On the Mend:

How Taiwan's Textile Industry Can Achieve Ethical Employment With Support from the Global Apparel Sector

TRANSPARENTEM

Not long ago, in a textile factory in Taiwan, workers gathered to receive a life-changing announcement.

These were migrant workers from nearby Asian countries, some of whom had paid recruitment fees of hundreds or even thousands of US dollars to home-country recruiters to secure jobs in Taiwan. Migrants like these can be vulnerable to forced labor and debt bondage. Having paid so much to work abroad, they may put up with working conditions that they otherwise would not abide.

Then managers announced a shocking change-of-course: the factory would repay workers' recruitment fees. "*During the company meeting, when we heard about the fee refund,*" one worker later recalled, "*everyone in the meeting room burst into tears.*"

In recent months, scenes like this have unfolded at a number of factories in Taiwan. Suppliers and some of their buyers are now on course to reimburse almost $6 million to hundreds of workers from Indonesia, the Philippines, Thailand, and Vietnam by the end of this year, with more than $4 million already returned.

These repayments, and important improvements to working and living conditions, are the result of a Transparentem investigation into forced labor and other labor abuses in Taiwan's textile industry, followed by months of effort from buyers, suppliers, and industry associations.

Beyond factory-level remediation, larger-scale changes are underway in Taiwan. First, the textile industry association officially recommended that member factories pay all recruitment costs. Then, the government committed to prohibiting worker-borne recruitment fees and related costs within the next three years. A government watchdog found that the textile industry's efforts to prevent abuse are failing and made significant recommendations for reform.

Despite this progress, remediating longstanding abuses has been unacceptably slow. The delays mean that some workers have left factories and may not be located for repayment. Some eligible workers who are still employed have not received payments or have not received all they are due, because their employers are repaying them gradually. And many buyers have not stepped up to contribute to fee repayment, further prolonging the process.

These delays and problems indicate that not only have buyers and suppliers failed to prevent problems, but they have also failed — individually and collectively — to plan for the foreseeable risk that workers employed in their factories and supply chains were paying recruitment fees.

Nevertheless, companies that provided remedy to workers should be commended. Better conditions and repaid recruitment fees have had a significant positive impact on workers' lives. The returned money has given workers a measure of financial security and even allowed some to begin to invest in a better future for themselves and their families.

This report details significant progress made and outlines recommendations to ensure that Taiwan secures a prosperous future for its textile industry, with the government and private sector together protecting migrant workers from abuse and exploitation.

In the 18 months since Transparentem released its report, "Following the Thread: Labor Abuses in Taiwan's Textile Industry," there have been several important changes.

- **In September 2025**, Taiwan's Ministry of Economic Affairs released a draft human rights due diligence policy aimed at large companies. The policy would require companies with revenue of TWD 50 billion (approx. USD 1.55 billion) or more to establish human rights policies, assess and act on human rights abuses, disclose the results, and establish grievance mechanisms.

- **In December 2025**, the Taiwan Textile Federation began officially recommending that textile mills pay all recruitment costs of migrant workers, to prevent debt bondage and forced labor.

- **In February 2026**, under a new trade agreement with the US, Taiwan committed to prohibiting worker-borne recruitment fees and related costs within three years. And Taiwan's Ministry of Labor published guidelines for companies on preventing forced labor, emphasizing no-fee recruitment as an important measure to prevent debt bondage.

- **In June 2026**, Taiwan's Control Yuan, the main government oversight agency, issued findings from an investigation into abuses in the textile industry, conducted as a result of Transparentem's report. The Control Yuan announced three main findings and recommendations:

    - Comparing the current labor inspection system to "cleaning the deck on a leaking ship," the report recommended that labor inspections incorporate the International Labour Organization's forced labor indicators.

    - The report recommended eliminating monthly "service" fees paid to Taiwanese brokers, which can trap workers in debt.

    - The report recommended a new, third-party grievance mechanism to replace Taiwan's current complaint hotline, which it found ineffective.

Transparentem's February 2025 report was based on a multi-year investigation into evidence of forced labor — including high recruitment fees — at eight Taiwanese textile and textile-related suppliers. Beginning in February 2024, Transparentem contacted more than 40 major companies — mostly in the apparel sector — with supply chains connected to these suppliers. We asked them to work with the suppliers to remediate the problems we found and to prevent future abuses.

