

Human Rights

Due Diligence in Pakistan

Contents

EXECUTIVE SUMMARY	3
INTRODUCTION	5
PAKISTAN CONTEXT	5
INTERNATIONAL OBLIGATIONS	6
NATIONAL LABOUR RIGHTS FRAMEWORK AND HUMAN RIGHTS DUE DILIGENCE	8
APPLYING THE ETI BASE CODE IN PAKISTAN	14
CONCLUSION	24
END NOTES	25

ACRONYMS

CAT Convention against Torture	ILO International Labour Organisation
CEACR Committee of Experts on the Application of Conventions and Recommendations (ILO)	ILS International Labour Standards
CEDAW Convention on the Elimination of Discrimination against Women	IRA Industrial Relations Act
CERD Centre of Excellence and Rural Development	ITUC International Trade Union Confederation
CPEC China-Pakistan Economic Corridor	IUF International Union of Food Workers
CRC Committee on the Rights of Child (UN Convention on the Rights of the Child)	KP Khyber Pakhtunkhwa
DWCP Decent Work Country Programme	NIRC National Industrial Relations Commission
EC European Commission	NTUF National Trade Union Federation Pakistan
EU European Union	OHCHR Office of the Higher Commissioner for Human Rights (UN)
ETI Ethical Trading Initiative	OPHI Oxford Poverty and Human Development Initiative
FTA Free Trade Agreement	OSH Occupational Safety and Health
FY Financial Year	PILDAT Pakistan Institute of Legislative Development and Transparency
GCC Gulf Cooperation Council	PILER Pakistan Institute of Labour Education and Research
GDP Gross Domestic Product	PPE Personal Protective Equipment
GFA Global Framework Agreement	PTEA Pakistan Textiles Exporters Association
GIZ Deutsche Gesellschaft für Internationale Zusammenarbeit	PWF Pakistan Worker's Federation
GSP(Plus) Generalised Scheme of Preferences (Plus)	SAFWU Sindh Agriculture and Fishing Workers Union
HBW Home-Based Workers	SDG Sustainable Development Goals
HBWWF Home-Based Women Workers' Federation	SEZ Special Economic Zones
HRDDF Human Rights Due Diligence Framework (developed by ETI)	SIMAP Surgical Instruments Manufacturers Association Pakistan
ICCPR International Covenant on Civil and Political Rights	TDAP Trade Development Authority of Pakistan
ICESCR International Covenant on Economic, Social and Cultural Rights	TIC Treaty Implementation Cell
ICT Islamabad Capital Territory	TIFA Trade and Investment Agreement
LFS Labour Force Survey	TVET Technical and Vocational Education and Training
	UN United Nations
	UNDP United Nations Development Programme
	UNGPs UN Guiding Principles on Business and Human Rights

EXECUTIVE SUMMARY

This report provides an analysis of the operating conditions for companies in Pakistan in relation to human rights compliance, and identifies ways in which human rights due diligence processes can be implemented. It outlines the legal, policy and socio-economic context for labour protection, and potential and actual human rights risks in relation to the “Protect, Respect and Remedy” framework. Importantly, it also analyses the risks for multinational and local companies doing business in Pakistan, assessed against ETI’s Base Code of labour standards.

This report is aimed at businesses, government agencies, trade unions, civil society organisations and others working to promote labour rights, mature industrial relations and responsible business practices in Pakistan. The focus of this report is on export-orientated sectors, and the role of domestic markets in global supply chains. The report provides an overview of current information pertaining to the level of protection of labour rights in Pakistan, as well as the developing legal framework and key stakeholders in major export sectors.

Pakistan’s labour force is estimated to be the ninth largest in the world. But the labour market is characterised by high levels of informality and precarious work and an estimated six out of 10 workers are at risk of lacking decent work. Within the current context, Pakistani workers have a high tolerance for poor working conditions and low pay.

The implementation of international labour standards through national labour laws has become critical for Pakistan because it is a precondition of continuing GSP Plus status, which came into effect in January 2014: to maintain its status as a GSP Plus beneficiary, Pakistan must implement 27 international conventions, including core human and labour rights conventions.

Compliance with labour laws is also weak and trade unionisation rates are very low. Informal economic activities dominate, exposing companies to human rights risks, particularly in multi-stage supply chains. The invisibility of some informal economy workers also means that labour violations often go unidentified and labour protection laws unenforced.

Low unionisation rates mean that many workers do not benefit from trade union protection or advocacy. Instead, remedies for labour rights violations are addressed often through the judicial system, which is inefficient and difficult to access. There are also significant backlogs throughout the system.

While there are some private sector initiatives to improve labour conditions, these are relatively new and not yet robustly developed. However, it should be noted that multi-stakeholder initiatives that involve companies have been effective in significantly improving working conditions in some sectors in the past.

Since 2010 and the adoption of the Eighteenth Constitutional Amendment, the areas of labour regulation, minimum wage setting and enforcement, and industrial relations have been devolved to provincial governments. Yet, the process of decentralization has been uneven and uncoordinated, with some provinces lagging behind others in enacting and implementing provincial laws. This fragmented process of legislation has brought uncertainty and confusion.

Additionally, Pakistan’s labour inspection system is weak and poorly resourced. Until recently, the government withdrew itself from the monitoring and implementation of labour laws: the labour inspection system was effectively suspended in 2003, although was revived in 2012. However, it continues to lack capacity to conduct effective inspections.

Companies face considerable challenges in managing and mitigating risks related to labour rights and human rights. Weak compliance with relevant laws and regulations, along with weak enforcement of legal sanctions erodes workers’ rights and contributes to poor working conditions.

In particular, the apparel and textiles sector and the surgical instruments sector have products that have multi-staged manufacturing processes which lend themselves to sub-contracting, often to the informal sector. Both generally pay piece rates, rather than a fixed regular income and with long supply chains, each stage carries its own risks of human rights violations. The state of insecurity in Pakistan has also created specific challenges related to the monitoring of suppliers’ practices. Audits are often outsourced to local counterparts may be unreliable or conducted by international brands and companies on a rare and ad hoc basis.

While multi-stakeholder initiatives that engage a wide range of stakeholders have successfully improved labour standards in some sectors, cooperation and support from industry stakeholders and companies was crucial.

Although Pakistan guarantees the right to association by way of Article 17 of the Constitution, which provides for a fundamental right to exercise freedom of association and the right to form unions, the country has extremely low rate of unionization for workers. The ILO's CEACR has expressed concerns about a number of areas related to freedom of association and collective bargaining. Employers in Pakistan tend to resist workers' attempts to unionise, and some workers have experienced harassment, dismissal and even violence when attempting to do so.

While it is not clear whether suppliers in Pakistan covered by Global Framework Agreements have higher trade union membership, anecdotally, trade union federations in Pakistan have reported that GFAs have been invoked when negotiating with European companies, even on behalf of workers who are not unionised.

Labour disputes are heard by specialised Labour Courts at the provincial level, or by the National Industrial Relations Commission. There are also Authorities appointed in each province to determine wage claims. However, the judicial system is viewed by stakeholders as being slow, costly and inaccessible to the majority of workers. There are also significant backlogs and delays throughout the judicial system.

ETI BASE CODE

1. Employment is freely chosen

Pakistan ranks sixth in the world on the 2016 Modern Slavery Index, with an estimated 2.1 million people living in modern slavery. Bonded labour is a particular concern, and the weak labour inspectorate means that monitoring and prosecutions are rare. However, strategies to mitigate the risk of bonded labour and rehabilitate families have been successful.

2. Freedom of association and the right to collective bargaining are respected

Trade union formation and collective bargaining is a particularly contentious issue in Pakistan, which has very low trade unionisation rates. Employers are frequently hostile to the unionisation of their workforce and often take retaliatory action against leaders of trade union activities.

3. Working conditions are safe and hygienic

Pakistan does not have stand-alone legislation that deals specifically with health and safety. Its labour inspection system is also created through a patchwork of provisions from various pieces of legislation. Around 4% of workers reported some form of occupational injury or disease within a 12-month period.

4. Child labour shall not be used

The Constitution (Article 11) sets the minimum age of employment, including in factories and for hazardous work at 14 years old, which is inconsistent with the ETI Base Code. Only Khyber Pakhtunkhwa is consistent with the ETI Base Code, mandating a minimum age of 18 for hazardous work. Nationwide, despite legal prohibitions, in 2014-15 there were an estimated 2.1 million child labourers between the ages of 10 to 14.

5. Living wages are paid

Although there is no agreed concept of a 'living wage' in Pakistan, it is generally considered that the statutory minimum wage falls far short of a living wage. Despite the recognition that the minimum wage is not a living wage, there is still widespread underpayment of workers, including under minimum wage levels.

6. Working hours are not excessive

More than 40% of the workforce are engaged in excessive hours of work in Pakistan. Workers rarely complain about excessive working hours in isolation. Excessive working hours, payment of overtime rates and other benefits, working conditions, and attempts to form trade unions are often interconnected issues in an industrial dispute.

7. No discrimination is practiced

Despite the Constitution guaranteeing the equality of citizens and prohibiting discrimination, there remain significant gender disparities in the work force. Additionally, legal quotas in some sectors around the employment of religious minorities and disabled people are not implemented.

8. Regular employment is provided

The classification of workers is important in relation to employers' obligations relating to statutory benefits and social security. Permanent workers are entitled to a range of benefits. As such, employers commonly fail to provide written employment contracts. This creates the opportunity to misclassify their workers in order to avoid obligations. There has also been an increase in the use of third-party employment, whereby companies avoid hiring workers directly and use a contractor or agency.

9. No harsh or inhumane treatment is allowed

There is no reliable data on the prevalence of harsh or inhuman treatment in the workplace. However, workers in situations of bonded labour are subject to physical abuse and domestic workers are frequently reported to suffer abuse. Workers who try to form trade unions, organise or otherwise demand their rights are often intimidated or harassed, or even killed.

INTRODUCTION

ETI is an alliance of companies, trade unions and NGOs focused on improving labour rights and working conditions in global supply chains. Corporate members include major international brands and retailers, with a combined turnover of more than £180 billion. Its union members include global union federations IUF, and the ITUC. ETI's NGO members include large international organisations such as Oxfam and specialised agencies such as Anti-Slavery International.

Companies that join ETI commit to following the ETI Base Code, a globally recognised code of practice which is based on the standards of the ILO. They also have an obligation to demonstrate their commitment and actions to improve labour rights on a continuous improvement cycle.

ETI works to improve labour conditions in global supply chains by developing effective approaches to implement the Base Code. Specifically, it:

- Promotes the implementation of the UNGPs in relation to labour rights. Its primary emphasis is on the corporate responsibility to RESPECT human rights, using a multi-stakeholder engagement model and building capacity for robust due diligence processes.
- Provides a platform for advancing the PROTECT pillar of the UNGPs through collective advocacy by companies, trades unions, NGOs and other key stakeholders. Policy/advocacy efforts are premised on the requirement for governments to play their part in protecting human rights and to create an enabling environment for workers to be protected from exploitation and abuse, and that they have appropriate access to remedy through judicial systems.
- Gives guidance on the development of members' internal policies and practices. ETI requires its corporate members to identify and report on actual and potential risks and to monitor impacts of mitigation strategies. This includes risks connected with the business's 'footprint', where there may be no direct business relationship, but where risks can be linked to their operations, products or the services it uses.

ETI is addressing key challenges such as child labour, union rights at work, company purchasing practices and modern slavery. It implements programmes in particular supply chains where there are opportunities to improve working conditions through collaboration between companies, suppliers, trade unions and voluntary organizations. It has experience supporting workers' rights in Bangladesh, India, China, Turkey, the UK, Italy, South Africa and elsewhere.



Several ETI corporate members source from Pakistan. Its trade union members also have active affiliates in the country. This report was therefore commissioned to provide an analysis of the operating conditions for companies in Pakistan in relation to issues of human rights compliance, and identify ways in which human rights due diligence processes can be implemented. Consequently, it provides the legal, policy and socio-economic context for labour protection, and outlines potential and actual human rights risks. It also assesses the existing levels of implementation of the ETI Base Code in Pakistan among multinational and local companies.

PAKISTAN CONTEXT

The Islamic Republic of Pakistan was founded in 1947, and is a constitutionally complex federation of 193 million people.¹ It has four provinces: Punjab, Sindh, Khyber Pakhtunkhwa (KP) and Balochistan; two autonomous areas: Gilgit-Baltistan, and Azad Jammu and Kashmir; and two federally administered territories: Federally Administered Tribal Areas and the Islamabad Capital Territories (ICT).

