UNBOXING MARKETPLACE FASHION

Worker rights in the supply chains behind e-marketplace consumption

Unboxing Marketplace Fashion: Worker rights in the supply chains behind e-marketplace consumption

This report is published by Labour Behind the Label, June 2025.

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Credits:

Special thanks go to Khalid Mahmood, Labour Education Foundation (LEF); Abbas Haider, Pakistan Institute of Labour Education and Research (PILER); Bego Demir, Clean Clothes Campaign Turkey for conducting the worker interviews that contributed to this study.

We are grateful also to SOMO and The Counter for their assistance in carrying out data searches to establish shipping links - somo.nl

Our thanks also go to Network for Social Change for this patience and support with this study.

Finally our thanks go out to all the workers who took part in interviews for this report. We will continue to raise your issues and fight for your rights.

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Labour Behind the Label Limited supports garment workers' efforts worldwide to improve their working conditions. It is a not-for-profit cooperative company, registered in England No. 4173634. The Labour Behind the Label Trust is a separate organisation that raises funds for the organisation's charitable activities, registered charity number 1159356.

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LABOUR BEHIND THE LABEL

Foreward

Hidden Fashion and the need for new oversight of e-retailers

The rapid transformation of fashion retail through e-commerce has introduced unprecedented convenience for consumers, while significantly altering global supply chain dynamics. Hundreds of thousands of formerly unknown brands now sell fashion on mass consumer platforms, which provides a diversity of choice for fashion consumers, but is also resulting in higher levels of sourcing from factories where there is little scrutiny over human rights.

This report investigates the rise of fashion marketplaces, how these marketplaces interact with third party brands they host and the resulting implications for human rights in apparel supply chains.

Online shopping now constitutes nearly half of all UK clothing purchases, with plaforms like Amazon dominating the market.

Amazon host hundreds of thousands of third-party sellers, enabling them to profit from retail without having to directly provide evidence of human rights compliance and monitoring.

We undertook field research in Pakistan to look into the conditions behind 3 products sold by third party brands on Amazon.co.uk. The findings reveal exploitative working conditions in factories supplying Amazon sellers including forced overtime, illegal wage practices, denial of social protections, lack of employment documentation, and systemic opacity in production supply chains. These conditions are enabled and perpetuated by the current lack of robust due diligence requirements. Despite Amazon's public commitments to ethical practices, the platform's actual requirements for sellers fall far short of international human rights standards, leaving significant risks unaddressed.

Meanwhile, new regulatory frameworks such as the EU's Corporate Sustainability Due Diligence Directive are poised to create legal obligations for retailers to identify and address human rights and environmental harms in their full value chains. However, recent proposals threaten to narrow the directive's scope and effectiveness, particularly around retailer responsibility beyond direct business relationships—an area central to Amazon's retail model.

While some UK retailers are beginning to implement more rigorous third-party oversight and transparency measures, the industry as a whole lacks coherent standards. Without legal mandates and enforceable transparency, millions of workers in low-cost manufacturing countries remain vulnerable to hidden exploitation.

Online fashion needs to hear this wake-up call.

Millions of garment workers remain invisible and unprotected in the shadows of global supply chains linked to online retailers. Without strong due diligence requirements from retailers and real transparency, exploitation will continue to flourish.

We are calling for an urgent shift in policy and practice to create fashion marketplaces that protect worker rights and stop masking bad practice.

1. Introduction

Fashion shopping is changing: The rise of e-retail

Online has changed fashion retail forever

The internet makes buying fashion fast and accessible. E-retail undoubtedly has led to an increase in the volume of clothing people purchase each year speeding up an already fast fashion industry. Fashion on the internet is ubiquitous and immediate, with social media marketing and shopping as a leisure activity to do from a sofa, putting convenience and variety at our fingertips.

This changing relationship of consumer behaviour to fashion through the internet is where a lot of money has been made in recent years, no doubt boosted by the pandemic retail shift when many consumers became used to buying fashion from the sofa.

The convenience of online shopping has met consumer's needs, making fashion more immediately available

through quick shipping, removing the wait until the weekend to browse store fronts for fashion items. Fashion brands' use of consumer data to tailor advertising and push increased sales has been one significant change area. But online consumption has also had huge impacts on supply chain innovation.

At the delivery end, Amazon has led the way in getting orders from click to doorstep, done in the same day, with other marketplace brands pushing to match this consumer expectation. At the production end, companies like SHEIN have constructed responsive, on-hand, supplier networks through apps and AI ordering technology, and used data testing of products to find winning items, and only then upscale production. This integrated supplier, ordering, data driven approach is being replicated by many others, including Amazon[1], seeing a shift change in supplier relationship to buyers. All because consumers are heavily encouraged and willing to click and buy from their sofa.

The important questions

So, we must ask: where has the big money been made in online fashion in recent years, and how are we now buying clothing? What brands are winning? And are the people making this big money taking responsibility for the changes that these business models are driving in factories around the globe? How is this impacting worker rights?

UK consumption of online clothing

Revenue from fashion e-commerce in the UK in 2023 was

£31.6 billion

It is forecast to reach £43.9 billion by 2027.

27 million

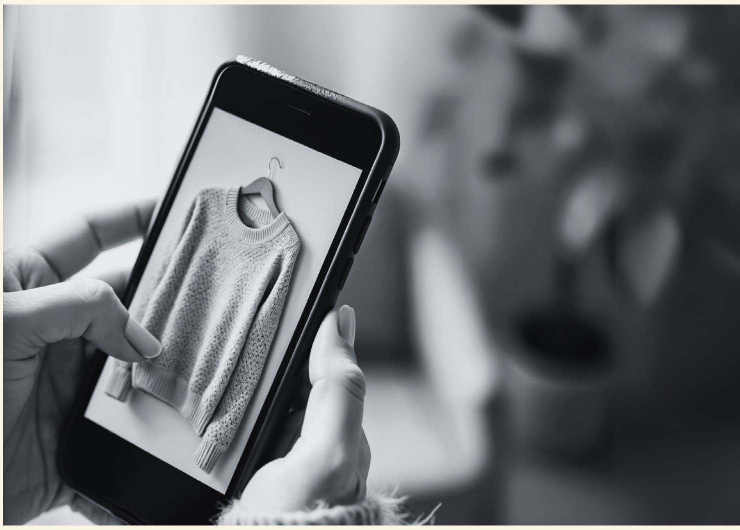
people in Britain bought apparel over the internet in 2023, which is 40% of the population.

They bought an estimated

1.9 billion items

How has the consumption of fashion changed in the UK?

The first thing to say is that more UK consumers are buying fashion online than ever before. The pandemic made sure that online shopping was clearly habitualized, and its ease and convenience hasn't been forgotten. 27 million Britons bought apparel over the internet in 2023, which is 40% of the population. This is an increase of 1.2 million on the year before.[2] This figure is forecast to grow to 32 billion by 2028[3]. Of these shoppers, the majority were millennials (people 27 – 42). 70% of UK millennials bought clothing online, and were the ones making their purchases there most often.[4] Gen Z also unsurprisingly are a key online demographic, with more than 50% saying they do most of their clothes shopping online.[5]



Just under half of all consumer spending on clothing in the UK is done online, according to Mintel.

The percentage of UK fashion shopping done online, as opposed to instore, has also gone up steadily. Just under half of all consumer spending (46-49%) on clothing in the UK is done online according to Mintel (see figure 1).[6]

The trend shows that people are spending less with named clothing brands and department stores, and spending more with online only companies, supermarkets and outdoor brands. Overall, all retailer types have seen a rise in percentage of their sales online, with total online sales going up by 21% in 5 years.

The second thing to say is that the money has followed our spending habits. We are spending more online in terms of value and with online only companies than ever before. Across the UK, consumers spent a total of £63.5 billion on clothing and accessories in 2023 online and instore – which is 4% more than the year before.[8] Revenue from fashion e-commerce was £32.7 billion in 2023. It is forecast to reach £43.9 billion by 2027.[9] This huge money shows that online shopping is here to stay.