Buyers contracted non-profit organizations Verité and Dignity in Work for All (DIWA) to audit the suppliers — confirming Transparentem's findings — and to calculate fee-repayment totals and determine worker eligibility for reimbursement. The following chart details reimbursement progress based on the latest information available to Transparentem at the time of publication.

Supplier	Total owed to workers*	Expected repayment percentage	Money repaid so far	Total eligible workers*	# of workers partially or fully repaid so far	Expected repayment completion date
De Licacy	TWD 20,832,668 (USD 650,539)	100%	TWD 15,487,567 (74%)	162	128 (79%)	July 2026
Everest	TWD 41,602,149 (USD 1,308,857)	100%	TWD 41,670,093 (100%)	395	395 (100%)	Completed April 2026
Far Eastern	TWD 50,159,608 (USD 1,574,880)	100%	TWD 44,893,600 (90%)	384	346 (90%)	July 2026
Libolon	TWD 110,579,066 (USD 3,375,979)	50%	TWD 22,801,757 (21%)	735	312 (42%)	December 2026
Lovetex	TWD 15,303,470 (USD 473,655)	68%	TWD 6,934,749 (45%)	68	64 (94%)	October 2026
Lucky Unique	TWD 15,040,282 (USD 465,365)	0%	TWD 0 (0%)	57	0 (0%)	None
Neng Neng	TWD 4,630,821 (USD 145,677)	100%	TWD 4,245,450 (92%)	39	34 (87%)	Completed February 2026
Tung Hsin	TWD 8,748,111 (USD 269,155)	100%	TWD 4,125,742 (47%)	62	44 (71%)	December 2026
TOTALS	**TWD 266,896,175 (USD 8.3M)**	**TWD 191,669,250 or 72% (USD 6M)**	**TWD 140,158,958 or 53% (USD 4.4M)**	**1,902**	**1,323 (69%)**	

Of the eight companies investigated by Transparentem, four had made strong progress toward remediation, including reimbursement.

- **Everest** achieved full repayment of worker recruitment fees in April 2026.
- **Neng Neng** completed its repayment process in February 2026, having reimbursed 34 of 39 eligible workers. The remaining five workers either could not be located or had returned to their home countries. Verité reported that the supplier made reasonable attempts to contact these workers for repayment but was unsuccessful.
- **De Licacy** and **Far Eastern** had reached 74 and 90 percent repayment, respectively, and each expected to achieve full repayment soon.

Together, these four factories had returned a total of about USD 3.2 million to more than 900 workers and had resolved all non-fee problems found by audits.

LIVES TRANSFORMED

Workers interviewed by Verité spoke about the transformative effect of recruitment fee reimbursement:

- "*It felt like a blessing,*" said one worker. "*I cleared my arrears and was finally able to send help to my family without borrowing.*"
- Other workers spoke of longstanding dreams they were beginning to achieve, thanks to fee reimbursements: undertaking home construction or repairs, expanding or starting a family business, making a down payment on a vehicle for the family farm, purchasing a parcel of land, paying for a wedding, affording university tuition, funding a parent's cancer treatment.
- "*The refund helped us a lot,*" said another worker. "*It came at the time we needed it most.*"

Some workers spoke about other important changes at their factories, beyond fee repayment:

- "*It is like the company had a glow up,*" said one. "*They are now giving us what should be given to us.*"
- One worker from Thailand said the factory environment had improved along with the behavior of supervisors and co-workers. Those supervisors and co-workers no longer refer to her using the Chinese term for "foreign laborer," but now call her by name or refer to her as "Thai miss."

Three other suppliers were on their way but moving slowly. And some of these were aiming for less than 100 percent reimbursement of recruitment fees.

- **Libolon** had repaid only 20 percent of the USD 3.4 million that DIWA had determined was owed to workers. And the supplier said it intended to repay only half of the full amount. Corrective action plan (CAP) updates indicated that almost all non-fee findings had been resolved, except for some problems related to work hours.