Most of the population (62%) live in rural areas. Punjab and Sindh provinces are the industrial centres of Pakistan and as such, are the focus of this report. Punjab contributes 60% of the country's industrial production. Karachi, the capital of Sindh province and a major economic hub, is the most populous city with an estimated 14.5 million people.²

Pakistan is a lower middle income country, with economic growth projected to accelerate from 4.2% in FY2015 to 5.1% by FY2018.³ While growth in the past 15 years has been volatile and occasionally stagnating, it has lifted many out of poverty. Nevertheless, according to the government in 2016, 40% of the population still live in "multidimensional" poverty.⁴ Even in the most industrialised centres of Sindh and Punjab, instances of poverty remain high: 43% and 31% respectively.

Labour market

Pakistan's labour force is estimated to be the ninth largest in the world,⁵ numbering 68 million people.⁶ The labour market is characterised by high levels of informality and precarious work. The total labour participation rate in Pakistan is relatively low at 54%, compared to the global average of 63%. There is also significant gender disparity in labour force participation: 25% for women compared to 82% for men. The unemployment rate was 5.9% in 2015, a slight decrease from 6% the previous year.⁷

Most of the labour force works in rural areas, where agriculture is the dominant activity. It employs 42% of the workforce and contributes nearly 20% of GDP. Most employment in agriculture is informal. In non-agricultural sectors, 73% of the workforce are in informal employment. The ILO estimates that six out of every ten workers are at risk of lacking decent work.⁸

As the government acknowledges, within the current economic and labour market context, Pakistani workers have a high tolerance for poor working conditions and bad pay. They "tend to get engaged into some sort of economic activities irrespective of any considerations regarding the size of reward and working age, in order to make both ends meet".⁹

Pakistan's exports

Pakistan's exports have faced challenges in the last two years due to weak global demand and lower commodity prices. The total value of Pakistan's exports in 2015-16 was \$20.8 billion, a 12% fall from the previous year. The EU is the Pakistan's most important trading partner, taking 21% of Pakistan's total exports.¹⁰

The apparel and textiles industry is the most important manufacturing sector in Pakistan. It contributes nearly 25% of GDP and employs 40% of the industrial labour force for both skilled and unskilled occupations.¹¹ The production and processing of cotton is estimated to employ more than 10 million people.¹² It also generates billions in exports. In 2015-16, the value of apparel and textiles 9 exports was \$12 billion, representing 58% of total export value. The majority of exports are textiles and low-value. Only 18% of the exports in the sector were readymade garments, with a total value of \$2 billion.

There is significant growth potential in the sector. Pakistan is the fourth largest producer of cotton and has the third largest spinning capacity in Asia.¹³ The sector has the longest value chain in Pakistan, and has potential for value addition at each stage of processing, from cotton to ginning, spinning fabrics, dyeing and finishing, made-ups and garments. Currently, the utilisation of capacity is low, primarily because of ongoing problems with energy supplies which limit productivity.

Agriculture and food is the second largest export sector. It makes up 18% of exports to a value of \$3.7 billion. 11% of exports come from chemicals and pharmaceutical products, rubber products, paper and paper board, cutlery, machinery and transport equipment, household goods, sporting goods, cement, surgical goods – and others. Of these, more than \$563 million worth of surgical goods and pharmaceutical products were exported from Pakistan, accounting for 3% of total export value.¹⁴

Industry Focus - Surgical Instruments

Over 99% of the Pakistan's surgical instruments production is centered at Sialkot. The Surgical Instruments Manufacturers Association of Pakistan (SIMAP) has over 3,600 member companies of varying sizes and with differing labour forces (ranging from 15 to 450). Collectively they produce over 150 million instruments a year on average. Over 95% is exported internationally. The top three buyers of instruments from Sialkot by country are reportedly i) the U.S. 24%, ii) Germany 15%, and iii) the UK 10%.¹⁵ The Sialkot Chamber of Commerce estimates that Sialkot has a 20% share of the global surgical goods export market. In 2016, SIMAP claimed the value of exports of surgical instruments from Sialkot for the financial year 2015-2016 was only US\$ 358 Million out of a global market worth US\$ 17 Billion. Local manufacturers only receive a small portion of total revenues, as much of it is lost to outsourcing importers.¹⁶ Pakistan producers believe that they are one of the world's leading exporters of surgical instruments. However, accurate disaggregated figures for the import of surgical instruments only are not available as EU and US market data categorises surgical and medical instruments together.¹⁷

INTERNATIONAL OBLIGATIONS

Through its ratification of human rights treaties, Pakistan has international obligations under UN and ILO Conventions to protect worker's rights and respect human rights. In addition, Pakistan's trade relationships and treaties also bring obligations to ensure the implementation of human rights and labour conventions, as well as those related to monitoring and reporting.

International Conventions

Pakistan has ratified 36 International Labour Conventions, including all eight fundamental Conventions. Due to the transitions of power after devolution, Pakistan has not ratified any new Conventions since 2010, although it has maintained its reporting obligations under the ILO Conventions.

A number of other international Conventions relating to human rights and labour standards have been ratified by Pakistan. These include the ICCPR, ICESCR, CRC, CEDAW, CAT, and CERD. These international instruments provide the framework for the protection of human rights and the promotion of decent work in Pakistan.¹⁸

International trade agreements

In January 2014, the EU granted Pakistan 'GSP Plus' status, allowing it access to tariff-free exports to the EU market. The EU's Generalised Scheme of Preferences ('GSP') has assisted developing countries in their efforts to reduce poverty, promote good governance and sustainable development by providing preferential access to the EU market. Around 87% of Pakistan's exports to the EU are eligible for GSP Plus and over 95% of these use the preferences¹⁹. However, Pakistan's share of total GSP Plus imports is only 1.6%.²⁰ GSP Plus is of particular importance to the textiles and apparel sector, as it accounts for over 70% of Pakistan's exports to the EU.²¹

Pakistan's status as a GSP Plus country is valid for 10 years but is conditional upon improved implementation of its international obligations, including those relating to labour standards. As a beneficiary, Pakistan accepts the EU's continued and structured monitoring process to ensure that it abides by its undertakings, including the implementation of the 27 international conventions, including 15 core human and labour conventions and 12 conventions related to environment and governance

principles.²² Monitoring includes ongoing social dialogue such as tripartite consultations and the use of EU's "scorecards", which identifies shortcomings in implementation and notes comments from the monitoring bodies of international Conventions.²³

The first EU report on Pakistan was issued in 2016 and concluded that the federal and provincial governments had demonstrated increased efforts to improve labour laws and implementation across the country. It noted that while no proof exists, "anecdotal evidence" suggests that GSP Plus had been an important incentive for all actors to further promote compliance with ILO standards.²⁴

Pakistan has had a Trade & Investment Framework Agreement (TIFA) with the US since 2003. Unlike GSP Plus, TIFA does not impose specific conditions on labour standards. However, TIFA reiterates both countries' recognition of the importance of adequate and effective protection and enforcement of workers' rights in accordance with national labour laws, and improving the implementation of internationally recognised labour standards.²⁵

To comply with the reporting requirements of international obligations, the federal government has established a multi-stakeholder Treaty Implementation Cell (TIC) within the Ministry of Commerce to oversee the implementation of international obligations. Similar cells have also been established at the provincial level.²⁶



Regional trade agreements

Pakistan is party to several regional and bilateral trade agreements, including Preferential Trade Agreements with Iran (2004), Mauritius (2007), and Indonesia (2012). It is also party to the Agreement on the South Asian Free Trade Area (2004)²⁷, and has signed Free Trade Agreements (FTA) with China (2006) and Sri Lanka (2002). Additionally, Pakistan has an agreement with Afghanistan on Transit Trade (2010) and an agreement to strengthen economic partnership with Malaysia.²⁸

Most regional and bilateral trade agreements do not impose conditions on labour standards. The strongest language is found in the Preamble of the FTA between Pakistan and China (2006) which, while silent on labour conditions, recognises that the Agreement should be "implemented with a view toward raising the standard of living, creating new job opportunities, and promoting sustainable development in a manner consistent with environmental protection and conservation; and Committed to promoting the public welfare within each of their countries."²⁹

The China-Pakistan Economic Corridor (CPEC) is a collection of various infrastructure projects and bilateral agreements. However, the Pakistan government has declared the framework agreement to be confidential. Trade unions have expressed concerns about the impact of CPEC on labour standards in Pakistan, particularly for workers involved in the infrastructure projects.

In addition, nine new Special Economic Zones (SEZ) are expected to be built as a priority under CPEC.³⁰ Labour standards for workers employed in SEZs are of concern, as SEZs are regulated by special legislation that prevails over any other law, including labour protections and industrial relations laws.³¹

NATIONAL LABOUR RIGHTS FRAMEWORK AND HUMAN RIGHTS DUE DILIGENCE

The UN's General Principles on Business and Human Rights (UNGPs) set out the standards of practice expected of all states and businesses in relation to respect for human rights. They put into operation the "Protect, Respect and Remedy" Framework, which consists of the following three pillars:

- A state's duty to protect human rights
- Corporate responsibility to respect human rights
- The need for greater access to remedy for victims of business-related abuse.

ETI's Human Rights Due Diligence Framework (HRDDF) serves as a practical guide for the application of the Protect, Respect and Remedy framework and the UNGPs.



Human rights due diligence comprises an ongoing management process that a reasonable and prudent company needs to undertake to meet its responsibility to respect human rights, in light of the circumstances in which it operates, including sector, context, size and other factors.³²

The HRDDF helps companies to manage and mitigate labour risks, and understand why engagement, negotiation and collaboration is the best way forward. ETI's approach focuses on better risks assessment, mitigation of potential and actual risks, and remediation for workers impacted by human rights violations. ETI encourages companies to engage with a range of stakeholders including trade unions, government agencies, civil society organisations and experts.

In Pakistan, the duty to protect labour rights fall to both the federal and provincial governments. The jurisdictional split since 2010 has led to some confusion, as provincial governments enacted labour laws at different rates. Moreover, the labour inspectorate in Pakistan is weak and poorly resourced.

Compliance with labour laws is generally inadequate, and trade unionisation rates are very low. Informal economic activities dominate in Pakistan, exposing companies to human rights risks particularly in multi-stage supply chains. The invisibility of some informal economy workers means that labour rights violations often go unidentified and labour protection laws unenforced. While there are some private sector initiatives to improve labour conditions, these are relatively new and not yet robustly developed. However, multi-stakeholder initiatives that involve companies have been effective in significantly improving working conditions in some sectors in the past.

Low unionisation rates throughout Pakistan mean that many workers do not benefit from trade union protection or advocacy. Remedies for labour condition violations are addressed often through the judicial system, which is inefficient and difficult to access. There are also significant backlogs throughout the judicial system.



Protect

Since 2010 and the adoption of the Eighteenth Constitutional Amendment, the areas of labour regulation, minimum wage setting and enforcement, and industrial relations have been devolved to provincial governments. In total, functions in 17 federal ministries have been devolved. The responsibility of coordinating labour legislation and reporting on compliance with international labour standards remain with the federal government. However, the decentralisation of powers has created challenges, particularly in the terms of legislation, coordination and reporting.

The process of labour law regulation has been uneven and uncoordinated across the country. Some provinces lagged behind others in enacting provincial laws and implementation. While Punjab and While Punjab, KP and Sindh are now advanced in the process of enacting labour laws, many of Balochistanb, provincial laws are yet to be brought to its Provincial Assembly. While federal laws theoretically remain in force until provincial revision and enactment of labour laws, the lag in legislation has generated uncertainty and confusion.

As of May 2017, except for Balochistan, all provinces have enacted provincial industrial relations and wages legislation, including laws governing trade union registration, minimum wage setting, payment of wages and employment conditions. To adjudicate labour disputes, each province has also established labour courts and labour appellate tribunals. While most provincial laws are based on previously existing federal laws, there has been no coordination or consultation between provinces. Each province has its own raft of

labour laws, all at different stages of enactment and implementation.