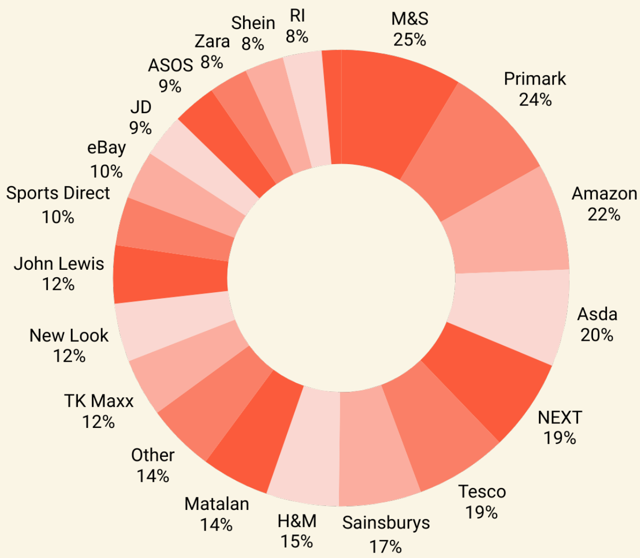
Figure 1: Distribution of UK consumer spending on clothing, by retailer type 2017-21 (Mintel)[7]

	2017	**2018**	**2019**	**2020**	**2021**
Clothing specialists	55%	53%	53%	45%	47%
Online-only and mail order retailers	12%	12%	14%	19%	20%
Department stores	12%	12%	11%	10%	10%
Sports / outdoor specialists	10%	10%	11%	12%	11%
Grocers	9%	9%	9%	12%	11%
Others	4%	5%	1%	2%	2%
Total online sales, all business	**28%**	**32%**	**35%**	**49%**	**49%**
Of which, online only retailers	*13%*	*15%*	*17%*	*26%*	*27%*
Of which, multichannel retailers	*15%*	*17%*	*17%*	*23%*	*22%*

Where are we shopping?

Looking at the top places that UK consumers say they shop for fashion, both online and instore, the inclusion of online only brands like Amazon in this list is probably not a surprise to many. Ebay and Shein also feature.

Figure 2: Retailers used by UK shoppers to purchase clothes instore or online in the last 12 months (Mintel 2022, based on 1800 internet users, aged 16+, selecting all that apply. Diagram shows percentage of consumers who responded yes.)[10]



UK consumers have kept buying regularly from trusted UK brands, both online and instore, but trust and sales are slowly building also with online only brands.

When consumers were asked where they shopped online, rather than a mix of instore and online, Amazon came out as the most popular location.[11]

Convenience and choice

The main reason consumers cite for choosing online shopping is ease of price comparison, and variety.[12]

Online fashion marketplaces have been set up to deal with this directly – to increase the consumers' access to price comparison and to increase their choice. Amazon leads the way in this regard, with ASOS, Very and Shein also meeting these needs. Many traditional bricks and mortar UK fashion brands have been increasing the choice of clothing on their sites by hosting sales of third-party brands in addition to their own, to grow in the online space and take on a retailer function. Brands like M&S, NEXT, Sainsbury's, John Lewis and more are in this list, who have increased the number of additional brands on their websites in recent years,[13] some hosting many hundreds of smaller fashion labels now and marketing these to shoppers.

Figure 3. Number of 3rd party fashion nd accessories brands retailing on UK fashion retailer websites (2024).[14]

	Number 3rd party apparel brands or sellers hosted
Amazon	500,000 est
ASOS	850
Boohoo	123
JD Sports	162
John Lewis	542
M&S	105
New Look	67
NEXT	765
Sainsburys	42
SHEIN	100,000 est
Sports Direct	1372
Very	640

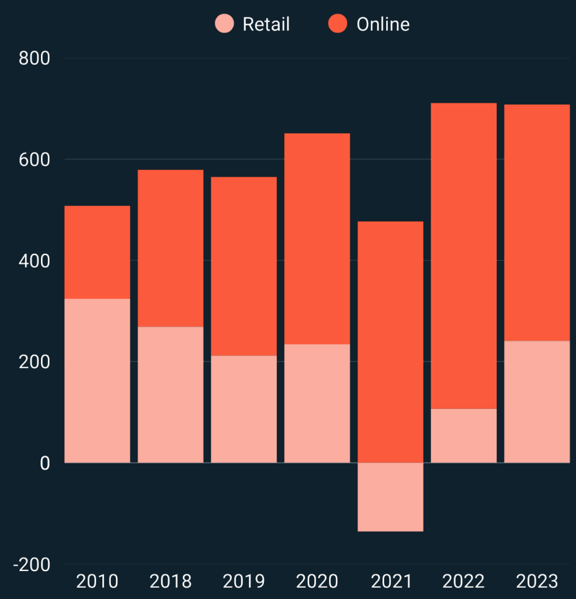
The clear advantage of hosting third party brands is that retailers can increase their revenue without having to pay for product development. These sales can deliver profit without many overheads, which is where some companies with a trusted strong consumer brand are making serious profit.

Case study: NEXT

Although considered traditionally a bricks and mortar fashion store, NEXT have increasingly built their online only business, now hosting over 750 third party fashion brands including some luxury brands and other high-street clothing such as River Island. NEXT's third-party sales (also including homewares) for the year to 31 January 2023 rose 12% year on year to £869m, with own brand sales at £1.22bn[15]. Next owns nine warehouse and distribution depots across the U.K. and two international fulfilment centres. Many have cited its growing online business as the reason it has thrived where other fashion stores have experienced difficulties since the COVID pandemic.

This figure shows Next's increasing online business, now vastly more important for profit than its instore retail. Their third-party retail forms a large part of their online sales.

Figure 4: Profit of Next PLC, by sales channel in millions GBP. Source: Statista[16]



Assessing risk for third party sellers

Yet, from a human rights perspective, the mass increase of products and brands being put up for retail, is not without risk.

Each of these third-party brands represents a supply network with many supplier factories, and potential human rights situations.

The boosting of these brands by bigger e-retailers, giving them access to major consumer numbers, without the companies themselves necessarily growing proportionately and taking on monitoring staff and CSR practices, creates a greater risk for worker rights. The approach of these retailers to the brands they are hosting is therefore crucial. Does the need to check human rights and environmental impacts, and the need to fix problems where they arise, rest only with the third-party brands, or are the retailers hosting these brands doing enough to check, support and meet their duty to provide remedy?

With retailers hosting a few hundred brands, it seems feasible that some due diligence approach is being adopted. However, when retailers are hosting hundreds of thousands of brands, and giving access to these companies to huge consumer markets, it seems highly unlikely that they are able to assess and identify human rights risks for suppliers in the vast supply networks connected to their sales.

Supply chain impacts of third party brand growth

What in turn does this look like at a supplier end? The trend in consumer buying practices towards choice, and buying from marketplace retailers, could be leading to a rise in orders to less established suppliers, potentially with fewer workers and more hidden practices. The increase in the number of brands/sellers buying from suppliers also, where these individuals are less engaged or committed to ensuring human rights protection, is concerning given the very crucial role for buyers in committing to and supporting worker rights attainment in production facilities.

There are not many data sources that enable the tracking of supplier types as transparency over these undisclosed supply chains does not exist. We asked worker organisers in Pakistan if they had noticed a rise in small to medium size suppliers, where compliance with human rights standards was less.

Expert opinions

Is there a growth in the proliferation of smaller suppliers linked to changing retail practices in garment production regions such as those in Pakistan?

Khalid Mahmood, Director of Labour Education Foundation, Pakistan

"While larger suppliers have traditionally dominated Pakistan's garment sector, I've seen growing evidence of an increase in small and medium-sized enterprises (SMEs) opening garment and textile suppliers in Pakistan. These are particularly noticeable in regions like Sialkot, Faisalabad, and Lahore.

This trend can be attributed to severage factors, including the increasing demand for specialized products and potentially the rise of e-commerce platforms.

The emergence of smaller suppliers is also linked to the global shift toward fast fashion and the need for shorter lead times. Smaller suppliers are often more agile and can adapt quickly to changing market demands, making them attractive to buyers seeking flexibility. Additionally, government initiatives and trade policies aimed at supporting SMEs have encouraged the growth of these enterprises.

I've also seen the types of buyers evolving in recent years. While traditional buyers from Europe and North America remain key players, there has been an increase in demand from non-traditional markets, including the Middle East, East Asia, and Africa. These buyers often place smaller, more frequent orders, best suited to SME suppliers.

In our experience, many smaller suppliers operate informally, making it difficult to assess their exact numbers or working conditions. They run on limited resources, which results in inadequate infrastructure, lower wages, and poor compliance with labour laws. The informal nature of jobs at many SMEs makes it difficult to enforce labour regulations. Workers in these facilities face longer hours, lack of freedom of association, unsafe working environments, and limited access to social protections, and without permanent work or contracts, have no access to their rights."

Abbas Haider, Joint Director of Pakistan Institute of Labour Education and Research

"In the Pakistan industry, smaller suppliers often operate under the radar, lacking the oversight and accountability mechanisms present in larger factories. The adoption of piece-rate payment systems is widespread among SMEs. While some workers perceive this as an opportunity to increase earnings, it often results in income instability and excessive working hours without adequate compensation or benefits.

Many SMEs employ fewer than 50 workers, placing them outside the purview of comprehensive labour laws such as the Industrial Relations Act. Larger factories, especially those supplying international brands, are subject to greater scrutiny and are more likely to adhere to labor standards due to brand audits and reputational concerns. In contrast, SMEs without such affiliations often escape external oversight, allowing labour violations to persist unchecked.