- **Lovetex**, with support from YKK, expected to repay about two-thirds of the USD 474,000 owed to workers and had so far returned 45 percent. A CAP update indicated that all other problems had been verified as resolved, with one exception. YKK reported that Lovetex had reformed its working hours practices, but that Verité had not yet verified the changes.

- **Tung Hsin** was almost halfway to its goal of 100 percent repayment of about USD 270,000 and had completed all other non-fee remediation.

Among all investigated suppliers, **Lucky Unique** stood out for having made no progress toward reimbursement of recruitment fees. Despite an initial commitment to repay workers, it had not returned any money to workers and said it did not plan to, citing a lack of financial capacity. However, Lucky Unique had made good progress on other elements of its CAP.

A final positive note: at the time of Transparentem's initial investigation, four of the eight suppliers had no-fee policies covering at least some of their facilities. All eight have now implemented such policies, including new coverage at Libolon for five tier-three worksites.

WHY HAS REMEDIATION TAKEN SO LONG?

Transparentem initially alerted global apparel buyers in February 2024 to evidence of forced labor at the investigated suppliers. Two and half years later, while most problems have been fixed, many workers are still waiting for recruitment fee reimbursement. This indicates that global companies are simply unprepared to tackle predictable problems in their supply chains.

- It's all too easy for companies to reject responsibility for abuses discovered beyond the first tier of production. Many of them claim to lack leverage over suppliers beyond tier one. But most of them have invested insufficient resources in mechanisms for collective action. For example, Transparentem observed that the **American Apparel & Footwear Association (AAFA)**, which did crucial work coordinating brands, nevertheless could have worked more quickly had brands provided a more reasonable level of resources to these urgent problems.

- The purchasing process, including contracts with suppliers and sub-suppliers, failed to specify procedures for collaborative action and to reasonably allocate responsibility to remedy abuses, despite the high risk of recruitment fees among migrant workers. Negotiations over responsibility and action delayed progress.

- Some global brands, despite their revenue and higher profit margins, refused to provide financial assistance to suppliers implementing remedies. While this refusal may have conformed to brands' contractual obligations, their failure to exercise their power can leave workers seeking remedy at the mercy of cash-strapped suppliers.

Transparentem's theory of change in this beyond-tier-one investigation has always hinged on collective action. We asked buyers to take responsibility for their direct and indirect business relationships and to come together to collectively support remediation.

Some buyers took the lead in important ways.

- Twelve buyers stepped up to lead supplier remediation groups.
- In addition to leading the De Licacy remediation group, **Cotopaxi** took an important role in remediation efforts at Lucky Unique, despite having no business connection with that supplier.
- **YKK** worked without assistance from any other buyer to push remediation forward at Lovetex.
- Thirteen brands informed us on the record that they contributed toward worker reimbursements.

But many buyers declined to publicly say whether they contributed, said they did not contribute to reimbursement, or simply fell silent, even though transparency is an essential element of due diligence. See the chart below for details (companies in **bold** led supplier remediation groups).

Told Transparentem they contributed to fee reimbursement	**Amer Sports**, **Cotopaxi**, Fenix, Helly Hansen*, LL Bean, MEC, **Patagonia**, **Pentland**, PVH, Rapha, **REI**, **Sitka**, **YKK**
Declined to publicly state whether they contributed to fee reimbursement	**Adidas**, Fanatics, Gap, H&M Group, KMD Brands, **Lululemon**, New Balance, **Nike**, **Puma**, Ralph Lauren, Target, VF Corporation
Said they did not contribute to fee reimbursement	Canadian Tire, Levi Strauss & Co.
Did not respond to a request for information	Amazon, Apple, Bioworld, Brooks Brothers, Burton, Coca-Cola, Columbia, GIII, Haddad, Hanes, Jack Wolfskin, **Lacoste**, Next, Niagara Bottling, North Bay, Ortovox, TSI Inc., Under Armour, Wayre, Yeti

*Helly Hansen provided audit-fee relief instead of direct fee reimbursement.

The **AAFA** and the **Fair Labor Association (FLA)** played a key role in achieving remediation at the investigated factories and pushing for broader change in Taiwan. They provided essential logistical and organizational support that led to successful brand collaboration. The AAFA and FLA also organized dialogue between brands and the Taiwanese government and, in January 2025, created a new initiative with the Taiwan Textile Federation and dozens of international brands aimed at improving conditions for migrant workers employed in Taiwan.