Matters were made worse by the federal government's enactment of the Industrial Relations Act (IRA) 2012, which was perceived by the provinces as an attempt to regain political control over labour issues contrary to the spirit of the devolution. Nevertheless, with several court decisions in its favour, federal law has prevailed and it revived the federal government's role in the regulation of industrial relations and labour protection for business in the ICT and those that have branches in more than one province – known as "trans-provincial" businesses. The IRA 2012 also revived the National Industrial Regulations Commission (NIRC) and its functions in relation to labour disputes and the registration of trade unions for business in the ICT and "trans-provincial" businesses.

Pakistan does not currently have a coherent wage policy at the national level. Since devolution in 2010, minimum wage rates are set by the provinces, while the federal government sets wages for businesses in the ICT. In each province, there are tripartite Minimum Wage Boards that are mandated with the task of recommending minimum wages. Provincial governments have the power to announce minimum wage rates for both unskilled workers, and for skilled workers in specific industries. For piece rate workers, provincial governments can also set minimum equivalent hourly rates. The federal government has similar powers and mechanisms in respect of businesses that operate in the ICT.

Labour inspectors are empowered to regulate and inspect the compliance of labour conditions, including the payment of minimum wages. However, until

recently, the state has historically withdrawn itself from the monitoring and implementation of labour laws.³³ Punjab, the most populated province, banned labour inspections through the Punjab Industry Policy in 2003. Employers and factory owners had demanded that the inspections be halted, complaining that labour inspectors had harassed them and demanded bribes. The Punjab ban was followed by similar bans in Sindh and other provinces. The “one inspector, one enterprise” approach adopted by the federal Labour Inspection Policy 2006 further compromised the effectiveness of labour inspectors.³⁴ Although the system was intended to be an integrated system, it led to poor inspections, as generalist inspectors did not have the expertise needed for specific technical assessments. It also increased the opportunities for corruption.³⁵

Labour inspections resumed in Punjab in 2012, when the ban was lifted with immediate effect after several industrial disasters.³⁶ Labour inspections have also resumed in other provinces. However, Pakistan’s labour inspection system remains extremely weak.³⁷ The ILO found that “labour inspectors across all provinces are underfunded, lack modern training and the capacity to conduct effective monitoring, and are working under outdated and at times overlapping legislation”.³⁸

The labour inspection system in Pakistan is weak. In 2015, there were just 334 labour inspectors covering the country.³⁹ Provincial governments also faced difficulties in recruiting new labour officials. In the Labour Welfare Office of the ICT, for example, there was no increase in labour inspection staff between 1991 and 2015.⁴⁰ In 2015, however, the ILO and the government of the Netherlands began a three-year project to strengthen the labour inspection system nationwide.

There is no independent or nationwide monitoring body for labour protection in Pakistan. However, several government bodies are involved in monitoring and reporting. The Ministry of Commerce’s TIC was given a new mandate in 2016 to supervise and coordinate the implementation of the 27 UN Conventions which must be ratified as a condition of GSP Plus status. The federal TIC is tasked with formulating effective mechanisms to enable provincial governments and federal agencies to effectively implement the ratified Conventions, and to develop protocols for documentation of progress made and for reporting protocols. The TIC is convened by the Attorney General, with the National Human Rights Commission of Pakistan as one of twelve members including the ILO, UN Women, and Pakistan Worker’s Federation (PWF).⁴¹

An ILS Unit is established within the Ministry of Overseas Pakistanis & Human Resources Development. The ILS Unit

reports on the implementation of UN Conventions and addresses the observations of supervisory committees including the CEACR. The Unit also conducts research and publishes reports on labour issues in Pakistan.

Respect

The UNGPs recognise that businesses can be involved in adverse human rights impacts in different ways; i.e. a business can have an adverse human rights impact indirectly through any of its business relationships. Under UNGP 13, a company has a responsibility to prevent or mitigate adverse human rights impacts that are directly linked to their products, operations, or services through their business relationship. Companies that have suppliers in Pakistan, therefore, have a responsibility to mitigate risks of labour rights violations even if they do not cause or contribute to them directly.

Companies that seek to do business in Pakistan face considerable challenges in managing and mitigating risks related to labour rights and human rights. Weak compliance with relevant laws and regulations, along with weak enforcement of legal sanctions erodes workers’ rights and contributes to poor working conditions.

There are common risks to the surgical instruments and apparel and textiles sectors. Both have products that involve multi-staged manufacturing processes which lend themselves to subcontracting, often to the informal sector. Both generally pay piece rates, rather than a fixed regular income. Both have long supply chains, where each stage can have its own risk of human rights violations.

ILO has found that multinational companies source apparel and textiles from Pakistan both directly and through intermediaries. As much of Pakistan’s labour activities are in the informal sector, violations of labour rights and human rights are often hidden. Pakistani manufacturers often subcontract elements of production to informal sector workshops or home-based workers in order to minimise costs. The state of insecurity in Pakistan also means that there are challenges related to the monitoring of suppliers’ practices and reliable information can be difficult to obtain. Audits are often outsourced to local counterparts or conducted by international brands and companies on a rare and ad hoc basis. Audits are often outsourced to local counterparts which can prove fatally unreliable or conducted by international brands and companies on a rare and ad hoc basis. Infamously, the Ali Enterprise fire in Karachi which killed nearly 300 workers and injured many more in September 2012 had been certified at SA8000 Standard just a few weeks earlier. The certificate was issued by RINA Services S.p.A, an Italian company, which engaged a local subcontractor in Karachi, RI & CA, to conduct the audit. Conflicts of interest and corruption in private



auditing practices have been cited as causes for such misleading certifications.⁴² Following the incident, RINA no longer issued or maintained SA8000 certificates in Pakistan, and all SA8000 certification was suspended pending review and amendment of accreditation and certification procedures by Social Accountability Accreditation Service.⁴³ No new certifications have been issued in Pakistan since 2012.⁴⁴

International textile and apparel companies based in Europe and America have been able to identify a small pool of manufacturers in Pakistan that are broadly compliant with international labour standards. These manufacturers tend to operate on a vertically integrated “cotton to carton” basis in order to eliminate risks of labour violations along the supply chain.⁴⁵ This small pool of enterprises in Pakistan are shared between several multinational companies, and there is capacity to expand the pool subject to human rights due diligence on prospective suppliers and manufacturers.

There is also a significant amount of indirect sourcing of apparel and textiles using intermediaries including supply chain coordinators, export-import companies and ‘buying houses’. Where there is no direct relationship between the multinational buyer and the Pakistani manufacturer or supplier, there tends to be significantly more risk of labour violations along the supply chain.⁴⁶ The more intermediaries involved, the less visible suppliers’ practices are to the company headquartered elsewhere. In 2016, the ILO found evidence of workers in the informal economy

manufacturing garments destined for Europe, the US and Malaysia.⁴⁷ Moreover, apparel and textiles manufactured in Pakistan are also being exported to countries in the Gulf Cooperation Council (GCC) and regionally through a mix of formal and informal channels.⁴⁸

Local companies and brands vary significantly in their compliance with labour regulations. In 2017, a well-known Pakistani apparel brand, with its own stores in Pakistan, UK and elsewhere, was accused of paying below minimum wage rates to its workers, failing to register its workforce for social security benefits, imposing excessive working hours, restricting workers’ access to bathroom breaks and prohibiting workers from forming a trade union. On the other hand, other local companies have developed their own wage and human resources policies after meaningful negotiations with trade unions. One textile company based in Punjab, Koh-i-Noor Textile Mills Limited has its own detailed wage-setting formula, and a productive relationship with the collective bargaining agent.⁴⁹

There are a number of voluntary trade associations in Pakistan’s apparel and textiles sector. Many of these are focused on increasing trade and promoting export for their members, and are less engaged on issues of labour protection.⁵⁰ A number of the trade associations are not well-established and are poorly organized, and there has been limited engagement with other stakeholders. The Towel Manufacturers’ Association of Pakistan is exceptionally capable among the trade associations and have begun to engage with the ILO on issues of labour

protection.⁵¹ Since 2015, the ILO has also partnered with the Pakistan Textiles Exporters Association (PTEA) to provide technical support in target factories in Punjab to improve labour laws compliance, increase productivity and competitiveness.⁵² The Textile Industry Sustainability Forum in Punjab has also adopted an approach where prevention of workplace accidents and injury is considered to be an investment through which economic benefits can be derived through increased productivity.⁵³

International companies have also made efforts to improve labour law compliance in Pakistan. The first Buyers' Forum in Pakistan was launched in 2014 to facilitate and promote sustainable growth of the apparel and textiles sector, improve competitiveness and increase compliance with international labour standards.⁵⁴ The Buyers' Forum brings together buyers, brands, manufacturers, Government, workers and employers organizations to create a platform for dialogue to improve their cooperation. At its first meeting, 17 brands and buyers, including GAP, Wal-Mart, Target, H&M, Adidas, Levi Strauss, Inditex, Primark, Li & Fung, El Corte Ingles, PVH, Hema, and C&A, expressed their commitment to sustainable practices, improving compliance and reporting on environmental, labour and health and safety standards and their implementation in the apparel and textiles sector in Pakistan.⁵⁵ Three working groups have been established to support policy advocacy and outreach, enterprise involvement and communications.⁵⁶ Ongoing participation and degree of engagement by brands and buyers in the Forum has not always been consistent. At the fifth meeting of the Buyers' Forum in 2016, 15 brands and sourcing companies were represented.⁵⁷ The most recent meeting was held in April 2017.⁵⁸

While the export value of surgical instruments made in Pakistan is much smaller compared to apparel and textiles, nearly 95% of those produced are exported. Pakistan occupies a relatively small market share globally. Most manufacturers in Pakistan work as sub-contractors for export factories that supply to international brands of European and USA origin. Health service providers then purchase the products, including the National Health Service in the UK and the Swedish County Councils.⁵⁹ If Pakistan seeks to increase its global market share in surgical instruments, companies potentially have leverage to positively impact human rights compliance in the sector.

The manufacturing process of surgical instruments is multi-staged. The final stages and quality control are usually kept in-house within export factories. However, earlier stages of production which are generally lower value on the production chain are more likely to be subcontracted. While larger export factories may

undertake most or all of the manufacturing processes in-house, others will use sub-contractors for some of the stages. It is also rare for factories to undertake the initial forging of instruments in-house, and many subcontract this stage to specialised forging units.⁶⁰

In 2000, the ILO sought to implement a programme to eliminate child labour in the surgical instruments manufacturing industry by partnering with the Surgical Instruments Manufacturers Association Pakistan (SIMAP). However, the project never took place due to a lack of support and cooperation from industry stakeholders.⁶¹

In other sectors, however, multi-stakeholder efforts can have significant positive impact in improving labour conditions, despite the limitations of the labour inspectorate in Pakistan to identify and prosecute employers that violate labour laws. Between 1996 and 1999, following international media pressure, football manufacturers in Punjab agreed to take part in a multistakeholder programme that included the registration of all contractors and workers, independent monitoring and implementation of social protection programmes. The programme successfully and significantly reduced child labour in the football stitching industry.⁶²

Multinational companies have also signed Global Framework Agreements (GFAs) with global union federations to demonstrate their commitment to workers' rights in all stages of their supply chains. IndustriALL has a number of GFAs with multinational companies in the manufacturing sector, among which are H&M, Inditex, and Tchibo, all of which source from Pakistan.⁶³ In 2015, an ILO study identified 112 multinational companies that have signed a GFA with global union federations, with IndustriALL leading at 49 agreements, UNI Global Union has 35 agreements in the services sector, the International Union of Food Workers (IUF) 7 agreements.⁶⁴ The GFAs put in place standards of trade union rights, health, safety and environmental practices, and quality of work principles across a company's global operations, regardless of whether those standards exist in an individual country.⁶⁵

Access to remedy

Article 17 of the Constitution of Pakistan guarantees the freedom of association, including every citizen's right to form associations or unions. Sindh and Punjab, as well as the federal government, have enacted new industrial relations laws that regulate trade union registration and labour relations. However, the rate of unionisation for workers in Pakistan is low. Conflicting statistical evidence makes it difficult to establish precise figures, but some stakeholders have estimated that the unionisation rate is less than 1% nationwide.⁶⁶

The ILO's CEACR and trade unions in Pakistan have expressed concerns about a number of areas related to freedom of association and collective bargaining.⁶⁷ These include industrial relations legislation across all jurisdictions that exclude employees in certain sectors from forming unions. Exclusions involve workers in public services as well as "essential" service sectors such as health, education, banking and security. In addition, employees in special economic and trade zones cannot form unions. Neither can any employee in a primarily managerial or administrative function join a union. No law concerning right to unionisation is applicable on the agriculture sector (with the exception of the Sindh Province). No law relating to the right to unionisation is applicable in the agriculture sector, with the exception of the Sindh Province.