There appears to be a growing number of these small and medium enterprises (SMEs) within the sector. This shift may be driven by brands and buyers seeking to cut costs or diversify their supply chains. However, if this trend continues without adequate regulatory oversight, it poses significant risks for labor standards in Pakistan. The proliferation of under-regulated SMEs could further entrench informal employment practices, weaken labor protections, and undermine the country's reputation in the global market."

2. The big money

Amazon and other marketplace retailers: Their responsibility

Amazon is the most popular online only fashion retailer in the UK

When considering the most influential online fashion retailers, Amazon is clearly a very important business to scrutinise. Amazon is the most popular place UK consumers choose to shop for clothing when buying from online-only retailers.[17] A 2023 Mintel survey asking UK consumers where they had bought clothes for themselves online in the last 12 months, showed Amazon as the most popular location, with 28% of consumers using its website for clothing.[18] Of these, Amazon was more popular among people identifying as men than women, with 34% of people identifying as men saying they used Amazon to buy clothes citing convenience as the main reason, compared to 22% identifying as women.

A massive 86% of people in the UK shop on Amazon, with 70% using the platform at least once a month and 17% weekly

Amazon consistently ranks highly also when consumers are asked where they shop for clothing, including instore and online. Where M&S, Primark, NEXT and others also compete, Amazon remains in the top five and the most popular online only store.

In terms of its consumer reach across all product categories, Amazon is substantial. A massive 86% of people in the UK shop on Amazon, with 70% using the platform at least once a month and 17% weekly, according to Frisbi.[19] It has become a go-to onmi-retailer.

Amazon's income

Amazon's success is difficult to overestimate.

Amazon's global revenue in 2024 was $638 billion, which is an 11% increase on 2023.

As an example of its global traffic, in January 2025, Amazon.com had 2.7 billion worldwide visits, which is as if a third of the global population each browsed products on the site.[20]

Not all of Amazon's revenue is sales of physical products, and only a percentage of it is fashion. As a business, Amazon makes money through logistics services to its sellers, through subscriptions to consumers like Prime or Amazon music, through digital solutions like cloud storage and computing services, advertising and a number of other streams.

Figure 5: Amazon Revenue by Segment in 2024

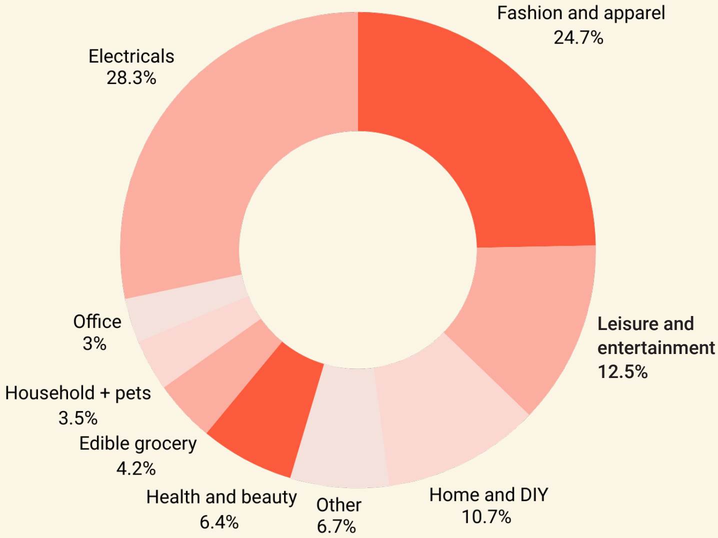
Online stores	$247 billion
Third-party seller services	$157.1 billion
Amazon Web Services	$107.5 billion
Advertising services	$56.2 billion
Subscription services	$44.3 billion
Physical stores	$21.2 billion
Other	$5.4 billion
Total	$638 billion

Source: Business of Apps 2024[21]

Its biggest revenue streams however are online sales and third-party seller services – it's core business. Over 350 million products are for sale on Amazon. This includes 12 million products sold under Amazon's own labels, and the rest sold on Amazon via sellers.[22] Fashion accounts for about a quarter of this business, which is sizable. Using this quarter as an estimation, it is likely there are about 87.5 million fashion products for sale on Amazon, being sold by around 500,000 active fashion sellers.

Although there are not figures disclosed by Amazon for the locations of sellers, data companies track figures on the top performing sellers. Marketplace Pulse say that Chinese sellers now represent more than 50% of the top sellers on Amazon.com, US sellers 45% and the remaining 5% in the UK, Canada and elsewhere.[24] UK-based sellers have been numbered at an estimated 280,000.[25]

Figure 6: Sales distribution of major product categories on Amazon in 2022
Source: Statista 2024



Amazon's fashion impact

Source: Business of Apps

350 million
products are for sale on Amazon

Sold by 2 million active sellers

Fashion accounts for 25% of sales across major product categories.

Figure 7. Amazon seller types and functions

Brand type	Amazon action	How they make money	Percentage of product sales, approximation
Amazon-owned Private labels	Amazon owns these brands, and designs and sources products themselves.	Like any other label, Amazon sources goods from suppliers and sells them on its marketplace for a profit.	1%
1P sellers	Amazon buys products wholesale from 1P sellers via purchase orders and takes care of logistics, sales and fulfilment.	Amazon take all the income from the difference between wholesale price and customer price	37%
3P sellers	Amazon provides the marketplace and charges for listings, but sellers control the listing, marketing and optimisation of product listings.	Fulfilled by Amazon: Sellers pay Amazon a fee for listings, a fee for order handling, a fee for pick and pack, weight handling and a fee for storage of goods.	62%
		Fulfilled by Merchant: Sellers pay Amazon a fee for listings, but pay themselves for shipping and customer service.	

How Amazon makes money on fashion

While Amazon does sell a small percentage of own-brand products (reportedly less than 1%)[23], the vast majority of products are developed by sellers who engage with Amazon either 1P or 3P (see figure 7).

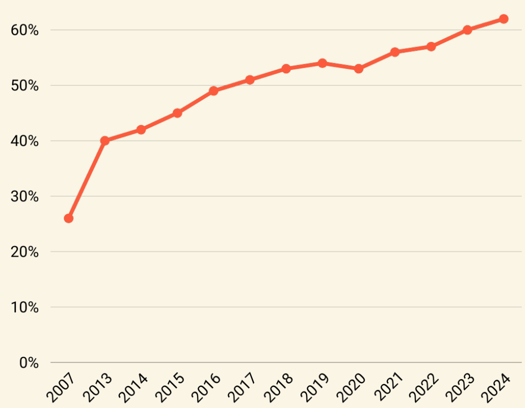
Most sales on Amazon are made by third party sellers - 62% of paid units in Q4 2024.[26] Of these the vast majority choose for Amazon to do the packing and shipping fulfilment (FBA), with the Amazon seller services company Jungle Scout reporting that 82% of sellers use the Fulfilled by Amazon service.[27] This is where Amazon is able to add on a number of charges, for order handling, warehousing, pick and pack and more.

Third party seller share growing

The third-party seller part of Amazon's business has been growing steadily over years. While in its earlier years Amazon sold its own goods, and bought more goods directly from sellers (1P) to sell on the platform, it is increasingly honing in on making most of its money from the sweet spot of providing seller services to third party sellers and distancing itself from the goods sold on the site as a whole.

Amazon's own private-label fashion brands, by

Figure 8. Share of paid units sold by third-party sellers on Amazon 2007 – 2024.
Source: Statista



comparison have been quietly cut back. In August 2024, the Wall Street Journal reported that Amazon had scrapped 27 of its 30 own-label fashion brands, leaving just 3: Amazon Essentials, Amazon Collection and Amazon Aware.[28] Amazon Haul further launched in late 2024 in the USA, accessible via app only, as a competitor to Temu and SHEIN. This app once again pushes third party brand sales, mostly from Chinese sellers.

Amazon's approach to supply chain risk

CSR approach disproportionate to business impact

In Amazon's corporate sustainability reporting, a lot of focus is given to its actions relevant to its own-brand goods and the sustainability of its internal operations. While this is surely important, the real supply chain impact of its business quite clearly falls within goods either sold 1P or 3P on its marketplace, which is the vast majority of the units (96-99%). Yet the due diligence requirements Amazon makes of sellers and their supply chains is minimal.

