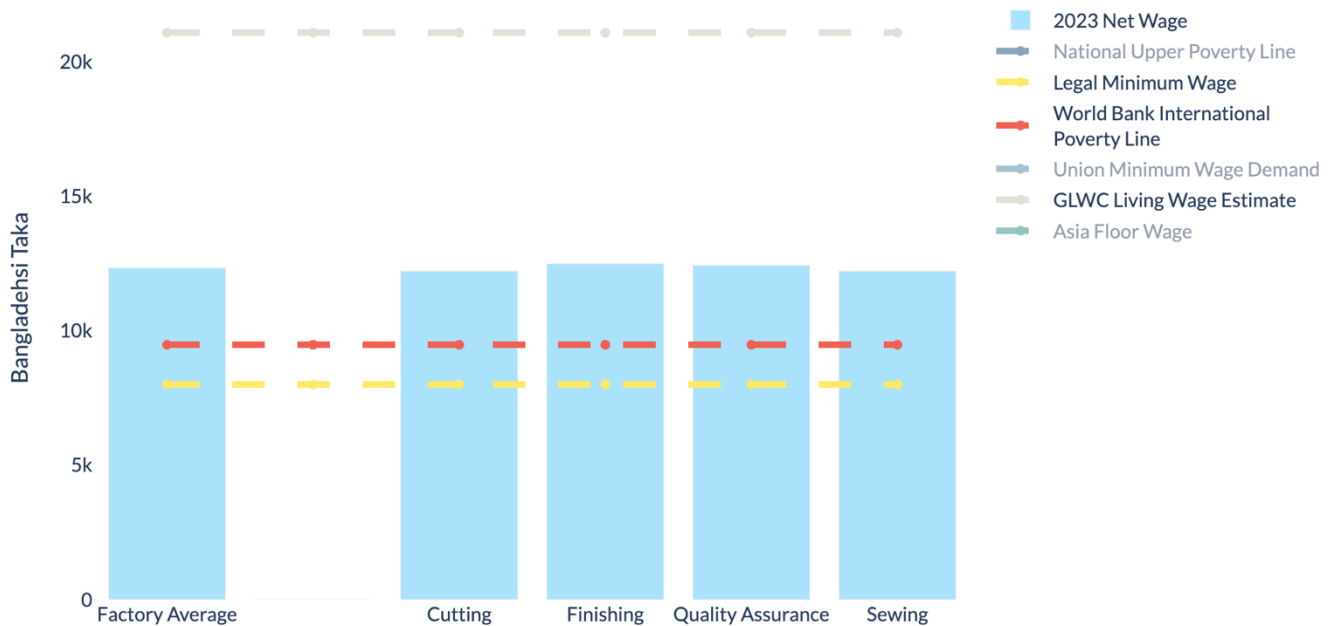
Fieldwork at Factory A took place in December 2024. At the time, the GLWC estimated the net living wage in Factory A's region to be Bangladeshi taka (BDT) 23,100 per month (USD \$197). The minimum wage applicable to the garment sector then was BDT 12,500 per month (\$103).³ The government of Bangladesh raised the previous minimum wage of BDT 8,000 (\$72) in 2023 after widespread worker protests about poor wages. This was followed by another legal adjustment in December 2024, when the government announced a nine percent increase for all garment workers with one year of service, raising the minimum wage for these workers to BDT 13,625 (\$112).

At the time of the research, Factory A employed more than 900 people, all of them Bangladeshi, and 60% of them women. Despite a majority-female workforce, workers reported that workplace committees were primarily led by men. A legally required Participation Committee was present in the facility, representing around 200 of the workers. The Participation Committee was meeting quarterly with factory management, but informants stated that the committee and management had not discussed wage levels together.

Previous wage data compiled by Factory A in 2023 provided the team with insights on wage levels prior to data collection on this project. In 2023, as shown by Figure 1, the average worker was earning far below the GLWC living wage estimate at that time of BDT 21,081 (\$194). The average monthly wage in 2023, excluding leave and incentive pay, was BDT 12,338.67 (\$112.23).