Additionally, while the law does not expressly exclude workers in the informal sector from the right to form trade unions, historically it has been interpreted as being applicable only to employees in the formal sector. However, Sindh has now specifically included agriculture and fisheries workers in its industrial relations legislation, clarifying their right to form trade unions.

As a result of such changing understanding of the law, workers in the informal sector have had some limited success in registering industry-based trade unions. In 2015, the Domestic Workers' Trade Union was successfully registered in Punjab. The Home-Based Women Workers' Federation (HBWWF) was registered as a trans-provincial Federation with the NIRC and is very active. Its members are women in the apparel and textiles industry as well as glass bangle makers in Sindh and Punjab. The Sindh Agriculture and Fishing Workers Union (SAFWU) was also registered in 2015.

It is not clear whether suppliers in Pakistan covered by Global Framework Agreements have higher trade union membership. Anecdotally, trade union federations in Pakistan have reported conducting informal negotiations with European companies in order to resolve disputes between Pakistani manufacturers and their workers, even in the absence of trade unions registered within the factory or unit. However, an ILO report which reviewed 29 case studies on the implementation of GFAs found that their overall impact on suppliers and subcontractors was limited. The monitoring of agreements can be particularly challenging in units and factories which are not unionised. However, GFAs have been successfully invoked by trade unions to rehire sacked workers who are trade union members or attempting to unionise. Following the reinstatement of workers, the membership of local unions has often increased significantly.⁶⁸

Trade unionisation remains one of the most contentious issues in Pakistan and employers often use a range of tactics to challenge the registration of trade unions in their units. These include the dismissal of workers who are attempting to unionise and the registration of trade unions controlled by employers. More recently, the enactment of the federal IRA 2012 gave employers the opportunity to challenge the registration of trade unions based on jurisdictional arguments about whether a company is provincial or trans-provincial, and whether the trade union is registered in the appropriate jurisdiction.

For the hearing of labour disputes, each province has established Labour Courts and Labour Appellate Tribunals. For labour disputes involving companies that operate within the ICT or transprovincially, disputes are heard by the National Industrial Relations Commission



(NIRC): with a single member Bench at the first instance, and appeals going to a three-member Bench.

In each province and in the ICT, wage laws authorise the relevant government to appoint an Authority to determine wage claims at the first instance. Disputes in relation to underpayment of statutory minimum wages can be heard by the Authority appointed under minimum wage laws. Disputes in relation to delayed or unpaid wages and other financial entitlements can be brought to the Authority appointed under payment of wage laws. Appeals from the Authority's decision can be made, usually to the provincial Labour Courts.

In general, however, stakeholders regard the judicial system as slow, costly and inaccessible.⁶⁹ Workers and trade unions find remedy arduous to access. Employers are better resourced in terms of access to appropriate and timely legal assistance. Some employers have also used the legal process to put pressure on workers to accept compromises. For example, they deliberately fail to comply with court orders, including that from the Supreme Court, to compel the workers to seek further enforcement actions. This requires the workers to find additional resources and delays resolution of the dispute. In rare cases, enterprises and their owners have also targeted leaders of trade unions by filing suits against them personally, alleging reputational damage or financial loss due to interruptions to productivity.

There are also significant backlogs and delays throughout the judicial system. In May 2017, the Supreme Court asked the federal and provincial governments to explain how many tribunals and special courts had become non-functional.⁷⁰ Two Labour Courts in Punjab - Bahawalpur and Multan – as well as one in Sindh, Sukkur, were “non-functional” due to vacancies on the Bench.⁷¹

Moreover, after the federal IRA 2012 was enacted, employers challenged the jurisdiction of provincial labour courts in pending cases. This led to the transfer of thousands of cases from provincial labour courts to the NIRC. This was perceived as a pro-business move, as the NIRC has less capacity to hear cases compared to the provincial labour courts, resulting in significant delays in the hearing and resolution of cases. The NIRC is also perceived by workers and their representatives as more susceptible to the influence of businesses, as it functions under the Executive branch of the government.⁷²

APPLYING THE ETI BASE CODE IN PAKISTAN

The ETI Base Code is a globally recognised voluntary code of practice based on nine key ILO Conventions that include but are not limited to forced labour, child labour, freedom of association and collective bargaining.

ETI member companies commit to and report against implementation of the Base Code annually. This section analyses the actual and potential risks for companies doing businesses in Pakistan, assessed against the Base Code. It highlights the level of implementation and compliance by the private sector in each specific area, as well as government's efforts to legislate and protect labour rights and remediation measures.

1. Employment is freely chosen

Pakistan ranks sixth in the world on the 2016 Modern Slavery Index, with an estimated 2.1 million people living in modern slavery.⁷³ Bonded labour is reportedly common in various sectors of the economy, most notably in agriculture and brick kilns, but also carpet weaving, fisheries, mining and likely other sectors.⁷⁴

While problems are most widespread in southern Sindh and Punjab, anecdotal evidence suggests that bonded labour exists in all four of Pakistan's provinces. There are currently no reliable statistics on the number of bonded labourers. However:

- Brick kilns, which are located on the outskirts of most major cities and towns in Pakistan, operate almost exclusively on the basis of debt-bondage.
- The biggest risk in the textile and apparel sector is the use of cotton grown by sharecroppers in bonded labour in southern Sindh and Punjab. It should also be noted that agricultural labour practices are poorly documented and links are therefore difficult to specify.

Pakistan has ratified the Forced Labour Convention (NO. 29) and the Abolition of Forced Labour Convention (No. 105). Article 11 of the Constitution prohibits all forms of slavery, forced labour and child labour. Other articles prohibit exploitation, violations of dignity and torture, and restrictions to freedom of movement and residence. The Bonded Labour System (Abolition) Act 1992 abolishes the practice and targets customary arrangements that lead to bonded labour. The Pakistan Penal Code criminalises the buying or disposing of any persons as a slave, and there are laws on the prevention and control of human trafficking.

The ILO's CEACR previously urged Pakistan to take the necessary measures to ensure that each of the provinces adopts legislation aimed at eliminating bonded labour and implement it. The CEACR also recommended that Pakistan repeal laws which give the authorities wide discretionary powers to order the dissolution of associations, subject to penalties of imprisonment which may involve compulsory labour.

Few employers using bonded labour are prosecuted, in part due to the weak labour inspectorate system. However, strategies to mitigate the risks of bonded labour and rehabilitate families appear to be more successful. Between 2007 and 2010, ILO implemented a programme to eliminate bonded labour in Pakistan through the organisation of workers who are vulnerable to bonded labour, and established a rehabilitation colony for bonded labour families. Informal education, adult literacy, and skills training were provided. Some indebted families were extended microcredit loans.⁷⁵

2. Freedom of association and the right to collective bargaining are respected

Trade union formation and collective bargaining is one of the most contentious issues in labour rights. Some GFAs contain a commitment to organise trade unions and collectively bargain.

However, employers in Pakistan are generally vigorously opposed to the unionisation of their workforce and often take retaliatory action against workers involved in trade union activities. In many cases, employers will tolerate or even welcome other forms of workers dialogue, including Work Councils,⁷⁶ but these alternative forms of representation lack the power to enter into legally enforceable collective bargaining agreements or call industrial action, including strikes.

While workers can form trade unions without authorization or approval, a trade union must be



registered before it can become a collective bargaining agent. As such, some employers have developed a repertoire of strategies to hinder the attempts of workers to form and register trade unions, including:

- Victimisation or harassment of workers who are attempting to unionise. Workers frequently report instant dismissal from employment, often without the payment of dues and wages. Some workers are demoted or given less favourable pay and work conditions when their trade unions activities become known.
- Some enterprises, including large multinational companies, have registered trade unions that do not genuinely represent workers' interests. Called "pocket unions" in Pakistan, these trade unions exist on paper only and do not legitimately represent workers' interests. In many cases, workers are not aware of such trade unions at all.
- If there are already two trade unions registered in an enterprise and workers are seeking to register a third, the trade union is required to show that it has a minimum membership of 20% of all workers. This requirement was intended to protect workers from weakening bargaining power through the proliferation of trade unions. However, employers have tried to pre-empt workers' efforts to form trade unions by registering two or more "pocket unions". The requirements for trade union registration thus becomes significantly more onerous for workers.

Employers often insist that trade unions are unnecessary and can lead to disruption in productivity. Some enterprises that supply the international market argue that workers have no incentive to form trade unions because their pay is above the statutory minimum and they have decent working conditions. Notably, few manufacturers of apparel and textiles that supply members of the Buyer's Forum of Pakistan have registered trade unions.

Workers too are fearful that attempts to unionise can cost them their jobs; they are aware of reports of retaliatory action against workers who try to form trade unions. They also take note of the ongoing disputes involving export-oriented manufacturers in relation to workers dismissed for attempting to form trade unions.

3. Working conditions are safe and hygienic

According to the Labour Force Survey of Pakistan 2013-14, around 4% of workers reported some form of occupational injury or disease within a 12-months period.⁷⁷ The most hazardous industry is agriculture, followed by construction and manufacturing (Table O1 overleaf). Women in agriculture is the group most at risk, and are almost twice more likely to suffer injuries and disease than men.

Table 01 Workers in Major Industrial Divisions	2013-14			2014-15		
	Total	Male	Female	Total	Male	Female
Total	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture, forestry, hunting and fishing	51.2	46.5	86.4	48.0	43.8	86.0
Mining & quarrying	0.3	0.3	-	0.3	0.3	-
Manufacturing	14.2	14.9	9.2	15.9	16.6	9.5
Electricity, gas and water	0.3	0.4	-	0.3	0.4	-
Construction	14.1	15.9	0.6	16.3	18.0	0.2
Wholesale & retail trade and restaurants & hotels	8.6	9.5	1.1	7.1	7.8	0.8
Transport, storage and communication	7.5	8.4	0.2	7.5	8.4	-
Financing, insurance, real estate and business services	0.1	0.1	-	0.1	0.1	-
Community, social and personal services	3.7	4.0	2.5	4.5	4.6	3.5

Major OSH issues in the textile sector include industrial noise, cotton dust, heat, fire hazard, the handling and storage of chemicals and the use of personal protective equipment (PPE). Large and export-oriented enterprises in Pakistan generally comply with OSH standards. However, compliance is unsatisfactory or poor among small and medium sized industries which are more likely to be informal enterprises.⁷⁹ ILO has documented the unsafe conditions of informal power loom units in Punjab, including units overcrowded with power looms, limited access to drinking water, deafening industrial noise, the lack of ear protection or any other form of PPE and extremely poor ventilation.⁸⁰ It is not clear the extent to which business in Pakistan conduct regular OSH training or provide safety instructions to new workers.

There are also some suggestions that violations of OSH standards in formal sector businesses are under-reported. One report noted that during a factory visit at a surgical instruments company, all workers operating machinery were wearing face masks in accordance with OSH standards. However, those masks were “impeccably clean”, implying that this was done for the visit rather than as standard practice.⁸¹ Similarly, apparel and textiles factories sometimes distribute PPE to workers for the purposes of audits, rather than enforcing the use of PPE as a standard practice of production.

There is no legislation in Pakistan dedicated specifically to health and safety standards across workplaces. Instead, occupational health and safety standards are covered under laws dealing with specific sectors such as the Mines Act 1923, Factories Act 1934, Shops & Establishment Ordinance 1969, Dock Labourer’s Act 1934, Road Transport Workers Ordinance 1961, and the Newspaper Employees (Conditions of Service) Act 1973.⁸² Pakistan does not have fire safety building codes.

Similarly, there is also no stand-alone labour inspectorate law in Pakistan. The labour inspection system is created through a patchwork of provisions from various pieces of legislation including those setting OSH standards, as well as laws relating to minimum wages, payment of wages, social security and old age benefits.⁸³ In practice, Pakistan lacks an effective inspection system and there are insufficient number of labour inspectors in the country. In 2016, the ILO’s CEACR raised concerns about issues such as coordination, occupational safety and health (OSH) inspections, access to workplaces and penalties.⁸⁴ There are no incentives attached with OSH compliance for workers. There are also no standard reporting mechanisms or coordinated data collection for workplace accidents and injuries.⁸⁵

Companies seeking to source from Pakistan should ensure that their suppliers publicly commit to OSH standards and have the appropriate resources and equipment. Work safety and hygiene standards should be regularly maintained. Buyers should ask their suppliers to provide incident reports as a monitoring mechanism. Detailed incident reports can also be used to improve the condition of workplaces.