Amazon's approach to third party seller supply chains

Amazon sellers sign up to terms in the Amazon Services Business Solutions Agreement that include the following text: F-15 "(d) no Unit is or will be produced or manufactured, in whole or in part, by child labor or by convict or forced labor; (e) you and all of your subcontractors, agents, and suppliers involved in producing or delivering Units will strictly adhere to all applicable Laws of the Elected Country, its territories, and all other countries where Units are produced or delivered, regarding the operation of their facilities and their business and labor practices, including working conditions, wages, hours, and minimum ages of workers;"

Amazon acknowledged but did not respond to our request to provide detailed information on its human rights and environmental due diligence requirements for sellers. However, Amazon's Modern Slavery Risk Assessment statement for 2023, which is intended in legislation to cover a full account of risk mitigation action taken under the TISC provision, says the following:

"We include our Supply Chain Standards as part of our business relationship with selling partners. Selling partners registering for or using a service agree to the terms of the Amazon Services Business Solutions Agreement, which incorporates Amazon's Supply Chain Standards. We evaluate credible allegations of selling partner violations of our Supply Chain Standards.

If we have reason to suspect products do not meet our Standards, we may request evidence of due diligence from selling partners to demonstrate products were manufactured in accordance with our Standards.

We reserve the right to remove products that do not meet our Standards from our stores."

Slightly more detail is provided in the 2022 statement saying that if there are credible allegations of violations of their Supply Chain Standards, the evidence of due diligence they may request is that sellers… "provide evidence of auditing protocols, show processes for assessing factory working conditions, engage in unannounced audits, participate in an approved industry association that includes factory monitoring, and/or verify where the products are made."

Advice is available to sellers, including video resources on product compliance and a service provider network for giving sellers advice from third parties about how to comply.

From these statements, it seems clear that sellers are not required as a matter of course to provide evidence that there have been human rights checks over the production of goods sold on Amazon.

Providing evidence of due diligence activities is not a base requirement of selling on Amazon.

Also, that verifying the location of item production, or verifying that worker rights are respected in production, are facts that may be requested, but are not requested as a matter of course in the Amazon-seller relationship. This indicates very little mandatory visibility of human rights for Amazon of conditions in production facilities for the majority of goods sold by its business.

What happens if sellers fail to comply?

Seller Central (the Amazon seller porthole) has a compliance dashboard that details requests for additional evidence from sellers over issues such as product safety, labelling, intellectual property among other compliance topics. Failure to satisfy compliance requests can negatively affect a seller Account Health Rating metric, leading to account suspension or eventual termination. Sellers are not required to use this dashboard to disclose their supply chains or submit evidence showing they take action to require suppliers pay workers fairly or respect their rights. This however is the mechanism that Amazon can use if it chooses to request additional evidence if it receives credible allegations of breaches of the supply chain standards.

Evaluating risk

So how does Amazon identify and escalate credible allegations of selling partner violations of the Supply Chain Standards? Amazon's 2022 Modern Slavery statement says they operate an escalation process based on credible allegations from sources including 'those published by governments, human rights defenders, reputable investigators, and journalists.' Amazon also have a web form and complaints process where entities can report concerns about human rights and environmental code breaches.[29]

Figures showing the number of reports that are submitted via the complaints process are not published nor are the number of allegations that Amazon escalates with suppliers.

Due to a lack of transparency over the manufacturing locations and real supply chains of the millions of products sold third-party on Amazon, it is very difficult for human rights defenders to be able to identify links between the violations they record in global factories, and products that are sold via Amazon sellers, despite the undoubted existence of many of these links. Put another way, there is a high likelihood that due to the opaque yet myriad links between production locations and Amazon sales, many hundreds of thousands of human rights issues are failing to be recorded and escalated.

Amazon has built, some would say deliberately, a vast network of invisible supply chain links, meaning leaving risk identification up to journalists, government and human rights defenders will inevitably fail to scrape the surface on rights protection.

Workers in Bangladesh join the Make Amazon Pay demonstration to coincide with Black Friday.

Amazon: Tech company or the world's largest e-retailer?

Amazon as a company has many different income streams, but focusing on Amazon stores and Amazon seller services, the Amazon risk assessment would suggest that it sees its business as technology-focused in this space. It says that its company provides the technology infrastructure for sales, rather than taking responsibility for products, which are ostensibly sold by third parties.

Amazon would say therefore that third party seller supply chains are not a part of its core business supply chain, as the core business is technology provision, not retail. To draw on a physical analogy, it is true that I wouldn't go to the owner of my local shopping centre and challenge them over the exploitation of fast fashion workers in the supply chains of the products sold in the shops on their premises, as the emphasis of the business of the owner of the shopping centre is to rent retail units to other stores, not sell products.

But is it really the case that Amazon is a tech infrastructure company, or is the reality that Amazon is the world's largest e-retailer? As a retailer, you would expect to take appropriate risk mitigation over the products you sell, like any store, as laid out in the UNGPs. This distancing of third-party sellers as separate entities is Amazon's approach, but is this an obfuscation? This is a good test. If you ask a friend who has recently bought a product from Amazon "Where did you buy that?", they will say, "I got it from Amazon". Not, "I got it on the OneGreatBuyz store that has a shop on Amazon". The common-sense response of consumers to the Amazon retail experience is that Amazon itself is the retailer, not the third-party seller.

To return to the first analogy, if the owner of my local shopping centre also made significant profits within each of the businesses in the mall, and had services integrated into the supply chains of the products that they sold, and had their own branding above the door of each shop alongside a much smaller version of the store logo, and provided their own logo on the shopping bag, and had control over the product price, I may in fact hold the owner of the mall liable for the conditions in the supply chains of the products.

While Amazon's own assessment of its human rights and environmental liability appears to be that the third-party seller supply chains are only obliquely in scope, we don't believe this to be the case based on our reading of the UN Guiding Principles on Business and Human Rights. The e-retail experience of customers on Amazon's marketplace is that they are buying from Amazon the company, therefore Amazon holds a duty to conduct a level of due diligence over the human rights risk for people working in the supply chains of the millions of products it retails.

3. Tracing Amazon seller products

Workers in hidden e-retail supply chains: Their struggle for justice

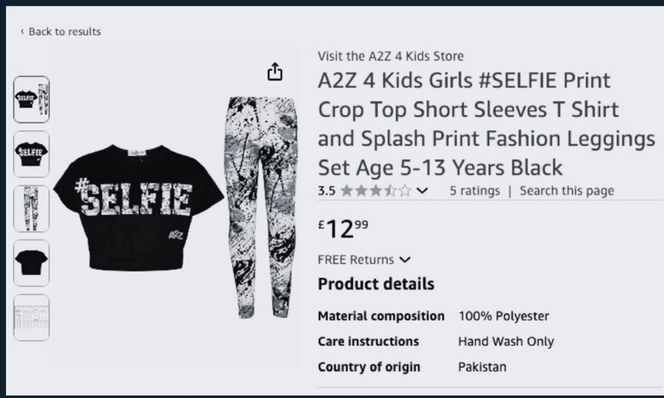
Hidden sellers, opaque supply chains

What are the conditions for workers in the supply chains of products sold on Amazon? Our research set out to track any suppliers who were linked to small Amazon fashion sellers, who represent the majority of products sold, and investigate the conditions for workers producing goods in these units. The full tracking process has been detailed at the end of this section to demonstrate the difficulty of tracing this production and the hidden conditions that workers who make these products face. The current data that is disclosed by Amazon and its sellers is very far from sufficient to ensure human rights protection and visibility of risks.

Methodology

To establish conditions at suppliers producing goods for Amazon sellers, we used export shipping data to link registered UK amazon seller addresses with production facilities in Pakistan. Researchers spoke to 10 workers from 4 linked supplier units, 40 workers in total. Workers at Irshad Sons Apparels were interviewed between July and September 2024. Workers at A&M Fashions, Rija Fashions and FS Industries were interviewed between February and March 2025. Legal advisors from Pakistan NGOs met workers via connecting with them in cafes near to the facilities, and some interviews were conducted at a local office (particularly interviews with women), in workers' native language. Workers' employment at the factories was confirmed via worker IDs where these existed, payslips where available and CNIC numbers were recorded.
The majority of people we spoke to were people presenting as men – 77%. This was reflective of the demographic of the suppliers, some of which had in fact 97% male employees. A standard interview format covering 8 sections, looking at wage payment in particular, was covered in all cases, followed by an opportunity for workers to share more broadly about their home situation and the impact of their working conditions on their personal lives and family. The findings were as follows.

Product 1: The Selfie crop top and leggings



Amazon Seller: A2Z 4 Kids
Owner: Zulqarnain Zulqarnain, from Warrington UK.
Products for sale on Amazon.co.uk: 306
Registered Address: Unit 2 Bridge Lane, Woolston, Warrington WA1 4AW

A2Z 4 Kids was established as a UK company in 2018. As of 31 March 2024, the company was worth £2,637,657. The company has its own website, although it appears most of its business is done via Amazon and other marketplace sites. It also has an Ebay store with 9.1k followers, that has sold 894k items. The brand has no physical retail space, but retails via internet marketplaces and its own mail-order system.