³ Currency conversions in this report refer to the conversion amount for the relevant time frame referenced in the report. In this case, the conversion is for January 2025.

FIGURE 1: WAGE LEVELS IN 2023, PRIOR TO THE PROJECT



Research observations

From the beginning of the project, KMD Brands brought in its third-party agent based in Europe that was managing sourcing for Rip Curl/KMD Brands via a local sourcing office in Bangladesh. The agent is a long-term partner for the brand and factory and supports regular communication on sustainability and production topics. Factory A reported that its customers, including Rip Curl, usually placed orders nine months in advance with a 60-day lead time. At the time of the project, the factory stated that it had not faced production challenges with KMD Brands, and that the factory has been able to meet the company's deadlines consistently.

The factory reported planning production around a 10-hour workday, six days a week, incorporating overtime into its regular production planning. Data collected during the project showed that shifts might extend to 12 hours or be reduced to eight hours, depending on production volume. Workers reported typically working 60 – 72 hours per week.

The project team learned that when Factory A hires a worker, management evaluates the worker's skills using a defined matrix and assign them to a category based on their knowledge and operational proficiency. The lowest category, helpers, perform tasks that do not require them to operate sewing machines. Junior operators work on single-needle machines, operators work on both single- and double-needle machines, and senior operators work on all machines including computer-stitch machines. Starting wages vary according to these skill levels, as demonstrated in the chart below.

TABLE 2: WAGES BY JOB CATEGORY

Category	Role	Monthly wage (BDT)	Monthly wage (USD)
Unskilled	Helpers	12,800	107.56
Semi-skilled	Junior operators	13,800	115.96
Skilled	Operators	14,450	121.42
Highly skilled	Senior operators	15,200	127.73

Factory A provides monthly attendance bonuses of BDT 525 (\$4.41) to helpers and bonuses of BDT 625 (\$5.25) to machine operators. The factory evaluates workers' performance annually, leading to wage increases for continuing workers as required by law. When workers learn new skills, they are offered the opportunity to advance, though workers stated they were unaware of how factory management determined which workers would be promoted between the categories.

Most workers also stated that they did not receive pay slips, were unaware of how their wages were calculated, and had not received documentation outlining their terms of employment at hire. Pay deductions included a revenue stamp cost of BDT 10 (\$0.08) charged to workers for receiving official documents related to their jobs.

When comparing the earning potential of workers at Factory A with the other three Bangladesh-based factories participating in this study, the project team found that Factory A workers in general earned the highest gross wages. However, these wages were largely dependent upon excessive and sometimes illegal overtime hours.

Through the offsite worker interviews, the project team calculated that the median monthly wage at Factory A was BDT 19,800 (\$165.88), including overtime across the months of October and November 2024, and BDT 15,475 (\$129.65) without overtime. Neither salary meets GLWC living wage estimates. Moreover, [FLA standards](#) do not include overtime—or any other payments that are not guaranteed—when evaluating whether a factory pays a living wage. The BDT 15,475 figure represents a 33% gap with the relevant GLWC living wage estimate, BDT 23,100 (\$197), meaning the median worker was earning around one-third less than the estimated living wage.

WORKER FEEDBACK

Across all four factories participating in this project, the interview team from GWD documented workers' perspectives on their wages, hours of work, and financial challenges. Across all factories, 64% of all workers interviewed were female, 84% of workers were married, and 67% of workers were younger than 30 years of age.

