

The Fair Trade Advocacy Office's contribution to the European Commission's call for evidence on the upcoming EU Quality Jobs Act (Ref. Ares(2026)8338583)

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Embedding a human rights due diligence approach in the Quality Jobs Act

Background

The FTAO welcomes the initiative to propose a Quality Jobs Act. The Quality Jobs Act, announced in the European Commission's Political Guidelines for 2024–2029, aims to support fair wages, good working conditions and workers' rights across the EU. It covers several priority areas, including updating the rules on what constitutes a workplace, the protection of workers' rights in subcontracting chains, updating liability rules, and the strengthening of enforcement, labour inspections and social dialogue.

While we welcome the initiative and recognise its potential, we would appreciate a broader, more external-facing approach to the scope of the Act. In particular, we believe the initiative could have benefited from also considering non-EU workers who are connected to EU companies – for instance, through subsidiaries or subcontracting arrangements. From a Fair Trade perspective, limiting the scope to EU-based workers risks creating an uneven playing field, as EU companies that rely on non-EU labour connected to their operations could gain a competitive advantage by circumventing and/or outsourcing outside of the EU. Extending the initiative to these non-EU workers would help ensure a level playing field and prevent the Act from inadvertently incentivising the offshoring of lower-quality jobs outside EU jurisdiction.

Having said that, through this feedback we focus on the garment and textile sector inside the EU. Several of the recommendations below apply equally to other sectors, most notably the agricultural sector. The agricultural sector shares the garment sector's structural features: a highly fragmented base of primary producers facing a concentrated buyer side. The EU counts 9.1 million farms¹, with an average farm size of 17.4 hectares, while a small number of large retail and food-industry buyers hold predominant market power.² This asymmetry produces the same dynamic as for the garment sector: buyers can impose terms that push costs downstream onto the weakest actors in the chain, ultimately landing on farmworkers' pay and conditions.

We offer this input to contribute practical knowledge, in particular on human-rights and environmental due diligence (HREDD), to the Commission's priority areas. This work aligns with the

¹ Eurostat (2023). [Most of the 9.1 million farms in the EU are family-run.](#)

² Eurostat (2024). [Fully organic farms in the EU.](#)

2022 EU Strategy for Sustainable and Circular Textiles, which sets out that, by 2030, textile products placed on the EU market shall be produced in respect of social rights.³ In the FTAO's view, the surest way to deliver this is to embed an HREDD approach in the Quality Jobs Act, so that responsibility follows a company's actual involvement in harm and a risk-based approach. Our input concentrates on the following:

- An HREDD approach as the organising logic of the Act, with EU-wide and proportionate liability in subcontracting chains;
- Comprehensive protection for all workers, including subcontracted, migrant, seasonal and home-based workers, inside the EU and, where the EU has leverage, beyond it;
- Measures against unfair purchasing practices, including purchasing below the cost of sustainable production;
- Guaranteed living wages for employees and living incomes for the self-employed, achieved through enforcement, collective bargaining and freedom of association.

It is essential that the Quality Jobs Act operationalises the Employer Pays Principle, so that the costs of gaining employment, including recruitment fees, should fall on the employer and never on the worker, least of all on migrant workers.⁴ These measures should support a just transition for the sector as it restructures, rather than leaving workers to absorb the cost of change.

Ensuring comprehensive coverage

The Quality Jobs Act is expected to update the rules on what constitutes a workplace and examine the protection of workers' rights in subcontracting chains. Protections in the EU's labour rights framework must reach the workers most exposed and least visible. Abusive subcontracting pushes production into forms of work that are easily overlooked: unauthorised sub-subcontracting, informal arrangements and home-based work. Home-based is common inside the EU's garment sector, and in a survey of homeworkers in Bulgaria producing for major international brands, respondents earned 63% of the minimum weekly wage, only 2% had any formal benefits, and 90% worked purely from home.⁵ Bulgaria amended its Labour Code in 2011 to include provisions on homework, which shows such protection can be legislated, even though enforcement has remained weak. If the definitions of "worker" and "workplace" do not capture these workers, the Act will miss precisely those most at risk.

The same risk applies in agriculture, where seasonal and migrant labour make up a large share of the workforce. These workers are frequently hired through short-term, informal or third-party arrangements that place them outside standard labour protections, and are especially exposed to underpayment, unsafe housing and restricted access to social security.⁶ The Act's definitions of "worker" and "employment relationship" should be drafted so that seasonal and migrant

³ European Commission (2022). [EU Strategy for Sustainable and Circular Textiles](#).

⁴ International Labour Organization (2019). [General principles and operational guidelines for fair recruitment and definition of recruitment fees and related costs](#); see also Institute for Human Rights and Business (2023). [Migration with Dignity: A Guide to Implementing the Dhaka Principles](#).