A2Z 4 Kids's top item on Amazon is a plain ankle sock for children, which has ranked #1 on all sellers for boys calf-length socks and is a back to school basic. It sells a range of children's clothing, dressing up costumes, and accessories.

Between May 2023 and April 2024 the supplier we researched, Irshad Sons Apparels in Faisalabad Pakistan, produced over 1000 shipments for A2Z 4 Kids, with a total value of $1,198,060.[36] Products we traced include children's costumes and girls fashion items. This girls selfie crop top and leggings was shipped from Irshad Sons Apparels in September 2023, based on an order for 33 units, at 2.87 USD per set. It is retailing on Amazon for £12.99.

Supplier: Irshad Sons Apparels

Address: 117 JB Sajjad Estate, Millat Road, Faisalabad Pakistan

Working conditions

There are around 300 employees, both male and female, in the factory. They work 8am-5.30pm but then are regularly required to do overtime of 2-4 hours in addition. This is paid (illegally) at a single rate, rather than the legally required double overtime rate. All workers we spoke to also said they were forced to work an 8-9 hour shift on their one leave day, meaning they were all working 7 days a week. This was not optional.

No contracts or payslips

No worker we spoke to had received an appointment letter detailing their contract or received a payslip, or had even a factory card to show their employment at the factory. The lack of documentation means workers have no access to legal justice should they need to take up a case, as they are unable to prove their employment or document their employment conditions.

Toxic factory environment

Workers reported that harassment from factory management is very common. They said "the worker is not taken care of." In addition, management have clearly told the workers not to become member of any trade union, or give interviews to any outsider divulging details of the factory.


Inside Irshad Sons Apparels, hanging cables, strip lighting and rows of sewing machines.

There was fear among the workers about talking about their conditions. There is no labour union the factory.

Pay at a bare minimum, with some workers paid illegally

Workers reported being paid the minimum wage of just 32,000 PKR, or £86.20 a month. A new minimum wage was announced around the time of the survey and the factory owner said he would pay this to workers soon. However, it was clear that not all hours are recorded accurately, and in order to get their minimal legal pay packet, workers were having to deliver unpaid hours in addition.

Overtime was not accurately recorded and was illegally paid at a single rate.

Workers said they were regularly required to work on a leave day, which should by law be paid double. But this was only paid at standard wage rate. We spoke to one piece rate worker, who was paid fortnightly 14,000 – 16,000 PKR i.e. unlikely to be making the minimum monthly wage. She was not paid for her overtime at all and said she did forced overtime and 'often worked until the late hours' after her shift to meet her quota. These reports represent a violation of local laws and a failure to provide basic access to decent pay.

Workers not registered for benefits

Although it is a legal requirement for all workers, workers informed us that only a very select few from the total workforce were reportedly registered by management with the social security department. No workers have been registered with the pension fund (EOBI). This means the legal benefits that workers should have access to are not provided. They haven't received social security cards so cannot access free medical services that they should be entitled to. This lack of access to medical care is costly for families on incredibly low incomes.

Worker Testimony

Workers gather outside Irshad Sons Apparels

Abdul, supporting a family of 7 including his two children.[30]

Pay: 32,000 PKR, which is approximately £86.20 a month

"With my current insufficient earnings, we can only afford the cheapest possible food instead of having nutritious meals, including no milk, meat, fruits, salad, etc. We avoid socializing and joining wedding events even in the family because we cannot afford clothing for the purpose. I seldom take my children to recreational facilities because of lack of resources.

"Consumers should be aware of our living state. They should know what conditions the workers live in who prepare these fantastic products for others. We cannot afford to buy the products we make."

The Brands should send their representatives to the factories to directly know if we are being paid as per our skills or not; whether our wages commensurate with the inflation; whether the workers are getting appointment letters, social security, bonus and other employment benefits or not. They should bind the factory owners to implement all labour rights."

Product 2: The stretchy denim maxi skirt

Amazon Seller: Icecoolfashion
Company: Ice Cool Designers Ltd
Owner: De Anne De Moore Stepaniuk
Products for sale on Amazon.co.uk: 179
Registered address: Devonshire House, Manor Way, Borehamwood, Herts WD6 1QQ

Ice Cool Designers Ltd. was established as a UK company in 2006. As of 31 October 2023, the company was worth £51,001. The company has its own website – icecoolfashion.com – and formerly had retail stores in shopping centres in Essex UK. Now however all of its business is done via mail-order, Amazon and other marketplace sites. It also

has an Ebay store with 234 items listed, that has sold 43k items. Its own brand is called Paulo Due.

Between May 2023 and April 2024 A&M Fashions in Karachi, Pakistan produced 7 fairly large shipments for Ice Cool Designers, with a total value of $44,966.45.[36] Products we traced were all denim ladies skirts and shorts. A denim skirt similar to this product, for example, was shipped from A&M Fashions in December 2023, based on an order for 854 units, at 8.37 USD per piece. It is retailing on Amazon for £29.99.

Supplier: A&M Fashions

Address: Plot 25, Sector 16, Korangi Industrial Area, Karachi, Pakistan

Working conditions

The supplier has around 200 employees and produces half a million garments on an annual basis. Many of the workers are employed via a third-party employer, who sends them into the factory. This makes their employment situation more precarious and reduces the visibility of their employment conditions further were the supplier to be audited, as hours calculation and payroll goes via a third-party set of books.


Inside A&M Fashions

Piece rate work driving exploitation

7 of the workers we spoke to were sewing machinists, and all of them were employed via the third-party employer and paid based on piece rate. Workers were paid variously 1.25 PKR - 1200 pieces in a day, 2 PKR - 800 in a day, 2.5PKR - 500 in a day. Workers reported 9-10 hour shifts to make these quotas. Their take home pay varied from 32500 to 41600 PKR, but adjusted for a legal 8 hour day, rates fall well below the minimum wage of 38,280 PKR per month for semi-skilled workers operating sewing machines.

"We cannot raise our voice for any injustices."

One worker shared that piece rates have been gradually decreasing of late, but that workers do not feel they have any ability to push back: "At present there is not enough work in the Korangi Industrial area. Every day workers are terminated. Companies are strategically exploiting workers - when they have work they purposefully display a notice at factory gate that they do not have vacancies, so the workers fear for their jobs and agree to work even on a low piece rate. We cannot raise our voice for any injustices."

Wages for the permanent workers at the factory who we spoke to were also below the minimum levels. People working in quality control and as line checkers were being paid 32,000 a month – once again below the minimum wage at the time of survey. One of these workers said: "I am just surviving. The cost of living in our country is on the rise, and managing expenses in such high inflation is near to impossible. The products we are manufacturing at our factory is selling at high profit, however, we the workers are not provided decent wages." A living wage for urban Pakistan was calculated at 50,232 PKR in 2023, based on 1.5 workers supporting a family. This is likely to have gone up significantly with inflation since.

Overtime forced and underpaid

Workers were not paid the legally required double rate for their overtime, despite having to work overtime shifts of 3 hours, twice a week or more, and mandatory additional shift on their leave day if a shipment was due. This is against the law.

No documentation, paid in cash

All the workers were paid cash in hand. No worker was given a pay slip, or an appointment letter or contract stating their employment terms (also both illegal). One worker who had a permanent employment relationship with the supplier recalled that he was asked to sign a letter when he joined, but it was taken away immediately and not handed back, perhaps indicating that the company keep records just for showing to auditors, that the workers have no access to.

Illegal wage deductions

Workers reported that their earned pay was docked if they took leave, or if they arrived even marginally late. Without payslips, it wasn't clear if the workers were registered for healthcare or pensions, as is the legal requirement on employers in Pakistan, but workers assumed that this was not the case and did not have access to these benefits.

Worker Testimony

Hussain Ismail, a machinist on a piece rate salary at A&M fashions, has five children to support.[31]

Pay: 2.5 PKR per piece, approximately 35,700 PKR monthly take home pay (£95.50), working a 10 hour day.

"We are barely surviving on such a salary. I live in a 2-room house with my five children. I hardly manage my utilities on the salary and we are living hand to mouth. The wages are not enough. We end up getting in debt. Grocery and utility bills are a challenge for us. What can we say to consumers? We do not have access to them. The piece rate is being decreased day by day.

Workers are considered the back bone of the economy but the capitalists are breaking that bone.

To improve the working conditions, workers should be given their rights.