4. Child labour shall not be used

No dedicated child labour survey has been carried out in Pakistan since 1996, when it was estimated that there were 3.3 million underage labourers. However, all available evidence indicates that the incidence of child labour remains high, despite a declining trend globally. In Pakistan, the ILO estimated that in 2010-11, 5.7 million 10 to 17 year olds, representing 20% of all children in the group, are working. More than two-third were engaged in the agricultural sector, and 13.5% in hazardous work.⁸⁶ In 2014-15, there were an estimated 2.1 million child labourers between the ages of 10 to 14, being 9% of all children in the age group. More than 600,000 children are engaged in hazardous work (Table 02).



Table 02 Incidence of child workers (10-14 years old) ⁸⁷	2012-13	2013-14	2014-15
	Total	Male	Female
% of Population aged 10-14 years	12.79	12.73	13.11
No. of Children aged 10-14 years	23,240,000	23,699,000	24,809,000
Labour Force Participation Rate	11.4	10.64	8.64
No. of Child Workers	2,649,000	2,522,000	2,142,000
No. of Child Workers engaged in Hazardous Work	642,950	667,190	603,780
% of Child Workers engaged in Hazardous Work (as a percentage of child workers)	24.3	26.4	28.2

Among the 10-14 year olds, 76% were in agriculture, 14.6% in the services sector, and 9.3% in industry.⁸⁸ Incidences of child labour are particularly high where bonded labour is involved, including in brick kilns, farming and glass bangle making.⁸⁹ In particular, child labour has been documented in cotton seed farming in several districts of Punjab.⁹⁰ Furthermore, the ILO found evidence of child labour in the informal textile sector in Punjab.⁹¹ Evidence of child labour was also found in the surgical instrument sector, particularly in informal workshops.⁹²



Child labour is prohibited under Article 11 of the Constitution.⁹³ National and provincial laws also prohibit different forms of child labour including in mines, factories, shops and establishments. For example, Punjab passed the Punjab Restriction on Employment of Children Ordinance 2016, which includes provisions aimed at protecting children from labour exploitation. Other provinces have also passed legislation on child labour and child protection and all four provinces dedicate resources to address child labour practices.⁹⁴

While the Constitution sets the minimum age as 14, there are variations between sectors and provinces. Children under 15 are prohibited from working in mines, whereas those under 14 are barred from factories and shops. KP prohibits the employment of adolescents between the ages of 15 and 18 from hazardous work in four occupations and 35 processes.⁹⁵

The Constitution prohibits the employment of children under the age of 14 in factories, mines and other hazardous employment. This is consistent with Article 2 of the Minimum Age for Work Convention, under the special provisions for countries where economy and educational facilities are insufficiently developed. However, the ETI Base Code, which is aligned with the

ILO's 'Worst Form of Child Labour Convention' (182), raises the minimum age to 18 for young people working in hazardous conditions or at night. As such, only KP's provincial laws are consistent with the ETI standards.

5. Living wages are paid

There is no agreed concept of a 'living wage' in Pakistan. However, there is general consensus that statutory minimum wage rates fall far short of a living wage. While minimum wage rates exclude some categories of workers in Pakistan, those involved in manufacturing and private sector activities are legally covered. In Sindh, agricultural activities are also covered by the minimum wage law.

There is no agreed concept in Pakistan on the social function of a minimum wage in terms of what it should provide for exactly. However, employers and workers tend to agree that the process by which the minimum wage rate is set is unsatisfactory and insufficiently inclusive of stakeholder views. In particular, workers and employers perceive the tripartite structure (workers, government and employers) structure of consultations as dysfunctional and not legitimately representing their interests. Despite the establishment of the Minimum Wage Boards, there is little public confidence in the wage fixing process as it is widely perceived to be political and lacking in legitimacy.⁹⁶ Although there are substantial differences in living costs across different provinces, the government has so far avoided setting differential minimum wage rates for unskilled workers in order to avoid internal migration and provincial competition. Therefore, despite devolution, one unskilled minimum

wage rate applies across the country (Table 03).

Table 03	Unskilled minimum wage rate (PKR)
2010-11	7000
2011-12	7000
2012-13	9000
2013-14	10000
2014-15	12000
2015-16	14000

Although provincial government can also set minimum wage rates for skilled workers in specific industries, only Punjab does so consistently. In 2015-16, Punjab set skilled minimum wage rates for 102 industries. However, there is almost no awareness of the skilled minimum wage rates among workers and few people, other than provincial labour officials in Punjab, ever refer to it.

Despite widespread consensus that the minimum wage is not a living wage, there is nevertheless pervasive underpayment (Table 04). The average monthly pay for women is under minimum wage rate for unskilled workers. Skilled workers in agricultural, forestry and fishery are often paid less than minimum wage. Unsurprisingly then, unskilled workers are paid below the unskilled minimum rate. Female unskilled workers are paid around half of the minimum wage.



Table 04 Major Occupational Groups (PKR)	2013-14 Unskilled minimum wage = 10000 PKR			2014-15 Unskilled minimum wage = 12000 PKR		
	Total	Male	Female	Total	Male	Female
Total	13154	14079	8210	14971	15884	9760
Managers	52300	53637	36698	51578	51855	45410
Professionals	25068	28396	18036	26876	30933	18664
Technicians & associate professionals	20272	21168	13934	23107	24131	13784
Clerical support workers	19913	20085	14879	21766	21825	19523
Service and sales workers	11807	11892	8699	12866	12885	12055
Skilled agricultural, forestry & fishery workers	10616	10727	4880	11554	11579	3800
Craft & related trades workers	10989	11939	4647	13342	14449	4886
Plant/ machine operators & assemblers	12095	12139	9129	13088	13162	7180
Elementary occupations	8228	9365	4570	9474	10392	6280

While there is a perception that formal sector enterprises are more likely to pay minimum wages, the ILO found that even among them, compliance is uneven and inconsistent.⁹⁷ Closer and more direct business relationships between a Pakistani enterprise and an international brand can have a positive impact on wage compliance. By contrast, the lower down the supply chain, the more likely the workers will be paid below minimum wages.

6. Working hours are not excessive

The Pakistan government defines “excessive hours of work” as being 49 hours per week or more. According to that definition, 41% of workers were engaged in excessive hours in 2014-15 (Table 05). Excessive working hours are more likely among male workers (50%) compared to female workers (10%). Workers in urban areas are also more likely to work excessive hours (52%) although a significant portion of rural workers are also putting in more than 49 hours per week (36%). Mean working hours in Pakistan are just below the weekly maximum of 48 hours. However, men generally work more than 51 hours, while women work around 35 to 36 hours per week.⁹⁸

Table 05 Percentage of workers engaged in excessive hours (49 or more per week)⁹⁹

Worker Category	2012-13	2013-14	2014-15
All Workers	37.93	41.05	40.79
Rural Workers	33.32	36.81	35.75
Urban Workers	48.60	50.56	52.21
Male	46.22	50.29	50.01
Female	9.08	10.76	10.31

Pakistan has ratified the Hours of Work (Industry) Convention (No 1). National laws limit the working hours of adults to 9 hours per day with a weekly maximum of 48 hours. Male seasonal workers, however, can be required to work up to 10 hours per day and a maximum of 50 hours per week. Work beyond these hours is entitled to overtime wage rates.

Each province has slightly varied restrictions on the hours of work for women and generally prohibits them from night work.¹⁰⁰ Suitable transport arrangements must be provided if women are to work late (up to 10 pm). National laws also set out rest periods and restrict work on Sundays unless the worker has a compensatory rest day.

Workers rarely complain about excessive working hours in isolation. Excessive working hours, payment of overtime rates and other benefits, working conditions and attempts to form trade unions are often interconnected issues in an industrial dispute. To mitigate the risks of excessive hours, companies doing business in Pakistan can consider long term workflow management to try to reduce the fluctuations of production demand. A realistic capacity assessment of suppliers should be undertaken, and production deadlines should take into account the legal requirements of limited working hours and other labour standards. Prices should also be adjusted so that if urgent orders are placed, or if requirements change at the eleventh hour, overtime wage rates can be considered.

7. No discrimination is practiced

Pakistan has ratified relevant fundamental conventions: the Equal Remuneration Convention (No. 100); and the Discrimination (Employment and Occupation) Convention (No. 111). Additionally, Pakistan is also party to the UN Convention on the Elimination of all Forms of Discrimination against Women, under which it commits to take all appropriate measures to eliminate discrimination against women in the field of employment. Pakistan has also endorsed the 2030 Agenda for Sustainable Development, Goals 5 and 8 which focus on gender equality, nondiscrimination and decent work. Targets cover women's paid work and require states to recognize and value unpaid care and domestic work.

Article 25 of the Constitution guarantees the equality of citizens and prohibits discrimination on the basis of sex. The Constitution also prohibits discrimination on the grounds of race, religion, caste, sex, residence or place of birth in the appointment of people to public service. In addition, the country's development and growth planning framework, Vision 2025, recognises the need to increase women's participation in the economy and in decision making and to take strong action against harassment at work.

While provisions on equality and non-discrimination are contained in various laws across the country, these are uneven. Industrial relations laws in each province and at the federal level all prohibit discrimination on the basis of a workers' trade union membership or affiliation. In the area of pay equality, Sindh and KP both introduced prohibitions against gender discrimination in the payment of minimum wages. KP also has provisions in recently enacted labour laws which prohibit discrimination on broader grounds such as religion, political affiliation, sect, colour, caste creed, and ethnic background. Sindh prohibits discrimination on a range of grounds in relation to the payment of old age benefits.¹⁰¹

Women are restricted from working in certain areas such as mines, as well as on or near heavy machinery.¹⁰² Other legislation limits women's working hours, including prohibitions against night work.¹⁰³ Such laws are intended to "protect" women. Maternity leave and benefits are set out in a range of laws which seek to provide protection from dismissal, a period of maternity leave and paid maternity benefits.¹⁰⁴

In 2010, Pakistan amended the Penal Code to include the crime of sexual harassment. The Federal Government passed the Protection Against Harassment of Women at Workplace Act 2010 that envisages establishment of Provincial Ombudsman offices in all provinces. Punjab also announced its Women Empowerment Initiatives and Action Plan in 2014, as well as the Domestic Workers' Policy in 2015. Both aim to improve the opportunities

for livelihoods for women. The KP government also announced its Women Empowerment Policy Framework in 2015. Additionally, the federal government has developed a model law against discrimination and carried out tripartite consultations with employers and workers on this in all four provinces in 2015.

Despite the many laws related to equal opportunity and non-discrimination in all spheres of life, there remains significant gender disparities and limited protection for religious minorities. Women's participation labour rate is among the lowest in the world: 25% compared to the male participation rate of 82%.¹⁰⁵ Even when they are employed, women are paid 76% of the wages earned by men.

Across every occupational group, women earn less than their male counterparts. The gender pay gap is higher in sectors where women are employed in more significant numbers and lower in those where fewer women work. The only sector in which women earn more than men is transport and communications, but that figure is unreliable given their low levels of female employment.¹⁰⁶

Disaggregated data by major industry shows that women in manufacturing were the lowest paid of all nine industry categories. In 2014-15, the monthly average wage of a female employee in the manufacturing sector was \$54, compared to \$145 for men. Women in agriculture, the second lowest paid group, earned \$63 per month.¹⁰⁷ The gender pay gap in manufacturing was 62%, making it the industry with the most unequal pay.¹⁰⁸

Of all workers in manufacturing, 26% are in garment production. The garment sector is a female dominant sector: among the women in manufacturing, 55% are in the garment industry compared to 19% of men. The garment export sector is generally perceived to pay women higher wages than they could earn elsewhere.¹⁰⁹ However, the ILO found that the gender wage gap in the garment sector is 33%, or 7% above the national average of 26%.¹¹⁰ (Table 06 overleaf).