The interview team found that the median wage across the factories fell far short of living wage estimates, both before and after factoring in overtime payments. Despite the prevalence of overtime work in three of the four factories, 92% of workers interviewed across the four factories

reported that they would prefer to work more overtime than is available to supplement their base wages. The interview team found that workers reported spending a median of BDT 6,700 (\$56.13) on food and BDT 4,000 (\$33.51) on rent each month—around 64% of their overall median salary, when overtime is included. In other words, the median worker in this study was found to be working overtime, sometimes working excessive hours, and was still spending nearly two-thirds of their wages on just two basic necessities, leaving little remaining income for savings, emergencies, or other essential costs such as healthcare, education, or transportation.

The interview team received consistent worker feedback across all four factories that rising costs following the national minimum wage increase in 2023 negated the increase in their purchasing power. More than half of all workers interviewed stated that they could not meet their basic needs with their wages—neither before nor after the minimum wage increase.

Factory A feedback

Overall, workers in Gazipur, where Factory A is located, reported that they were somewhat better able to meet their basic needs than workers from two factories in this study located in the Chittagong export processing zone around 275 kilometers away from Factory A.

Workers employed at Factory A also reported the following:

- Workers confirmed working excessive overtime during the weeks studied by the project.
- All workers reported they were unable to work as many overtime hours as they needed.
- More than 75% of workers stated that their overtime work means they do not have enough time to spend with loved ones.
- Most workers reported working late more than three times a week and more than a third of workers reported working late daily, with nearly 80% of these workers commuting home on foot late at night.
- Most workers stated that they had experienced delays in wage payments from Factory A.
- More than half of workers stated they would like Factory A to provide them with a formal pay slip.
- Due to their lack of pay slips, workers at Factory A were unable to provide the project team with confirmation that they had received the December 2024 legal wage increase for continuing workers.
- Nearly two-thirds of workers stated that the minimum wage in Bangladesh is not sufficient to keep pace with rising prices.

The interview team did not detect a gender gap in payment amounts at Factory A, or at any other factory included in the study.