A workers' house

Product 3: Pack of 3 short sleeve night dresses

Amazon Seller: Chums Outlet
Company: Chums Limited
Owner: Adam Rubin
Products for sale on Amazon.co.uk: 119 chums brand clothing products.
Registered address: Unity Grove, Knowsley Business Park, Prescot, Merseyside L34 9AR

Chums is a clothing retail company, based in Liverpool. It supplied its goods via the mail order catalogue business for many years, before expanding online to Amazon and other online outlets. This company is larger than the other two sellers, employing over 100 people in the UK, and managing a turnover of £39,739,870 in 2023. As of 31 December 2023, the company was worth £9,422,345. The company has its own website, catalogue, Amazon and Ebay stores. As a business it focuses on menswear, comfort and value. It also stocks a womenswear range, as well as homewares, gifts and mobility goods. Chums stretch waist formal smart work trousers rank 9th in the Amazon Best sellers list for trousers.

Between November 2023 and September 2024 F.S. Industries produced 53 shipments for Chums, which amounted to 52,277 items, valued at a total of $353,935.89.[36] Products we traced were largely womenswear, nightdresses, pyjamas, and leisurewear. There were some men's rugby and polo shirts also. Nightdresses in packs of 3, similar to this product for example,[33] were made by the factory and shipped to Chums in the UK in January 2024. The order was for 1455 packs, at $12.08 USD per pack. These are retailing on Amazon for £44.50 GBP.

Supplier: F.S. Industries

Address: D -249/B Metroville S.I.T.E. Industrial area, Karachi, Pakistan

Working conditions

This small supplier employs 50 workers (47 men, 3 women). The 10 male workers we spoke to were all machine operators who were employed on piece rate contracts, not making the minimum wage despite working more than full time hours.

No documents, no paper trail

All workers were paid in cash, none received pay slips and none were provided with appointment letters or even employer IDs showing their connection to the factory. This scenario leaves workers with no legal basis on which to ensure they haven't been exploited, or even simply to check their hours were correctly compensated.

Audits a sham

Workers recalled that audits had been conducted in the factory but these did not record the conditions they experience. One worker said: "The brands should conduct genuine audits, not the kind we often see at our factories. Whenever an audit happens, the company ensures all workers have PPE and other necessary items just to qualify for the audit. However, they never help anyone in reality."

Inside FS Industries, a small supplier.

Forced overtime, forced work on leave days

Workers all reported that overtime was a requirement rather than an optional choice – an indication of forced labour practice. In addition to the 9-6pm regular shift, 2 or 3 hours extra, three times a week was regularly demanded, without workers being paid the legally required double rate for overtime. Workers also said that if there was a shipment due, they were required to work on their one leave day a week, again for nothing more than the regular rate.

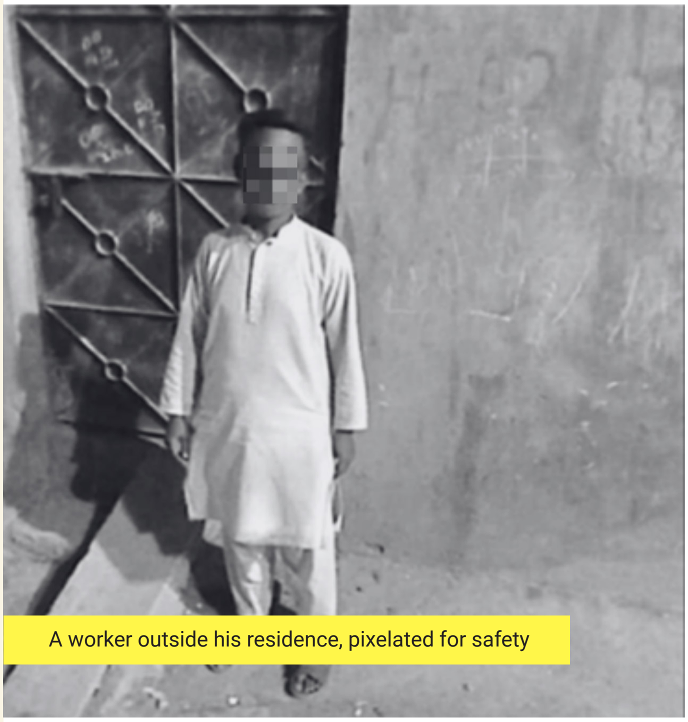
Wages illegally low

The piece rate system, across many suppliers in Pakistan, keeps wages illegally low through a lack of ability for transparency over record keeping, no ability for workers to push back against low, variable rates offered per piece, and no surety over total take home pay per month. Employers favour it as it makes workers push to meet their targets, but when combined with no payslips and excessive hours, workers are exploited. Workers reported different total pay per month, based on speed and skill, although most were working the same hours and being paid 70 RPS per dozen. The machinist who reported the highest was taking home just 33,000 PKR a month (approximately £91), despite working more than full time. This is well below the legal minimum wage of 38,280 PKR for semi-skilled workers operating sewing machines.

Most workers averaged 30,000 but the lowest paid piece-rate worker reported making just 24,000 PKR - less than half the minimum wage.

One worker said: "The wage I earn is too low to afford clothing and standard food for my family. I would urge brands to ensure strict implementation of labour laws, end the contract system, and provide workers with direct company employment along with a decent wage."

Worker Testimony



A worker outside his residence, pixelated for safety

Ahsan Shah is a machinist at F.S. Industries and has been at the factory over 3 years.[34]

Pay: 130 PKR per dozen piece, variable monthly take home pay

"My family situation is fragile because I work on a piece-rate basis. I am married and have three children: two older daughters and a younger son. We live in a rented place that costs 10,000 per month, which is a significant financial strain. Due to my limited income, I cannot afford to provide proper education for my children, which is a major concern for me. Life is incredibly difficult. After paying for rent and household groceries, I am left with almost no money, making it impossible to think about buying anything else.

In my house I only have three lightbulbs and two fans - nothing more.

The product we make sells for $17, but workers are paid only a tiny fraction of this amount. We must raise our voices for the workers who are being exploited! I would like to request brands to ensure strong implementation of workers' rights laws. Additionally, I urge that audits should include organizations that are actively working for the welfare and rights of labourers."

Conclusions from case studies

It is clear from the testimony of workers from this small sample in third party seller suppliers that there are conditions being experienced by workers who make products sold by Amazon that are in breach of the Amazon Supply Chain Standards. Clearly, forced labour, breaches of local laws on wages, hours, lack of employment rights and social protections and more, are present in many product lines.

These small to medium sized suppliers are not being audited in a way that ensures breaches are picked up on and remedied. While larger brands have the capacity to engage in compliance activity, to varying degrees of effectiveness, these small and medium suppliers are falling below compliance radars and greater exploitation exists for workers in these facilities.

Amazon, as facilitators of mass market access for many millions of sellers likely using similar sized supplier facilities, have a duty to ensure visibility of risk in these supply chains, and to ensure remedy is available for workers.

This is not currently happening and as a result workers are being exploited for the production of cheap goods.

A Black Friday demonstration outside Amazon's London HQ.

The Justice is Everybody's Business coalition have been lobbying for a strong law on corporate accountability in the EU.

4. Legislation

Expectations on e-marketplace companies

In this section we seek to assess what legislation is out there to require e-retailers to protect workers in the supply chains of the products sold on their marketplaces, and what this mandates companies to do. We also look at whether there is any best practice out there already being done in this sphere with respect to e-retailers and third-party brands.

The changing legislative landscape

The UN Guiding Principles on Business and Human Rights (UNGPs) have been around since 2011, mandating business via soft law to conduct due diligence with respect to any supply chain or facility linked to their operations, in order to ensure respect for human rights and the environment, and provision of remedy in cases of violation. The European Union has now passed a directive to bring this into formal legislation in every member state, laying out its interpretation of the principles in the Corporate Sustainability Due Diligence Directive, more on this below. Other states have passed their own version of this bill, including Germany, France and Norway. The UK indeed has had a private members bill – the Commercial Organisations and Public Authorities Duty (towards Human Rights and Environment) Bill, brought in May 2024, and a long running campaign for a Business, Human Rights and Environment Act is slowly gaining traction. The UK's own early response to the UNGPs was the Modern Slavery Act 2015, which includes a transparency in supply chains provision mandating companies with a global turnover of >£36 million to publish a statement detailing how they are preventing modern slavery in their supply chains. In short,

Most European fashion companies will have to comply with some form of formal legislation around due diligence

that meets the essence of the UN Guiding Principles on Business and Human Rights in a number of jurisdictions in the near future.

Legislation to embed the UN Guiding Principles on Business and Human rights into practice

The EU's Corporate Sustainability Due Diligence Directive (CSDDD), which was passed in July 2024 establishes a due diligence duty for companies retailing in the EU market, relevant not only to a company's own operations and business partners, but also to the value chains of these business partners. It is set to be transposed into law by all EU member states. Amazon will fall in scope, due to its global turnover if not also due to its numerous EU employees.

The CSDDD requires companies to carry out due diligence to identify and address adverse impacts arising from their own operations, those of their subsidiaries, and any adverse impacts arising from the perations of their business partners in their 'chain of activities'

The upstream chain of activities is defined as activities of a company's business partners related to the production of goods or the provision of services including the design, extraction, sourcing, manufacture, transport, storage and supply of raw materials, products or parts of products and the development of the product or the service.