⁵ HomeNet International (2025). [The State of Homeworkers in Garment and Footwear Supply Chains](#).

⁶ Oxfam (2024). [Millions of migrant farm workers exploited in Europe's fields, says Oxfam](#).

agricultural workers, whatever the length or formality of their contract, fall unambiguously within scope.

Recommendation:

1. Ensure the Act's protections explicitly cover all workers, notably subcontracted and outsourced workers, migrant and undeclared workers, seasonal workers, and home-based workers, so that none fall outside the definitions of "worker" or "employment relationship." To do so, define the workplace to include the home, so that wage, health and safety protections apply to home-based garment workers inside the EU.

Liability in subcontracting chains

The FTAO welcomes that the protection of workers' rights in subcontracting chains is an explicit priority in the Quality Jobs Act, alongside clarity on liability in complex subcontracting chains. Complex subcontracting chains are prevalent in the EU textile sector: Under the "outward-processing trade" model, EU buyers send materials to nearby clusters for assembly, where suppliers suffer from unfair purchasing practices, notably short lead times and late payments, and thus turn to sub-subcontractors and payments that do not allow for living wages to cut costs.⁷ The resulting chains are fragmented across many tiers, so liability must reach the whole chain, including both horizontal subcontracting between cut-make-trim units and vertical stages such as fabric mills, dye houses and spinning mills.

The Posting Enforcement Directive (2014/67/EU)⁸ already allows a posted worker to hold the direct contractor liable for outstanding pay. Article 12(5) already indicates that a contractor who has undertaken due diligence would not face liability. This provision should be updated to align with evolving HREDD practice, and should be further strengthened. However, there are several limitations that make the existing Directive insufficient to address complex subcontracting chains, particularly those in the EU garment sector:

- The Directive applies only to posted workers sent temporarily across a border to another EU Member State.
- The Directive only requires Member States to create such liability mechanisms for the construction sector, though Article 12(4) expressly permits Member States to adopt more stringent rules and to extend liability to sectors beyond construction.
- The existing protections are limited to the direct, first-tier subcontractor, and therefore insufficient for complex subcontracting chains.
- Finally, the existing Directive expects only minimum rates of pay, rather than living wage levels.

The Directive provides a suitable foundation that can be subject to targeted amendments via the Quality Jobs Act. This would also be in line with existing Member State practice: A majority of Member States (13) already apply joint and several liability for unpaid wages across all sectors, going beyond the Directive's minimum requirement.⁹ Germany imposes no-fault chain liability on main

⁷ Fair Trade Advocacy Office & Clean Clothes Campaign (2023). [Fast fashion purchasing practices in the EU](#).

⁸ European Union (2014). [Directive 2014/67/EU on the enforcement of Directive 96/71/EC concerning the posting of workers](#), Articles 11 and 12.

⁹ European Commission (2025). [Consultation Document: \[...\] Quality Jobs Act](#).

contractors for minimum-wage debts across all sectors, and applies chain liability for social-security contributions (not just wages) in the construction, meat processing and parcel delivery sectors. This is a model the Commission should consider requiring across the EU.¹⁰

An HREDD approach is well suited for making liability in subcontracting beyond Tier 1 both effective and proportionate. The UN Guiding Principles on Business and Human Rights distinguish three degrees of a company's involvement in harm: where a company *causes* harm, it bears full responsibility to remediate it; where it *contributes to* harm ("joint causation" in the CSDDD), it shares responsibility for addressing and remedying it; where it is merely *directly linked* to harm, it should use its leverage to address it.¹¹ This framework defines a company's responsibility to address and remediate impacts, and is not itself a basis for civil liability, which remains a matter of national law.¹² However, it provides a principled foundation on which a liability mechanism can be built in complex subcontracting chains, where many businesses will already be applying HREDD approaches for labour rights violations.

Enforcement must also fall on the right party: in one documented case, a Romanian factory that had subcontracted to meet a buyer's volume was forced by its buyer to pay a fine of around €27,600 in instalments, even though it was the buyer who had been formally sanctioned.¹³ The intermediary was therefore sanctioned, but pushed the cost onto the factory. Liability rules set up in complex subcontracting chains must ensure that fines cannot be passed down to subcontractors if liability lies with the buyer.

A comparable logic already exists in agri-food. Directive (EU) 2019/633 on unfair trading practices in the food supply chain bans 16 practices that can have harmful effects on the weakest actors in the chain, notably farmers and smaller suppliers.¹⁴ The Quality Jobs Act could draw on this precedent when designing liability and enforcement mechanisms for subcontracting chains more broadly, while noting that the UTP Directive itself does not yet address labour conditions or wages, only commercial practices - a gap the Act could help close for both sectors.