Several brands highlighted the creation of another new industry working group. In April 2026, **Adidas**, **Lululemon**, **New Balance**, **Nike**, **Patagonia**, and **VF Corporation** helped to create the Responsible Apparel and Footwear Alliance (RAFA) under the Responsible Business Alliance's (RBA) Responsible Labor Initiative (RLI).

Initiatives like these, which bring companies together to work on shared problems, are essential. However, they have little chance of achieving transformative or sustained impact if they fail to include meaningful input from workers and worker organizations.

GOVERNMENT PROCUREMENT

Given the influence and purchasing power that governments wield, improvements to public procurement policies and practices are an essential part of a comprehensive effort to eliminate labor abuses in manufacturing.

In October and November 2025, Transparentem delivered its investigation findings to the national governments of five countries with procurement contracts connected to the investigated suppliers: **Australia**, **Canada**, **Mexico**, **New Zealand**, and the **US**. We included recommended actions to mitigate, prevent, and remediate labor abuses throughout their supply chains (click here to read the detailed recommendations) and requested that the governments develop and share public plans for improvement.

- The **US** and **Mexico**, disappointingly, did not formally respond.
- **Australia**'s Attorney-General's Department responded with information about existing efforts to audit both supply chains and procurement procedures, the results of which were to be published in the 2026 Commonwealth Modern Slavery Statement.
- Public Services and Procurement Canada (PSPC) responded with information about existing laws, policies, and initiatives and said **Canada** would consider Transparentem's recommendations as it developed a human rights due diligence framework.
- **New Zealand**'s Minister for Workplace Relations and Safety responded with information about existing laws, policies, and initiatives. The minister's office reported that it had conveyed Transparentem's brief to the New Zealand Defence Force, whose procurement supply chains were connected to the Taiwanese suppliers.

In February 2026, Transparentem sent briefs to Australia, Canada, New Zealand, and the United States that included supply-chain information showing procurement contractors' connections to specific investigated Taiwanese suppliers that had, at that point, made insufficient progress toward remediation. (Mexico was not included as its implicated suppliers had made good strides toward remediation.)

- Again, disappointingly, the **US** did not formally respond.
- **Australia**'s Attorney-General's Department said the relevant departments would conduct further investigation as appropriate.
- Regarding **Canada**, PSPC said it had contacted the two implicated procurement contractors, who said they had made commitments including enhanced risk management and, in one case, financial contributions toward fee repayment.
- **New Zealand** said it had determined that material from the relevant Taiwanese supplier was not entering products it had procured from a contractor. But, commendably acknowledging its position of influence, New Zealand nevertheless asked the contractor for assurance that it was taking appropriate steps to monitor and enforce ethical supplier conduct.

There has been commendable progress to remediate past harms to migrant workers employed in Taiwan's textile industry, and to protect future workers. But much work remains.

We offer these recommendations for the path ahead:

- **End all recruitment fees**. All Taiwanese suppliers and their direct and indirect buyers must implement no-fee recruitment throughout their supply chains. And the Taiwanese government must outlaw all recruitment fees, including so-called "service" fees charged by Taiwanese labor brokers.

- **Engage nations that send workers**. Governments of migrant workers' home countries should play a role in protecting workers. Governments of worker-hosting countries and the brands that benefit from their work in brands' supply chains must insist on it, including by supporting government-to-government recruitment systems.

- **Expect problems and plan solutions**. Buyers and suppliers should agree in advance on how to respond to credible reports of wrongdoing, including by establishing insurance schemes or collective funds for remediation. Business contracts and industry collaborations should clearly state required steps to take when abuses emerge, including the assignment of financial and logistical responsibility. Buyers must not push all costs of prevention and of remedy onto their suppliers and sub-suppliers.

- **Meaningfully involve workers**. Efforts to transform the industry will fail without input – at all stages – from workers themselves. Governments, companies, and industry associations must welcome workers and worker associations to the table to ensure that problems are fully understood and solutions are effective.


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