The CSDDD defines the duty on companies to 1. Identify and assess potential or actual adverse human rights and environmental impacts of their operations; 2. Prevent or mitigate these impacts, 3. Cease any ongoing harms and address these with corrective action plans, 4. Deliver remedy to victims, through financial or non-financial compensation. There is also a requirement to publicly report on actions, and an obligation to conduct meaningful stakeholder engagement around these topics. Failure to comply with CSDDD is deterred by substantial fines (up to 5% of global turnover), civil liability for damages, and a potential exclusion from public tenders.

Clean Clothes Campaign activists call for Due Diligence outside the EU on the anniversary of the Rana Plaza disaster.

Does Amazon's current practice comply with the CSDDD?

For Amazon, its current engagement with sellers doesn't meet these points. As a retailer of products the CSDDD would require Amazon to conduct due diligence on the upstream parts of the supply chain for all sellers (their direct business partners), and the business partners of their business partners related to the production of goods and services (manufacturing facilities in tier 1 and beyond) that produce goods sold via the marketplace.

As detailed in section 2, Amazon's compliance levers over sellers are limited to the signing of a contract, and the possibility of raising compliance requests linked to concerns raised about human rights or environmental risk by other parties outside of the business.

Amazon does not assess risks within 1p or 3p seller supply chains or require effort to take appropriate mitigation action.

In terms of identifying potential or adverse risks linked to products sold, Amazon does not use the onboarding process to request information from all sellers about human rights and environmental risks in their product supply chains, and map production locations, risks and responses. A requirement for sellers to publicly disclose supply chain locations would be one way to meet this data duty, and a requirement on sellers to themselves to submit their evaluation of modern slavery, human rights and environmental risk related to their products.

In terms of processes for addressing and ceasing ongoing harms, Amazon would also have to increase efforts with a stronger complaints process linked to third-party seller products, and a method for engagement in verifying and resolving complaints collectively. This would need to be public so that unions, workers and human rights defenders could engage in raising concerns. Action also to ensure remedy is delivered to victims in collaboration with business partners (sellers) would have to be detailed in a clear process and transparent routes to reporting and outcome clearly laid out.

Omnibus changes and what this means for Amazon

The story of the CSDDD, however, is not yet complete. The European Commission launched the Omnibus sustainability rules simplification package on 26th February, 2025. While the aim of the package is reportedly to reduce administrative reporting burdens on companies

The Omnibus is in fact a massive deregulation endeavour driven by business lobbyists, that puts paid to years of legislative work to ensure companies respect human and social rights and align with climate goals.

The package, if passed, would seriously diminish the scope and effectiveness of the measures intended in the original directive and damage progress being made to ensure corporate accountability.

To name a few proposed changes, the due diligence obligations are severely weakened. This includes: monitoring frequency reduced from every year to every 5 years; the stakeholder definition is narrowed to exclude civil society organisations; the obligation to put into effect a transition plan is removed; companies cannot ask business partners with less than 500 employees to take part in risk-based assessments, and importantly the value chain due diligence scope as a whole is limited to direct suppliers of companies only, meaning those with whom a company has a direct contractual relationship. Most egrigiously, the package also represents a major setback in access to justice, removing the obligation for members states to establish civil liability for harm caused by a company's failure to meet its due diligence obligations. It further removes the possibility for NGOs or trade unions to represent victims, effectively stripping victims of their ability to go to court to seek harm or compensation in the face of immense procedural and legal hurdles.

For Amazon the limiting of the scope of necessary due diligence is the most important change. As the Omnibus limits the duty of due diligence for a company to entities only with whom the business has a direct contractual relationship, Amazon would only be required to look at and mitigate risks within the business operations of sellers themselves, and of those, only sellers with more than 500 employees. This will exclude from scope the vast majority of sellers as a whole, and all of the facilities in the supply chains of the products sold 1p or 3p on the Amazon marketplace. It is highly unlikely that the 3p sellers themselves will fall in scope of the directive, unless they are in fact big brands or retailers with 500+ employees and an outlet on Amazon. Most sellers are likely to be small. This effectively makes the directive a reporting exercise with respect to Amazon products rather than any use for improving human or environmental protections.

Impact on the workers

In terms of the cases listed above, the Omnibus would remove any responsibility from Amazon to engage in ensuring remedy for the workers impacted, despite the fact that they directly produce the goods sold via Amazon's business. The sellers themselves would not fall in scope, meaning no remedy option would be provided via the legislation.

The EU Omnibus proposal is however by no means a done deal. The path of the legislation has many hurdles yet to overcome, and there is hope that the legislative process will succeed in protecting some of the work already done to bring the CSDDD to pass.

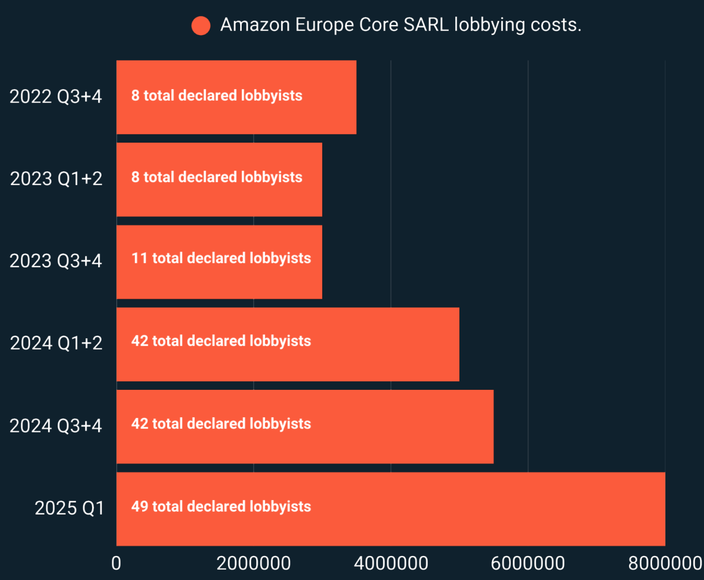
Amazon's lobbying capacity

While correlation does not indicate cause by any means, it is worth noting Amazon has significantly increased its lobbying efforts with EU policymakers in 2024 and 2025, matching up with the path of the Omnibus. Declared lobbying costs are now in the 7-8million euros bracket, up from 3million in 2022.

To understand this data it must be noted that Amazon's formal lobbyists were banned from EU parliament buildings for refusing to participate in dialogue in early 2024. Lobbyists numbers from 2024 onwards are not FTE figures, but represent rather the numbers of individuals who took meetings on the transparency register after official lobbyists were banned. The data nonetheless shows that Amazon's spend and engagement in high level meetings has continued to accelerate during this period.

Source: lobbyfacts.eu which collates data from the official EU Transparency register into company comparable data cards.

Figure 10: Declared EU lobbying costs and numbers of lobbyists for Amazon Europe Core SARL for the years 2022 – 2025.



Unionists in Bangladesh, calling for corporate accountability legislation to be passed.

UK activists call on fast fashion brands to act to ensure better pay for workers in Bangladesh.

E-retailer marketplaces as a whole are responsible for the goods they sell

Taking a step back from the detail of European legislation and its path to fruition, the UN Guiding Principles on Business and Human Rights make it clear that retailers not just brands have a duty to ensure respect for human rights and environment, and must know and show that they are doing it. For e-retailers of all types this means an appropriate and proportionate risk assessment and remedy engagement process must be put in place with respect to third party brand supply chains.

Returning to the list of fashion retailers in the UK hosting sales of third-party brands, many are already taking responsibility for a proportionate role in identifying adverse human rights and environmental impacts, and preventing, correcting and remedying those impacts in the supply chains of products sold on their sites.

We sent a brief survey out to a number of retailers and platforms to ask about their due diligence approach to third party brands retailing via their ecommerce spaces. The aim of the action was to gather best practice and see what standards are developing between retailers. Amazon, Boohoo, JD Sports, M&S, Pentland, Sainsbury's, Sports Direct and Very Group did not send responses. We received some indication of policy back from ASOS, New Look, Next, John Lewis and SHEIN.

While it is clear that this is a developing area of policy, where retailers are still working out what is an appropriate level of action with respect to third-party supply chains, many companies are committed to investigating their duties in this area, and are assigning capacity in their teams to support third party supply chain due diligence and access to remedy for workers linked to products sold on their platforms.

Survey: What the retailers said

NEXT

While NEXT don't require that third party brands have recently audited their suppliers, they do require visibility of the audits that they conduct. Third party brands who retail via NEXT are required to have an ethical policy and staff to support this work, and have to have mapping of their supply chain in place and an audit programme. NEXT say that while they don't require third party brands disclose their supply chain publicly at this point, this is something they are considering requiring third parties to do in the future. They also have an agreement with their third-party brands to cooperate on remedy solutions if violations are found.