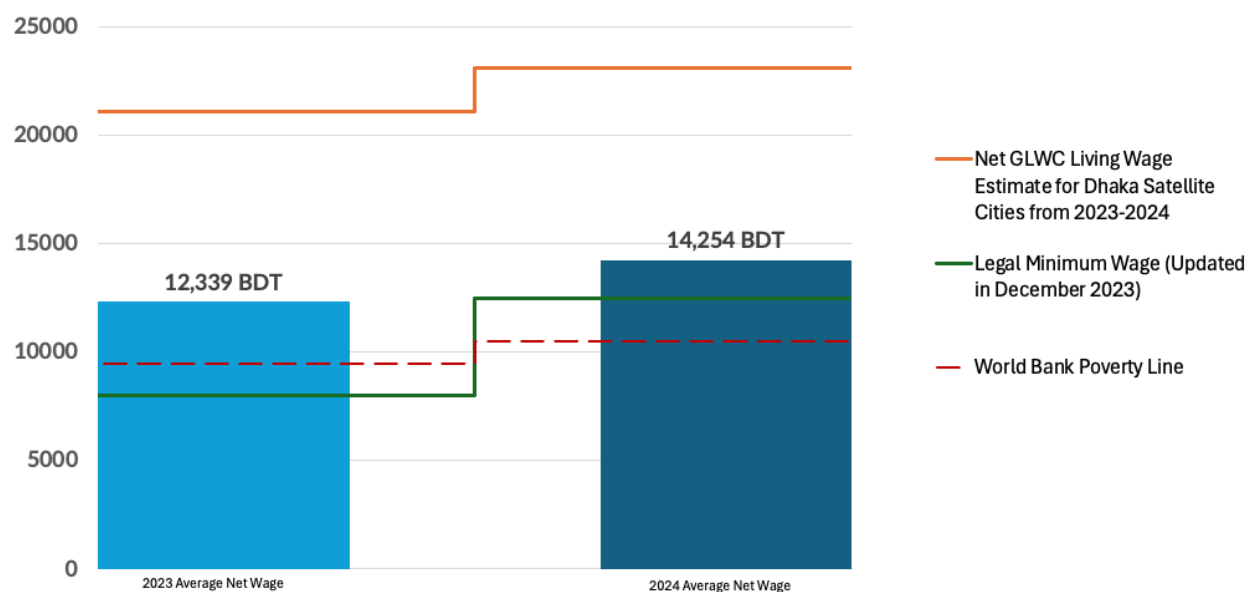
2023-2024 WAGE ANALYSIS

In 2023, the average monthly net wage at the factory was BDT 12,339. This level was 54.23% higher than the legal minimum wage of BDT 8,000 applicable at the time, but 41.47% below the GLWC net living wage estimate of BDT 21,081 for Dhaka satellite cities. The use of this

benchmark is particularly relevant as the factory is located in Gazipur, one of Dhaka’s main satellite cities.

In 2024, following the revision of the minimum wage to BDT 12,500, the factory’s average net wage rose by 15.52%, reaching BDT 14,254. This increase lifted factory averages above the new statutory baseline, by 14.03%. Compared to the 2024 GLWC net living wage estimate of BDT 23,100, however, the average wage still fell short by 38.30%, covering about 62% of the benchmark.

FIGURE 2: FACTORY A - AVERAGE NET WAGES FROM 2023-2024



Overtime earnings formed a substantial share of workers’ total compensation in 2023, accounting for 20% of net pay when leave and incentive pay were included.⁴ In absolute terms, average overtime earnings amounted to BDT 2,877. In 2024, reliance on overtime had declined to 12% of net compensation, with average overtime earnings decreasing to BDT 2,032 in absolute terms. While these figures point to a reduced role of overtime in total compensation, the two-year dataset does not allow us to determine whether this decline reflects a sustained shift or short-term variation. Continued monitoring will be important to assess whether the factory is able to maintain progress in reducing reliance on overtime or whether these earnings remain a structural feature of total compensation.

⁴ The average net wage shown in the chart does not include incentive pay or leave pay. In calculating net wages, the FLA takes into account the basic (contracted) wage, cash benefits, and in-kind benefits, while also considering taxes and legal deductions.

Factory A: Promising practices and recommendations

The project team identified several promising management practices in place at Factory A. The team also identified several gaps and developed related recommendations for improvement, shared below.

PROMISING PRACTICES

1. Skill matrix and on-the-job training

Factory A uses a structured skill matrix to evaluate workers' capabilities and provides job training to support workers advancing into more skilled roles in pursuit of higher wages.

2. Long-term partnerships

Factory A has maintained a successful long-term partnership with Rip Curl's European agent that has supported stable operations and efficient planning.

3. Feedback for buyers on purchasing practices

Factory A participates in a supplier survey and supplier workshops to provide buyers with feedback on their purchasing practices in pursuit of continuous improvement.

RECOMMENDATIONS

1. Strengthen worker engagement

During the interviews conducted on this project, workers expressed a lack of awareness of basic workplace processes, such as the components and calculation of their wages, the relevant overtime rate, and how to advance within the factory's skill matrix. Factory A should work with the worker committees to ensure workers are trained on these aspects of their jobs. Factory A should also outline for workers the terms and conditions of employment at the time of hire, in writing, and verbally for any workers who cannot read. Factory management should consult with workers on standard-minute value setting and labor costing, involve them in updates to compensation systems and efficiency improvements, and strengthen worker engagement overall.

2. Engage in social dialogue on living wages

As part of its enhanced worker engagement efforts, Factory A should begin a dialogue with relevant worker committees to collect worker feedback on the adequacy of their wages and their work-life balance relative to the high number of hours factory employees work each week. Factory A should develop an ongoing process for gathering worker feedback on what improvements would most help them manage their work hours, while still earning enough money to live, and consider ways to implement worker suggestions.

3. Provide workers with pay slips

Factory A must provide workers with pay slips that accurately describe the pay rate, hours worked, any deductions, and all components of workers' wages. A transition to a digital payment system could enhance transparency and reliability of workers' payments.