Table 06 Average monthly in major industries ¹¹¹ (PKR)	2013-14 Unskilled minimum wage = 10000 PKR			2014-15 Unskilled minimum wage = 12000 PKR		
	Total	Male	Female	Total	Male	Female
Total	13155	14079	8228	14971	15884	9760
Agriculture, forestry, hunting and fishing	6327	7995	4236	7804	9041	6345
Mining & quarrying	17971	17971	-	14968	15064	8000
Manufacturing	11720	12716	4953	13478	14465	5435
Electricity, gas and water	23060	23251	14486	25379	25626	15703
Construction	11008	11031	8563	12032	12040	10705
Wholesale & retail trade and restaurants & hotels	9706	9729	9302	10711	10710	10740
Transport, storage and communication	14950	14972	20517	16220	16158	24900
Financing, insurance, real estate and business services	35194	35280	31182	36659	36805	33985
Community, social and personal services	18932	20758	13508	21443	23746	14493

There is also a high degree of occupational segregation in the garment sector. Women are more likely to work in informal employment where wages are lower. The vast majority of women in the garment sector are home-based workers, 94% compared to 7% of men. Home-based workers are chronically and significantly underpaid. The ILO found that home-based workers in the garment sector earn an average income of \$43 per month, working more than 12 hours per day for six days a week and with the help of other members of the household.¹¹²

Even in formal employment, women are overwhelmingly engaged in production tasks. In comparison, men are engaged across occupations, including production, managerial, administrative, finance and merchandising. The ILO found that women were confined to jobs in the lower levels of the production chain rather than in supervisory, technical or managerial roles. There was also evidence of vertical segregation, with women more likely to work in the stitching department, concentrated in lower paid roles such as trimming and quality checking. Higher paid tasks such as machine stitching are largely male dominated. Washing and dyeing, tasks which attract higher wages, are considered unsuitable for women due to high temperatures in the sheds and the need for physical lifting. Cutting also pays more, but is effectively out of bounds for women because machinery is involved. A small number of women worked in supervisory positions in some of the larger, formal sector, factories that were supplying international brands.

Relevant training can have a positive impact on reducing gender disparities and promote opportunities for women.

The ILO found that on-the-job training in the garment sector was predominantly provided to men. At the same time, evidence shows that on-the-job training has a larger impact on average wages earned as compared to other vocational training. Women's wages can increase by 15% after on-the-job training, compared to 13% for men. By contrast, other kinds of vocational training such as in TVET institutions only resulted in 7% increase for women and 2% for men.¹¹³

The ILO found the provision of safe transport has a significant and positive impact on enabling women to participate in the workforce. Public transport is generally not regarded as safe for women in Pakistan. The provision of transport services by employers – colloquially termed “the pick and drop service” – can positively transform women's access to work.

The National Commission for Minorities is mandated to protect the rights of minorities. However, it is not clear whether the mechanism is effective. The federal government has issued administrative instructions regarding reservation of 5% quota for employment of religious minorities in all federal government services and jobs advertised. Punjab also has a similar quote for religious minorities in civil service jobs.¹¹⁴ It is unclear whether these quotas have been implemented.

There is very little information about the treatment of religious and other minorities in the workplace. However, bonded labourers are mostly from socially marginalised groups including minorities and migrants. More broadly, despite the various laws, religious and ethnic minorities have very little protection. Pakistan's draconian



blasphemy laws are disproportionately used against religious minorities, who are victimised by these charges due to personal disputes. Religious minorities including Shia, Christians and the Ahmadiyah communities are often targeted in attacks.¹¹⁵

Across the country, the law imposes quotas for the employment of disabled people in certain enterprises, ranging from 1% of the workforce in KP and 3% in Punjab. However, these have never been fully implemented.¹¹⁶ There is little information on the employment status of disabled people.

8. Regular employment is provided

Under the Industrial and Commercial Employment (Standing Orders) Ordinance and equivalent provincial laws, a worker is deemed “permanent” if he/she is likely to be engaged in work for more than nine months in the establishment, and has completed a probationary period of three months. Other types of employment relationship recognised by law includes workers on probation and apprenticeships.

The law also recognises various short-term arrangements including “badli” workers who are appointed to cover a permanent worker or probationer’s post in their absence and a “temporary worker” who is engaged for work of a temporary nature of less than nine months. A contract worker is recognised as someone who works on a contract basis for a specified duration. It is distinguished from third-party employment, which can be recognised as permanent employment if the arrangement lasts longer than 9 months and the work is of a permanent nature.

The classification of workers is important in relation to employers’ obligations related to statutory benefits and

social security. Permanent workers are entitled to a range of benefits including bonuses and gratuities. Employers are also required to register permanent workers with the social security wing of provincial governments and make contributions to social protection systems such as the Old Age Benefit Institution.

One of the most common violations of labour rights in Pakistan is the failure to give written employment contracts. This practice is pervasive, particularly in relation to production workers who are seen as “mere” labourers. A related emerging issue is the length to which business in Pakistan try to misclassify their workers as anything but “permanent”, and avoid obligations under labour and social security laws through the employment of “temporary” workers, the use of “third party employment”, or sometimes a creative combination of them.

Because almost all employment contracts are verbal, many workers have no documentary evidence of their employment. In cases of dispute then, businesses will argue that the workers were simply “temporary” workers, even if they have served terms much longer than the 9-month limit under the law. There appears also to be an increase in the use for third-party employment. Businesses, including those in the formal economy and involved in the export economy, will use workers nominally hired by a third party who then provide “labour services” to the business.

For example, in May 2017, the Pakistani apparel and textiles brand Khaadi agreed to regularise the employment of 6,000 production workers in their manufacturing units after a dispute related to attempts to form a trade union. Khaadi initially argued that none of those workers were their employees because

they were employed by a third-party contractor but backed away from that claim during negotiations. In the landmark case of *Fauji Fertilizer Company v NIRC*,¹¹⁷ the company had used a succession of six contractors that employed the same workers repeatedly over time. These contractors then provided the “labour services” of the workers back to Fauji Fertilizer, which then claimed that the workers were not their employees.

Businesses use these arrangements in order to avoid social security and other financial obligations. When there are disputes over the status of workers, Pakistani courts have tended to focus on the realities of the “nature of work” performed. The Supreme Court has held in *Fauji Fertilizer* that a “pragmatic approach weighing up all the factors for and against the employment” should be taken. If the contract with the third-party labour service contractor is found to be not genuine, and “a device to deprive the employees from their legitimate rights/benefits”, then the workers will be treated as permanent employees of the company.¹¹⁸

Although workers have successfully challenged employers’ attempts to reclassify them as anything but “permanent”, businesses have continued with such practices. Despite the clarity of judicial opinion on this point, companies still try to avoid obligations to their workers through third party labour service contractors.



Companies that do business in Pakistan should publicly commit to the use of a regularised workforce who are given written employment contracts. For example, template employment contracts in Urdu may be developed by companies for their Pakistani suppliers to use. If disputes arise, companies should encourage their Pakistani suppliers to try to settle the matter in good faith, including using alternative dispute resolution mechanisms, rather than litigation. Likewise, local companies should be encouraged to recognise the contribution of the workers and the genuine nature of their employment.

9. No harsh or inhumane treatment is allowed

Pakistan ratified the Convention against Torture (CAT) in 2010, but the practice of torture and cruel, inhuman and degrading treatment and punishment persists in the country. The Penal Code does not define torture in line with the definition of CAT. It prohibits causing “hurt” but does not mention punishing perpetrators of torture. There are no legislative provisions specifically prohibiting torture. The Constitution of Pakistan guarantees the security of persons, protects the inviolability of dignity of individuals, and forbids forms of exploitation such as slavery, forced labour and human trafficking.¹¹⁹

There is no reliable data on the prevalence of harsh or inhuman treatment in the workplace or other situations of employment. However, workers in situations of bonded labour are subject to physical abuse and domestic workers are frequently reported to suffer abuse. In 2014, workers called a strike after two Christian brick kiln workers were brutally murdered at the kiln.¹²⁰

Workers who try to form trade unions, organise or otherwise demand their rights are often intimidated or harassed, or even killed. In 2010, a trade union leader of the power loom workers in Punjab and his brother were shot.¹²¹ Moreover, six leaders of Labour Qaumi Movement (LQM) were sentenced to a total of 490 years of imprisonment on charges of being involved in holding a strike for a 17 percent raise in wages. The leaders were arrested after an agitation and tried in Pakistan’s Anti-Terrorism Court.¹²² In 2011, there were reports that two leaders of the worker’s movement in the fisheries industry were murdered by landowners in Sindh.¹²³ In 2015, police who had not been paid their salaries for several months protested, but were arrested by their colleagues.¹²⁴

Companies must publicly commit to a zero-tolerance policy for any harsh or inhuman treatment, including by its suppliers. Any violations must be reported to the appropriate law enforcement authorities. In addition, verified reports of harsh or inhumane treatment must trigger actions including the end of the business relationship.

CONCLUSION

Internationally, there has been an increased focus on improving business practices to respect human rights. As the nature of global supply chains grows increasingly complex and stretches over multiple countries or even continents, modern slavery can persist in any part of the supply chain and in any location. The elimination of modern slavery and other abuses of workers is high on the political agenda. In 2015, the 2030 Agenda for Sustainable Development was adopted to frame the global development vision. SDG8 commits the international community to promote inclusive and sustainable economic growth, full and productive employment and decent work for all. Target 8.7 calls on states to take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking. By 2025, child labour should end in all its forms. Target 8.8 requires states to protect labour rights and promote safe and secure working environments for all workers.¹²⁵

In 2017, the G20 Labour and Employment Ministers Meeting renewed the commitment to eradicate modern slavery, forced labour and human trafficking, as well as ending child labour.¹²⁶ Governments have enacted national laws which require companies to adopt policies and practices that specifically take into account human rights implications in the business context. The UK enacted the Modern Slavery Act in 2015, which requires companies with a £36million annual turnover doing business in the UK to report on the steps they are taking to address the risk of modern slavery in their operations and supply chains. France recently adopted legislation, expected to come into effect in 2018, which imposes a corporate "duty of vigilance" or "duty of care". Companies that have the stipulated number of staff will be required to establish and implement a diligence plan, which should state the measures taken to identify and prevent occurrences of human rights and environmental risks in their operations or their supply chains.¹²⁷

International companies that source from and operate in Pakistan face considerable challenges in managing and mitigating risks related to labour rights and human rights. Informal economic activities dominate, exposing companies to human rights risks. In particular, products that have multi-staged manufacturing processes, such as in the apparel and textiles sector or the surgical instruments sector, can be sub-contracted, often to workers in the informal economy.

From international companies' points of view, supply chains in Pakistan can have limited visibility. The exception being the larger vertically integrated suppliers, which are available in the apparel and textiles sector but remain few in number. The invisibility of some informal economy workers means that labour violations often go unidentified and labour protection laws unenforced.

Security concerns in Pakistan means that many companies do not have a permanent local presence. Auditing is often reliant on local counterparts, with limited oversight by headquarters staff located elsewhere.

Despite a plethora of laws in Pakistan, implementation and enforcement of labour protections are weak throughout the country. The labour inspection system has historically been stymied by provincial governments, and although recently revived, requires significant capacity building and strengthening. Compounding the lack of state mechanisms to implement labour protections, trade unionisation rates are very low and Pakistani employers tend to strenuously oppose any worker efforts to organize. Companies perceive trade unions as troublesome and unnecessary. With a few notable exceptions, employers tend to mistrust trade unions. Some employers have actively hindered workers' efforts to unionise, including dismissal of workers and sometimes resorting to violence towards workers' representatives.

Remedies for labour condition violations can be sought through the judicial system. However, there is a significant backlog of cases throughout the entire judicial system, including at the specialised labour courts at provincial levels and with the NIRC. Some branches of the labour court system do not function due to vacancies on the Bench.

This makes it all the more important for companies to undertake human rights due diligence planning, as well as continuous monitoring and remediation if necessary. There are some private sector initiatives to improve labour conditions such as the Buyers' Forum in the apparel and textiles sector which can be supported to increase its influence. Multi-stakeholder initiatives have significantly improved working conditions in some sectors in the past, including in the reduction of child labour in the football stitching industry in Punjab. The collaboration of companies and industry stakeholders have been crucial in these successes.