ASOS

ASOS have gone a step further in terms of transparency. They currently require the submission of a Tier 1 factory list as part of the onboarding process for partner brands. If brands are resistant to sharing this information, they work closely to try to reinforce the importance of transparency, learn about their chain, and conduct the necessary due diligence.

Partner brands are strongly encouraged to align with a transparency pledge by 2025, which includes publicly sharing their factory list on their own website or preferably through the Open Supply Hub.

ASOS also requires at a minimum that partner brands have an ethical policy and key contact in the company for ethical matters, map their supply chain and conduct regular audits to identify risk, can show they take action to address human rights abuses, ensure workers have access to reporting mechanisms e.g. through various initiatives like the Accord. Finally, they also run an enhanced due diligence process for high risk brands.

John Lewis

John Lewis were fairly vague with respect to the detail of their work. The company stated that they have an onboarding process for all third-party brands including a risk assessment process that checks a number of factors to make sure they're suitable, including ethical requirements. They say they work openly with third-party brands and collaborate on issues wherever they arise.

New Look

New Look, while also taking a similar approach to encouraging risk based self-assessment from third-party brands to evaluate their suitability, shared that they engage third-party brands in conferences, webinars and meetings to increase awareness of compliance issues and share best practices. They are also part of an initiative with Zalando, Very Group, ASOS and others called The Industry We Want, who are working on a position about best practice with respect to third-party retailing.

SHEIN

Very similar to Amazon, SHEIN said, with respect to their marketplace, sellers have to comply with a seller code of conduct which includes compliance with local laws and regulations, safeguarding against forced and child labour, and other measures for workplace health and safety and environmental protection. SHEIN say sellers as part of their onboarding take part in a 'mandatory review to assess their suitability, a background check and must submit certification that attests to their ability to meet product compliance standards.' If sellers breach the code of conduct, they risk account suspension.

Pakistan's garment sector is often unmapped and conditions in hidden suppliers need action.

5. Conclusions

Changes for a more transparent and just industry

Retailer responsibility needs action

We have seen that e-retail and third-party e-retail in particular has grown as a segment of the fashion market, and big money is being made by those selling online fashion in many different guises, both as marketplace retailers and platform sellers.

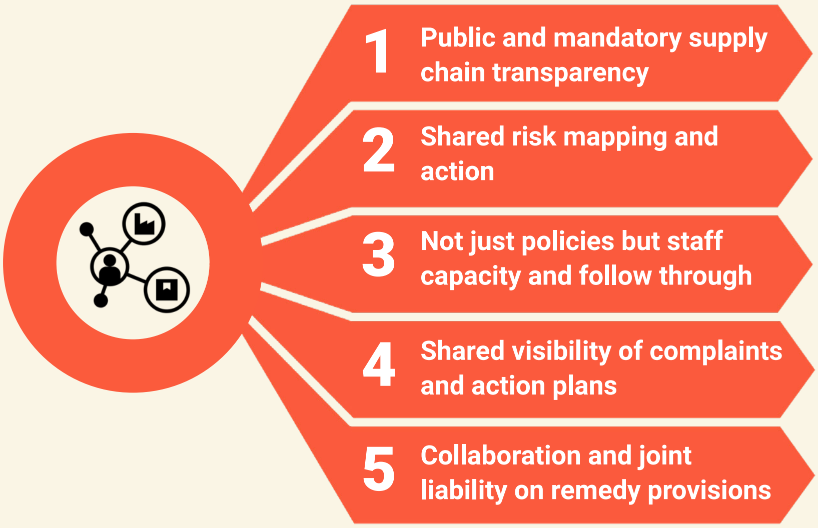
Brands like Amazon are making huge profits from this fashion retail space, but without the appropriate checks and balances to ensure protections for workers exposed by the supply chains that have grown around their retail.

Third-party brands and sellers are often only required to sign documents to say they will respect standards, without understanding what these mean or their role in human rights and environmental harms, and with no requirements to submit evidence that they are taking appropriate measures to protect people and planet.

Workers such as those we met in Pakistan are the victims of these business models that provide mass market access to sellers with no working policies to ensure human rights protections. And while some more forward-thinking fashion retailers are taking steps to establish best practice, there is a major gap in requirements, also from law makers, to regulate this sector and ensure people are protected as fashion retail evolves.

While there are no easy solutions in this space, there are some clear principles that can be stated as a guide for managing responsible fashion retail.

Figure 11: Key principles for retailers engaging with third-party brands and sellers in fashion retail



Transparency is key

Internal visibility of suppliers and supply chain locations is a vital starting point as a requirement for third-party brands to state where their goods and materials comes from, beyond tier 1. To support effective stakeholder engagement, retailers must require that this data be publicly available and regularly updated via Open Supply Hub or similar, including addresses, numbers of workers etc. The scope for hidden supply chain activity presented by the e-retail business is vast, so this responsibility to facilitate visibility of supplier networks and workers is essential for ensuring human rights protection is available.

Know the risks

Retailers should require that third-party brands have a risk mapping for social and environmental harms in their supply chains, and that action plans are in place to mitigate risks identified. This should be submitted as part of any onboarding process and actions should go beyond auditing.

Not just paper capacity

Third-party brands should have ethical sourcing policies, covering all relevant compliance issues and a strategy to deliver these. Retailers should be clear that third-party brands must do more than just present policies for inspection - third party brands must as a minimum have designated staff to deal with social and environmental risks, and be sure that relevant members in the business are receiving training to support policies that are provided, and that purchasing practices reflect the fundamental principles of human rights protection.

Visibility of complaints

While it is beyond the responsibility of retailers to have a view of all audits and corrective action plans, retailers should have an agreement with third-party brands to share audits where requested and share discussion on appropriate actions to take. Retailers should use this tool if complaints are raised by stakeholders and collaborate in investigating concerns where relevant. Retailers should be sure that third-party brands participate in grievance programmes, such as requiring third parties collaborate with the Accord or similar.

Collaboration on remedy

Where worker or environmental grievances are brought to light, retailers should commit to take responsibility for ensuring remedy, including contributing towards payments owed to workers, or facilitating restoration of rights and environments. This should be a jointly held responsibility with third party brands who initiate the supply chain. Given the value share of products that retailers are able to take, and the controls they hold over price points, it is right that retailers be held jointly responsible for ensuring remedy is available in the case of human rights or environmental harm, if their due diligence processes have failed to protect people and planet.

Recommendations

For Amazon Sellers

1. Investigate and remedy the violations listed in this report, including ensuring minimum wages are paid for all workers at facilities producing your goods.

2. Require suppliers to employ workers directly, on permanent contracts and pay them a salary rather than a piece rate, which represents a system of exploitation risk in Pakistan, and adjust prices to allow suppliers to make this shift.

3. Ensure all workers are provided with contracts, payslips, and are registered for social security, as required by law.

4. Publish your supply chain data at least annually, preferably via Open Supply Hub to ensure transparency and accountability within your business.

For Amazon

1. Update Amazon's compliance approach towards sellers and third party brands as a whole, to ensure mandatory requirements around public supply chain transparency, shared risk mapping, compliance staff capacity, visibility of complaints and collaboration on remedy in the case of supply chain harm.

2. Strengthen complaints processes to actively investigate third party seller supply chains where risks are highlighted, and internally seek out risk areas that need more attention.

For Fashion E-retailers broadly

1. Ensure mandatory requirements around public supply chain transparency for third party brands, shared risk mapping, compliance staff capacity, visibility of complaints and collaboration on remedy.

2. Publish details of your approach to third party supply chains as part of annual modern slavery risk statements and reporting.

For Policy Makers

1. Halt the path of the Omnibus legislation and ensure the due diligence obligations put in place by the CSDDD are protected, including the extension of responsibility past direct suppliers, and the establishment of a civil liability for social and environmental harm caused by companies.

2. Strengthen scrutiny over e-retailers and marketplace platforms but requiring reporting on their efforts to mitigate and remedy actual and potential risks of slavery, forced labour and social and environmental harm, and ensure this extends to all products sold on their sites, whether via third parties or own brands.

3. For UK policy makers, immediately work to bring into law a business, human rights and environment act that places a mandatory duty for due diligence on UK companies and holds business, including retailers and e-marketplace companies, legally liable for failures to prevent supply chain human rights abuses and environmental harms.

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About Labour Behind the Label

Labour Behind the Label campaigns for garment workers' rights worldwide. We support garment workers' efforts to improve their working conditions and change the fashion industry for the better. We raise awareness, provide information and promote international solidarity between workers and consumers. We are a UK member of the Clean Clothes Campaign.

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