4. Engage workers on the time it takes them to complete tasks

Factory A should involve workers in decision-making related to changes in compensation systems and related policies. In particular, it should engage workers in establishing standard-minute values (SMVs) for workplace tasks as part of the labor costing process. The factory could establish a committee of workers trained in SMV-setting to assist management and provide insights into production challenges.

5. Better manage overtime hours

Factory A must not plan production around excessive overtime hours and must schedule overtime only within legal limits. Workers understandably say they want more overtime hours to supplement their low wages, which makes Factory A's implementation of additional strategies to increase workers' pay or implement workers' compensation-related suggestions more critical. The project team recommended continuing to invest in improving production line efficiency, machinery improvements, and worker skills training.

6. Establish a productivity incentive program

Factory leaders should consider incentive programs that provide financial rewards for outstanding performance, helping workers reduce their reliance on overtime. The factory could collaborate with the participating buyer (and other buyers) to explore collaborative funding of a recognition or rewards program. Any new incentive programs should be developed collaboratively with workers, and Factory A should incorporate its insights and feedback into program design.

Buyer recommendations

As part of the pilot, the project team reviewed purchasing practices by Rip Curl/KMD Brands, the participating buyer in this project. The project team cited the strong collaboration between Factory A and KMD Brands' agent as a promising practice. The project team also recommended that the agent, Factory A, and KMD Brands identify opportunities for direct engagement between the factory and the buyer, with the agent's involvement. Opportunities could include a dialogue on KMD Brands' fair compensation commitment and training for the agent on KMD Brands' responsible purchasing policies and practices.

The project team identified the following recommendations for improvement:

1. Support the factory's worker-engagement efforts

KMD Brands should communicate to Factory A that it strongly supports the factory engaging directly with workers on the topic of living wages. This should include support for conducting regular social dialogue with worker committees, seeking ongoing feedback from workers on their cost-of-living and their ideas for reducing reliance on overtime, and involving workers in decisions on costing and production processes.

2. Strengthen cross-department and supplier dialogue

KMD Brands should ensure that its relevant internal department staff, its agent, and Factory A management are all familiar with its fair compensation. KMD Brands should regularly engage all of these parties in reviewing and analyzing wage data and pursuing strategies for improvement where the data shows, as at Factory A, that compensation is far below the living-wage estimate and workers rely on excessive overtime.

3. Pursue continuous improvement in planning and sourcing

KMD Brands and its agent should continue to enhance their production planning, demand forecasting, and supplier communication to help reduce the factory's reliance on excessive overtime while ensuring purchase orders reflect living wage costs.

4. Incorporate responsible sourcing into performance reviews

KMD Brands should review wage data and information from supplier surveys when assessing the performance of its agent and relevant in-house staff. The company should ensure that agents and staff are conducting costing negotiations that account for living wage costs.

5. Support productivity incentive programs

KMD Brands and its agent could financially invest in any new incentive or in-kind benefit programs Factory A develops to help ease workers' reliance on overtime. Such investments could be especially effective in Bangladesh, or other environments where the legal minimum wage falls far short of living wage estimates. Creative programs to supplement wages can be a critical stopgap for workers facing poverty, in the absence of strong wage-related regulations and enforcement.

6. Leverage insights from this project

KMD Brands should continue and enhance its collection of wage data across its supply chain, particularly from high-risk and high-production-volume regions. This data should help the company leverage insights from this project to inform its operational plan for achieving living wages for workers, especially where the need to raise wages is the most acute.

Overall, the project team recommended that KMD Brands examines the relationship between the prices it pays to Factory A, and whether those prices enable the factory to achieve production practices in alignment with both the factory's and KMD Brands's fair compensation goals.

RESPONSIBLE EXIT PROCESS

After the development of these recommendations, KMD Brands decided to exit Factory A. In light of this development, the project team reviewed information provided by Rip Curl/KMD Brands regarding the manner in which the exit was conducted and the steps taken pursuant to its responsible exit policy.