In the absence of strong labour protection clauses in trade agreements and the anticipated growth of SEZs in Pakistan, companies can strengthen the use of GFAs. Where GFAs have been signed, trade union federations and workers' representatives have been able to invoke them in support of their claims during negotiations with suppliers, even on behalf of workers who are not unionised. In light of the importance of exports for the apparel and textiles sector as well as surgical instruments manufacturers, coupled with the opportunity for growth in market share, there is potential for leverage being applied by companies working in concert.

END NOTES

- 1 The World Bank (2017) Data by Country: Pakistan. Available at: <http://data.worldbank.org/country/pakistan> [Accessed: 22nd August 2017]
- 2 The Pakistan Bureau of Statistics. The Government of Pakistan. Available at: <http://www.pbscensus.gov.pk/> [Accessed: 18 September 2017]
- 3 The World Bank (2016) South Asia Economic Focus: Fading Winds, p. 66.
- 4 UNDP (20 June 2016) Pakistan's new poverty index reveals that 4 out of 10 Pakistanis live in multidimensional poverty. Available at: <http://www.pk.undp.org/content/pakistan/en/home/presscenter/pressreleases/2016/06/20/pakistan-s-new-poverty-index-reveals-that-4-out-of-10-pakistanis-live-in-multidimensional-poverty.html> [Accessed: 22nd August 2017]; Government of Pakistan, OPHI & UNDP (2016) Multi-dimensional Poverty in Pakistan, p. 17 Fig 3.3. Available at: <http://www.ophi.org.uk/wp-content/uploads/Multidimensional-Poverty-in-Pakistan.pdf> [Accessed: 14 August 2017]
- 5 ILO (2016) Decent Work Country Programme 2016-2020, p. 12.
- 6 The World Bank (2017) Data by Country: Pakistan. Available at: <http://data.worldbank.org/indicator/SL.TLF.TOTL.IN?locations=PK> [Accessed: 22nd August 2017]
- 7 Pakistan Bureau of Statistics (Nov 15) Pakistan Labour Force Survey 2014-15, pp.vi - vii. Available at: <http://www.pbs.gov.pk/sites/default/files/Annual%20Report%20of%20LFS%202014-15.pdf> [Accessed: 14 August 2017]
- 8 ILO (2016) Decent Work Country Programme 2016-2020, p. 16.
- 9 Pakistan Bureau of Statistics (November 15) Pakistan Labour Force Survey 2014 - 15, p. 35.
- 10 The Directorate-General for Trade in the European Commission. Pakistan Country Page. Available at: <http://ec.europa.eu/trade/policy/countries-and-regions/countries/pakistan/> [Accessed: 18 September 2017]
- 11 Pakistan Ministry of Finance (2017) Economic Survey 2016 - 17: Manufacturing and Mining, p.46. Available at: http://www.finance.gov.pk/survey/chapters_17/03-Manufacturing.pdf [accessed: 10th August 2017]
- 12 Pakistan Ministry of Textile Industry (February 2015) Textile Policy 2014-19, p. 4.
- 13 Better Cotton Initiative (2017) Where is better cotton grown? Pakistan. Available at: <http://bettercotton.org/about-better-cotton/where-is-better-cotton-grown/pakistan/> [accessed: 22nd August 2017]
- 14 Trade Development Authority of Pakistan (2016) Exports from Pakistan (July 2015 - June 2016).
- 15 The Surgical Instruments Manufacturers Association of Pakistan: <http://www.simap.org.pk/>; Mubarak Zeb Khan, "Pakistan's shadow surgical instruments' sector" in Dawn (22 August 2016): <https://www.dawn.com/news/1279191> [Accessed: 14 September 2017]
- 16 Product code 9018 only, classified as 'instruments and appliances used in medical, surgical, dental or veterinary sciences'. Other related product codes include 9021 for orthopaedic appliances and product code 9022 for apparatus based on the use of X-rays or alpha, beta or gamma radiation. Data from http://madb.europa.eu/madb/statistical_form.htm [Accessed: 22nd August 2017]
- 17 Sialkot Chambers of Commerce (2014) Surgical Industry at a Glance. Available at: scci.com.pk/image/file.php?file=rand/rand-ENGLISH-14.pdf [Accessed: 22nd August 2017]
- 18 ILO (2016) Decent Work Country Programme 2016-2020, p. 32.
- 19 Pakistan Ministry of Commerce endorsing European Commission Report on the Generalised Scheme of Preferences covering the period 2014-2015 (2016), p. 19. Available at: http://trade.ec.europa.eu/doclib/docs/2016/january/tradoc_154180.pdf; Directed from Pakistan Ministry of Commerce GSP: http://www.commerce.gov.pk/?page_id=3422 [accessed: 14th August 2017]
- 20 Ministry of Overseas Pakistanis and Human Resource Development (2016) GSP-Plus and Compliance with Core Labour Standards: Pakistan's Case, p. 1.
- 21 European Commission (2017) Trade Policy by Country: Pakistan. Available at: <http://ec.europa.eu/trade/policy/countries-and-regions/countries/pakistan/> [accessed: 10th August 2017]
- 22 European Commission (2012) The relevant GSP+ conventions. Available at: http://trade.ec.europa.eu/doclib/docs/2013/december/tradoc_152024.pdf [22nd August 2017]
- 23 European Commission (2016) Compliance with the GSP+ Obligations Conclusions, in Report on the Generalised Scheme of Preferences during the period 2014 - 2015, pp. 15 and 200.
- 24 European Commission (2016) Compliance with the GSP+ Obligations Conclusions, in Report on the Generalised Scheme of Preferences during the period 2014 - 2015, p. 204.
- 25 Trade and Investment Framework Agreement Between the Government of the United States of America and the Islamic Republic of Pakistan (TIFP) (2015), Preamble, para. 13. Available at: https://ustr.gov/sites/default/files/uploads/agreements/tifa/asset_upload_file849_9759.pdf [accessed: 22nd August 2017]
- 26 Ministry of Overseas Pakistanis & Human Resource Development (2016) GSP-Plus and Compliance with Core Labour Standards: Pakistan's Case, p. 2.
- 27 State Parties include Pakistan, Bangladesh, Bhutan, India, Maldives, Nepal, and Sri Lanka.
- 28 For a list of Pakistan's regional and bilateral agreements, see http://www.commerce.gov.pk/?page_id=9 [Accessed: 14th August 2017]
- 29 Free Trade Agreement between the Government of the Islamic Republic of Pakistan and the Government of the People's Republic of China (2006).
- 30 China Pakistan Economic Corridor (2017) CPEC Projects Progress Update. Available at: <http://cpec.gov.pk/progress-update#tabs-31> [accessed: 22nd August 2017]
- 31 Government of Pakistan, Special Economic Zones Act 2012 (amended in 2015), Section 2.
- 32 UN (2012) The Corporate Responsibility to Protect Human Rights: An Interpretative Guide, p. 6. Available at: http://www.ohchr.org/Documents/Publications/HR.PUB.12.2_En.pdf [accessed: 22nd August 2017]
- 33 PILER (2015) Gazenfur: "Trade unions", in Status of labour rights in Pakistan: The Year 2014, p. 112.
- 34 Pakistan Ministry of Labour, Manpower and Overseas Pakistanis (2006) Labour protection policy. Available at: http://labourwatchpakistan.com/wp-content/uploads/2011/04/LABOUR_PROTECTION_POLICY_2006.pdf [accessed 14 September 2015]
- 35 Zhou, M. (2016) Minimum Wage Setting, implementation and Working Conditions in the Formal and informal Sectors of the Garment industry in Pakistan, International Labour Organization, p. 68.
- 36 Shaukat, A. (25 February 2012) "Labour inspections to resume", in The Express Tribune. Available at: <http://tribune.com.pk/story/341377/labour-inspections-to-resume/> [accessed 14 Sep. 2015].
- 37 ILO (2014) Decent work country profile - Pakistan, p. 132.
- 38 *ibid.*
- 39 Ministry of Overseas Pakistanis and Human Resource Development (2015) Occupational Safety and Health: Legal Framework and Statistical Trend Analysis, p. 49 Table 25.
- 40 Zhou, M. (2016) Minimum Wage Setting, implementation and Working Conditions in the Formal and informal Sectors of the Garment industry in Pakistan, International Labour Organization, p. 68.
- 41 Government of Pakistan (Sep 2016) Treaty Implementation Cell. Available at: <http://www.cabinet.gov.pk/cabinet/userfiles1/file/TORs-TIC-06-09-2016.pdf> [accessed 22nd August 2017]
- 42 European Center for Constitutional and Human Rights. (2016). Case Report: RINA certifies safety before factory fire in Pakistan.
- 43 Social Accountability International (2012), "Q & A: Ali Enterprises Fire in Karachi, Pakistan". http://www.sa-intl.org/_data/n_0001/resources/live/Q&A_AliEnterprises_8Dec2012.pdf [accessed: 14 September 2017].
- 44 Hussain, J. (2016). "The ugly truth behind the glitz and glamour of Pakistan's textile exports", Scroll, <https://scroll.in/article/817011/the-ugly-truth-behind-the-glitz-and-glamour-of-pakistans-textile-exports> [accessed: 14 September 2017]
- 45 Zhou, M. (2016) Minimum Wage Setting, implementation and Working Conditions in the Formal and informal Sectors of the Garment industry in Pakistan, International Labour Organization, pp. 60 - 67.
- 46 *ibid.*
- 47 Zhou, M. (2017) Pakistan's Hidden Workers: Wages and Conditions of Home-based Workers and the Informal Economy, International Labour Organization, p.20.
- 48 *ibid.*, p. 17.
- 49 Zhou, M. (2016) Minimum Wage Setting, implementation and Working Conditions in the Formal and informal Sectors of the Garment industry in Pakistan, International Labour Organization, p. 99-101.



- 50 For example, Pakistan Knitwear & Sweater Exporters Association (PAKSEA) <http://www.paksea.com/>; and Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA) <http://www.prgmea.org/>; *ibid*, p. 120
- 51 Towel Manufacturers Association of Pakistan official site. Available at: <http://www.towelassociation.com/> [accessed 22nd August 2017]
- 52 PTEA official site. Available at: <http://www.ptea.org.pk/>; ILO (Feb 2015 – Dec 2017) Increasing Competitiveness Through Labour Law Compliance in Pakistan's Textile Sector. Available at: http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-islamabad/documents/publication/wcms_483126.pdf [accessed: 22nd August 2017]
- 53 GiZ (2016) Social and Labour Standards in the Textile and Garment Sector in Asia.
- 54 Pakistan Buyers' Forum official site. Available at: <http://buyersforum.info/> [accessed: 22nd August 2017]
- 55 ILO (Dec 2014) Promoting Decent Work for a Sustainable Textile and Garment Industry in Pakistan. Available at: http://www.ilo.org/islamabad/info/public/pr/WCMS_329264/lang--en/index.htm
- 56 Pakistan Buyers' Forum official site. Available at: <http://buyersforum.info/> [accessed: 22nd August 2017]
- 57 ILO (February 2016) Pakistan Buyers Forum initiate plans to improve labour conditions in textile and garment supply chains. Available at: http://www.ilo.org/islamabad/info/public/pr/WCMS_454745/lang--en/index.htm [accessed: 22nd August 2017]
- 58 ILO (April 2017) The Pakistan Buyers' Forum. Available at: http://www.ilo.org/islamabad/whatwedo/eventsandmeetings/WCMS_550488/lang--en/index.htm [accessed: 22nd August 2017]
- 59 SwedWatch (2015) Healthier Procurement: Improvements to Working Conditions for Surgical Instrument Manufacture in Pakistan, p. 10.
- 60 *ibid*, p. 12.
- 61 *ibid*, pp. 28 – 29.
- 62 Democracy Reporting International (December 2016) Recognizing the Impact of Business on Human Rights: Challenges and Opportunities for Pakistan, pp. 10 – 11.
- 63 Hadwiger, F. (2015) Global Framework Agreements: Achieving Decent Work in Global Supply Chains, International Labour Organization, p. 16.
- 64 *ibid*, p. 17.
- 65 IndustriALL (2015) Global Framework Agreements. Available at: <http://www.industriall-union.org/issues/pages/global-framework-agreements-gfa> [accessed: 22nd August 2017]
- 66 PILER (2015) Status of labour rights in Pakistan: The Year 2014, p. 23, no provincial or sectoral statistics available. The NIRC does not publish the number of trade unions, and data related to trade unions at provincial level are also not publicly available.
- 67 European Commission (2016) Pakistan GSP+ Assessment, in Report on the Generalised Scheme of Preferences during the period 2014 – 2015, p.200.
- 68 Hadwiger, F. (2015) Global Framework Agreements: Achieving Decent Work in Global Supply Chains, International Labour Organization, p. 6.
- 69 Khan, F. (2017) Barriers to pay equality in Pakistan: The gender pay gap in the garment sector, International Labour Organization, p. 17.
- 70 DAWN (04th May 2017) SC wants details of special courts, tribunals that are not functioning. Available at: http://epaper.dawn.com/DetailImage.php?StoryImage=05_04_2017_151_005 [accessed: 22nd August 2017]
- 71 Pakistan National Judicial (Policy Making) Committee: Administrative Tribunals and Special Courts Annual Report 2014. Available at: http://ljcp.gov.pk/njcp/assets/dist/Publication/ee2a1-atsc_2014.pdf [accessed: 23rd August 2017]
- 72 PILER (2015) Status of labour rights in Pakistan: The Year 2014, p. 17.
- 73 The Global Slavery Index (2017) Country Study: Pakistan. Available at: <https://www.globallslaveryindex.org/country/pakistan/> [accessed: 23rd August 2017]
- 74 Department of Labor, United States Government. Findings on the Worst Forms of Child Labor 2015. Available at <https://www.dol.gov/sites/default/files/images/ilab/child-labor/Pakistan.pdf> [Accessed: 18 September 2017]
- 75 ILO (1 Mar 2007 - 30 Apr 2010) Promoting the Elimination of Bonded Labour in Pakistan (PEBLIP). Available at: http://www.ilo.org/islamabad/whatwedo/projects/WCMS_125694/lang--en/index.htm [accessed: 23rd August 2017]
- 76 Zhou, M. (2016) Minimum Wage Setting, implementation and Working Conditions in the Formal and Informal Sectors of the Garment industry in Pakistan, International Labour Organization, p. 86.
- 77 Pakistan Bureau of Statistics (November 15) Pakistan Labour Force Survey 2014 – 15, p. 37. Available at: <http://www.pbs.gov.pk/sites/default/files//Annual%20Report%20of%20LF%202014-15.pdf> [accessed: 14th August 2017]
- 78 *ibid*, p.38 Table 26.
- 79 The Sustainable Trade Initiative (2015) Mapping Study: Providing Additional Insights and Roadmap for Buyers' Forum, p. 10.