Rip Curl/KMD Brands reported that its decision to exit Factory A was driven primarily by shareholder management challenges within the supplier group, including relationship and financial instability, declining performance in delivery and product quality, and limited responsiveness in addressing Readymade Sustainability Council (RSC) remediation requirements. KMD Brands indicated that although this project report's findings did not affect the decision to exit, they contributed to the extended timeline and support provided during the transition period.

The exit was finalized in November 2025 and followed approximately 12 months of discussion among Rip Curl, the sourcing agent, and Factory A. Performance concerns intensified in late 2024 and Rip Curl began contingency planning with the sourcing agent in early 2025 by implementing a progressive reduction in orders while assessing the potential for resolution of internal shareholder disputes. During this period, Rip Curl maintained regular communication with the factory and the sourcing agent and Rip Curl's teams visited the factory at least three times. As part of the

mitigation measures, Rip Curl refrained from applying financial penalties for delayed shipments during this period. The sourcing agent further supported the factory by covering air freight costs where necessary, purchasing yarn and accessories on its behalf, and advancing payments for wash plant services. The sourcing agent, as the primary relationship holder, monitored compliance with national labor laws and retrenchment regulations and sought to mitigate impacts from the progressive order reductions by increasing orders from smaller customers.

The exit was finalized in November 2025, at the same time as the closure of the factory unit producing for Rip Curl. The sourcing agent reported that all workers were paid in full as of December 2025, and the factory group offered workers opportunities to transfer to other factory units. Rip Curl reported that most workers relocated to other factories in the same region. The sourcing agent provided updates throughout the transition and a final report following the unit's closure.

While KMD Brands did not formally cascade a standalone Responsible Retrenchment Policy to the sourcing agent, it stated that its code of conduct expectations are well understood through a relationship with the agent spanning over 20 years. More broadly, FLA's review of KMD Brands's documentation as part of its milestone evaluation process indicates that it has well-established responsible purchasing and exit procedures intended to mitigate impacts on workers. FLA reviewed documentation including responsible exit procedures, and evidence of internal coordination and supplier communication to support responsible retrenchment. KMD Brands is also updating its audit tool to include more detailed questions on responsible retrenchment, which should strengthen oversight of supplier compliance with retrenchment requirements. FLA notes that KMD Brands should more formally cascade its responsible exit and retrenchment expectations to sourcing agents through policies to strengthen accountability and improve consistency in implementation.

Multi-stakeholder dialogue

After the conclusion of the fieldwork on this project, FLA hosted a multi-stakeholder roundtable on responsible purchasing practices in Dhaka, together with the Ethical Trading Initiative (ETI) and the Partnership for Sustainable Textiles (PST). The roundtable allowed stakeholders to communicate on challenges and explore strategies for making progress on living wages, as identified by this project and by a parallel ETI/PST initiative to advance living wages through workplace social dialogue.

Buyers and suppliers joined together for a day of open dialogue on the project's findings, a discussion of challenges different stakeholders face in achieving living wages, and a review of the positive purchasing practices FLA recommends to buyers. FLA led a training session on these practices, including responsible contracting clauses, open costing systems, accurate forecasting systems, and buyer support for worker engagement. ETI led a training session on social dialogue mechanisms.

Roundtable participants noted some sectoral and regional challenges to living wage progress in addition to those already identified by the project. For example, participants identified that many garment factories in Bangladesh struggle to pay even the legally-mandated minimum wage, contributing to sectoral obstacles in the broad adoption of living wages. Participants also affirmed the inflationary challenges workers identified during the project, whereby the national increase in the minimum wage was often offset immediately by cost increases in rent, food, or basic

necessities, slowing progress toward living wages. This economic pressure was compounded by structural and political barriers: suppliers emphasized that wage structures cannot be easily adjusted—such as introducing new productivity incentives—without direction from centralized bodies like the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) or the Bangladesh Export Processing Zone Authority (BEPZA).