- 80 Zhou, M. (2016) Minimum Wage Setting, implementation and Working Conditions in the Formal and Informal Sectors of the Garment industry in Pakistan, International Labour Organization, p. 98 – 99.
- 81 SwedWatch (2015) Healthier Procurement: Improvements to Working Conditions for Surgical Instrument Manufacture in Pakistan, p. 29.
- 82 Ministry of Overseas Pakistanis and Human Resource Development (2016) GSP-Plus and Compliance with Core Labour Standards: Pakistan's Case, p. 64.
- 83 Ibid.
- 84 ILO (2016) Decent Work Country Programme 2016–2020, p. 17.
- 85 The Sustainable Trade Initiative (2015) Mapping Study: Providing Additional Insights and Roadmap for Buyers' Forum, pp. 16 & 65.
- 86 ILO Country Office Islamabad (2015) World Day Against Child Labour 12 June 2015: Report for Pakistan. Available at: http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-islamabad/documents/publication/wcms_388760.pdf [accessed: 23rd August 2017]
- 87 Ministry of Overseas Pakistanis and Human Resource Development (2016) GSP-Plus and Compliance with Core Labour Standards: Pakistan's Case, Table 29, p. 100.
- 88 US Bureau of International Labour Affairs (2015) Child Labour and Forced Labour Reports. Available at: <https://www.dol.gov/agencies/ilab/resources/reports/child-labor/pakistan> [accessed: 23rd August 2017]
- 89 Ibid.
- 90 Pakistan National Rural Support Programme (n.d.) Child Labour in Cotton Seed Farming. Available at: <http://www.nrsp.org.pk/publications/Baseline-Studies/Child-Labor-in-Cotton-Seed-Farming-Punjab.pdf> [accessed: 23rd August 2017]
- 91 Zhou, M. (2016) Minimum Wage Setting, implementation and Working Conditions in the Formal and Informal Sectors of the Garment industry in Pakistan, International Labour Organization, p. 43.
- 92 SwedWatch (2015) Healthier Procurement: Improvements to Working Conditions for Surgical Instrument Manufacture in Pakistan, pp. 40 – 41.
- 93 See the ILO's National Labour Law Profile: Islamic Republic of Pakistan, for information on the minimum age of workers in different sectors. Available at: http://www.ilo.org/ifpdial/information-resources/national-labour-law-profiles/WCMS_158916/lang--en/index.htm. [accessed: 18th September 2017]
- 94 US Bureau of Democracy, Human Rights, and Labour (Mar 2017) Available at: <https://www.state.gov/j/drl/rls/hrrpt/2016/sca/265546.htm> [accessed: 23rd August 2017]
- 95 Ministry of Overseas Pakistanis & Human Resource Development (2016) GSP-Plus and Compliance with Core Labour Standards: Pakistan's Case, p. 54.
- 96 Zhou, M. (2016) Minimum Wage Setting, implementation and Working Conditions in the Formal and Informal Sectors of the Garment industry in Pakistan, International Labour Organization, p. 36 – 37.
- 97 Zhou, M. (2016) Minimum Wage Setting, implementation and Working Conditions in the Formal and Informal Sectors of the Garment industry in Pakistan, International Labour Organization, p. 51.
- 98 Pakistan Bureau of Statistics (Nov 15) Pakistan Labour Force Survey 2014–15, p.31 Table 16. Available at: <http://www.pbs.gov.pk/sites/default/files//Annual%20Report%20of%20LFS%202014-15.pdf> [accessed: 23rd August 2017]
- 99 Ministry of Overseas Pakistanis and Human Resource Development (2016) GSP-Plus and Compliance with Core Labour Standards: Pakistan's Case, p. 92 Table 21.
- 100 The Factories Act 1934, applicable in Islamabad, Punjab and Balochistan, women can only be required to work between 6 a.m. and 7 p.m., prohibiting night work. In Sindh women may only work in factories between 7 a.m. and 7 p.m., except where suitable transport arrangements are made for them, in which case they may work until 10 p.m. Similar restriction applies in relation to women's work in shops.
- 101 Ministry of Overseas Pakistanis and Human Resource Development (2016) GSP-Plus and Compliance with Core Labour Standards: Pakistan's Case, pp. 37 – 38.
- 102 Section 23C, the Mines Act 1923, Mines (Prohibition of Female Labour Underground) Ordinance 1937; Sections 32, 33-F, 33-Q (4-b) & 45, the Factories Act 1934.
- 103 Sections 36, 45(1)(a), 45(1)(b) & 66(b), the Factories Act 1934; The West Pakistan Shops and Establishments Ordinance 1969 (Islamabad, Punjab and Balochistan); the Shops and Establishments Act 2015 (Khyber Pakhtunkhwa); and the Sindh Shops and Establishment Act 2015.
- 104 The Mines Maternity Benefits Act 1941 and the West Pakistan Maternity Benefit Ordinance 1958; the Provincial Employees Social Security Ordinance 1965; the Civil Servants Act 1973 (Revised Leave Rules 1980); the Khyber Pakhtunkhwa Maternity Benefits Act 2013.
- 105 Pakistan Bureau of Statistics (November 15) Pakistan Labour Force Survey 2014 – 15, p. 24 Table 10. Available at: <http://www.pbs.gov.pk/sites/default/files//Annual%20Report%20of%20LFS%202014-15.pdf> [accessed: 23rd August 2017]
- 106 Khan, F. (2017) Barriers to pay equality in Pakistan: The gender pay gap in the garment sector, International Labour Organization, p. 9.
- 107 Pakistan Bureau of Statistics (November 15) Pakistan Labour Force Survey 2014 – 15, p. 40. Available at: <http://www.pbs.gov.pk/sites/default/files//Annual%20Report%20of%20LFS%202014-15.pdf> [accessed: 23rd August 2017]
- 108 Ministry of Overseas Pakistanis and Human Resource Development (2016) GSP-Plus and Compliance with Core Labour Standards: Pakistan's Case, p. 11 Table 9.
- 109 Lopez-Acevedo, G. and Robertson, R. (eds) (2016) Stitches to Riches? Apparel Employment, Trade, and Economic Development in South Asia, World Bank.; Khan, F. (2017) Barriers to pay equality in Pakistan: The gender pay gap in the garment sector, International Labour Organization, p. 19.
- 110 Khan, F. (2017) Barriers to pay equality in Pakistan: The gender pay gap in the garment sector, International Labour Organization, p. 19.
- 111 Pakistan Bureau of Statistics (Nov 15) Pakistan Labour Force Survey 2014 – 15, p. 40. Available at: <http://www.pbs.gov.pk/sites/default/files//Annual%20Report%20of%20LFS%202014-15.pdf> [accessed: 14th August 2017]
- 112 Zhou, M. (2017) Pakistan's Hidden Workers: Wages and Conditions of Home-based Workers and the Informal Economy, International Labour Organization, p. 26 – 27.
- 113 Khan, F. (2017) Barriers to pay equality in Pakistan: The gender pay gap in the garment sector, International Labour Organization, p. 30.
- 114 Ministry of Overseas Pakistanis and Human Resource Development (2016) GSP-Plus and Compliance with Core Labour Standards: Pakistan's Case, p. 38.
- 115 Human Rights Watch (2016) Annual Report 2016: Events of 2015, pp. 439 – 440. Available at: https://www.hrw.org/sites/default/files/world_report_download/wr2016_web.pdf [accessed: 23rd August 2017]
- 116 Ministry of Overseas Pakistanis and Human Resource Development (2016) GSP-Plus and Compliance with Core Labour Standards: Pakistan's Case, pp. 37 – 38.
- 117 Civil Appeals No. 83 and 84 of 2006
- 118 Ibid., at para. 16f per Iftikhar Muhammad Chaudhry CJ
- 119 Articles 9, 14, 11, Constitution of Pakistan.
- 120 Europe Solidaire Sans Frontières (07th November 2014) Pakistan: workers' strike after the brutal killing of two brick kiln Christian workers. Available at: <https://www.europe-solidaire.org/spip.php?article33484> [accessed: 23rd August 2017]
- 121 Solidarity (12th July 2010) Demand an Investigation into the Murder of Pakistani Trade Union Leader. Available at: <https://solidarity-us.org/node/2949> [accessed: 23rd August 2017]
- 122 : IndustriALL Global Union. (2011). Six union leaders sentenced to 490 years in Pakistan. [online] Available at: <http://www.industrialunion.org/archive/imf/six-union-leaders-sentenced-to-490-years-in-pakistan> [Accessed 18 September 2017].
- 123 South Asia Citizens Web (08th May 2011) Pakistan: Fishermen's trade union activists murdered by the land mafia. Available at: <http://www.sacw.net/article2062.html> [accessed: 23rd August 2017]
- 124 International Trade Union Confederation (ITUC) (2015) The ITUC Global Rights Index 2015: The World's Worst Countries for Workers, p. 76. Available at: http://www.ituc-csi.org/IMG/pdf/survey_global_rights_index_2015_en.pdf [accessed: 23rd August 2017]
- 125 UN Department of Economic and Social Affairs (2015) Transforming our world: the 2030 Agenda for Sustainable Development. Available at: <https://sustainabledevelopment.un.org/post2015/transformingourworld> [accessed: 23rd August 2017]
- 126 G20 Labour and Employment Ministers Meeting (19th May 2017) Towards an Inclusive Future: Shaping the World of Work. Available at: <http://www.g20.utoronto.ca/2017/170519-labour.html> [accessed: 23rd August 2017]
- 127 Moyo, J. (1st March 2017) France adopts new corporate "duty of care" law, Ethical Trading Initiative. Available at: <http://www.ethicaltrade.org/blog/france-adopts-new-corporate-duty-care-law> [accessed: 23rd August 2017]



The Ethical Trading Initiative (ETI) is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. Our vision is a world where all workers are free from exploitation and discrimination, and enjoy conditions of freedom, security and equity.

Ethical Trading Initiative
8 Coldbath Square, London
EC1R 5HL
UK

+44 (0)20 7841 4350
eti@eti.org.uk
@ethicaltrade
ethicaltrade.org