While the project relied on available channels such as the Workers Welfare Association and Participation Committees to conduct assessments and inform recommendations, these mechanisms have limited reach, and roundtable participants showed hesitation to fully engage in discussions on social dialogue. Some also observed that workers often seek additional overtime, particularly in the export processing zones (EPZs) where many migrate for employment opportunities — a practice that has become normalized but reflects the inadequacy of base wages. These perspectives highlighted the importance of creating more space for structured dialogue between workers and management. At present, this space remains constrained: unionization rates are low, unions are not permitted in the EPZs, and alternative mechanisms are limited in scope. Even so, participants recognized that the existing structures can provide a starting point for engagement, and with continued effort supported by all parties, including brands, these spaces could be expanded for more meaningful worker–management dialogue.

In addition to collaborative business solutions, participants discussed ways that legal and policy efforts could supplement factory-focused solutions and support buyer-supplier efforts. For example, the government of Bangladesh could formally recognize living wages as a national priority and clarify guidance around how to implement and monitor the implementation of the annual wage “increments”—the percentage increases mandated by law for continuing employees.

Conclusion

FLA’s past reporting on fair compensation in global supply chains has indicated that Bangladesh represents a higher-risk sourcing destination due to persistent gaps between actual wages and living wage benchmarks. The project’s findings at Factory A support this conclusion, while showing promise for ways buyers and suppliers can collaborate for improvement.

Three of the four factories studied in Bangladesh—including Factory A—planned production around excessive overtime hours. Even when working up to 72 hours a week, workers reported needing more overtime to earn enough wages to cover their basic needs with some money left to save. The data collected on the project supports workers’ interpretation of their wages. According to wage data collected for October and November 2024, the average worker at Factory A was earning one-third less than the GLWC living wage estimate, without overtime. With overtime included, the average worker was earning 14% less than the living wage estimate. FLA’s living wage definition does not include overtime or any other unguaranteed components of workers’ pay when evaluating whether workers’ wages are living wages.

The project team found strong buyer-agent-supplier collaboration at Factory A. The subsequent exit of KMD Brands and the closure of the factory unit in November 2025 limited the opportunity to build further on this foundation within this production relationship. Nevertheless, the engagement demonstrated that constructive collaboration between KMD Brands, its sourcing agent, and Factory A was possible and yielded concrete recommendations on wages, costing, and productivity.

For the supplier group's remaining operating units, progress toward living wages—achievable without reliance on overtime—will depend on maintaining efficient production systems, strengthening worker engagement on wages and working hours, and cultivating relationships with buyers who will support living wages in policy and practice. KMD Brands should enact its living wage commitments through formally cascading responsible purchasing and retrenchment policies to agents and implementing sustainable costing. Both the factory group and KMD Brands should continue collaborating with like-minded buyers and multi-stakeholder organizations to help realize fair compensation for workers across their supply chains.

Across the four factories studied in Bangladesh (and two other factories studied in Vietnam), the project team developed several recommendations that apply to all buyers working to support living wage progress in their supply chains. Based on the findings of this project, buyers should:

- Pursue a transparent costing process with factories that accounts for payment of living wages to workers.
- Encourage collaboration between sustainability and purchasing teams to ensure that purchasing decisions take living-wage commitments into account.
- Incorporate living wage costs into their production prices and find other ways to financially support their suppliers' progress toward living wages, such as investments in incentive programs.
- Communicate with their suppliers about their support for strong worker engagement practices and social dialogue.
- Collect wage data from suppliers to better understand workers' wages and which factories are most in need of improvement.
- Examine ways to collaborate with multi-stakeholder partners and other buyers on supporting worker trainings on living wages and collective bargaining.
- Collaborate with each other and multi-stakeholder partners to increase their leverage with factories in pursuit of living wages for workers.