Recommendations:

2. Make chain liability mandatory and EU-wide for the textile sector. Should the Act amend the Directive, this entails moving textiles into the mandatory tier of Article 12(2).
3. Extend subcontracting liability from posted workers to all subcontracted workers, including within member states. Should the Act amend Directive 2014/67/EU, this entails broadening Article 12 beyond posting to subcontracting and outsourcing within Member States.
4. Extend liability beyond the direct subcontractor and down the chain, covering both horizontal subcontracting (from one cut-make-trim unit to another) and vertical stages such as fabric mills, dye houses and spinning mills. Linked to this, require transparency and traceability across the tiers of subcontracting chains, so that enforcement authorities and workers can identify who is

¹⁰ European Labour Authority (2024). [Principal contractor liability for subcontractor debts involving wage payments & social insurance contributions.](#)

¹¹ United Nations (2011). [Guiding Principles on Business and Human Rights](#) (Principles 13, 18–19).

¹² UNEP and Foley Hoag (2025). [Banks and Human Rights: A Legal Analysis.](#)

¹³ Fair Trade Advocacy Office & Clean Clothes Campaign (2023). [Fast fashion purchasing practices in the EU.](#)

¹⁴ European Union (2019). [Directive \(EU\) 2019/633 of the European Parliament and of the Council of 17 April 2019 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain.](#)

responsible at each level. Without visibility of the chain, liability and inspection cannot be effective.

5. Build the Act's liability mechanism on the degree of a company's involvement in the harm, drawing on the HREDD principle that a company that has caused or contributed to harm (for instance by purchases below the cost of sustainable production) can be held responsible for it.
6. Align due diligence requirements with the UNGPs and the CSDDD, for legal coherence. Article 12(5) of Directive 2014/67/EU already exempts a contractor that undertook due diligence obligations; this exemption should apply only where the company conducted genuine HREDD in line with the UNGPs and CSDDD. Require remediation where harm has occurred, including recovery of unpaid wages for affected workers, consistent with the responsibility to remediate that the UN Guiding Principles establish for companies that cause or contribute to impacts, so that liability delivers redress to workers and not only penalties.
7. Ensure that NGOs and trade unions can file complaints and bring liability claims on workers' behalf. Article 11 of Directive 2014/67/EU already allows third parties with a "legitimate interest" to act, but leaves to national law who such actors are.

Fair purchasing practices and shared responsibility

Integrating principles of responsible contracting and shared responsibility is key to the effectiveness of the Quality Jobs Act's ability to tackle labour rights abuses in subcontracting chains. Companies commonly try to control the risks of subcontracting by imposing "zero-tolerance" clauses on suppliers, i.e. prohibiting unauthorised subcontracting and requiring guarantees of compliance on pain of termination.¹⁵ This is counterproductive as it offloads risk onto suppliers without addressing the cause, and it overlooks the buyer's own role. The root driver of abusive subcontracting is the purchasing practices of buyers: short lead times, last-minute changes, late payments and prices below the cost of sustainable production push suppliers toward unauthorised subcontracting to cut corners.¹⁶ Subcontracting cannot be prevented by clauses that penalise suppliers for the consequences of the buyer's own behaviour, but can be addressed by responsible contracting based on shared responsibility.

The ILO has quantified the effect of such harmful purchasing practices on wages: expecting full flexibility from suppliers is associated with an average 5.95% fall in workers' hourly wages, very inaccurate technical specifications with a 21.91% fall, and prices below the cost of production with an 11.33% fall, while buyers agreeing to pay at least production costs is associated with a 9.74% rise.¹⁷ The Commission recognised the prevalence of such practices as early as its 2013 Green Paper,¹⁸ and the European Parliament's own initiative report (INI) identifies purchasing below the cost of sustainable production, short lead times and late payments as key drivers of abusive subcontracting.¹⁹ Research across six Member States documents the prevalence of such harmful purchasing practices inside the Union, where 99.5% of firms in the textile ecosystem are SMEs that

¹⁵ Responsible Contracting Project (2025). [What the EU Corporate Sustainability Due Diligence Directive Says About Contracts](#). See also: Shift Project (2026). [Responsible Contracting: From Policing to Partnership](#).

¹⁶ European Parliament (2025). [2025/2133 \(INI\)](#).

¹⁷ International Labour Organization (2017). [INWORK Issue Brief No. 10](#).

¹⁸ European Commission (2013). [Green Paper on Unfair Trading Practices in the Business-to-Business Food and Non-Food Supply Chain in Europe \(COM\(2013\)0037\)](#).

¹⁹ European Parliament (2025). [2025/2133 \(INI\)](#), Recital Q.

cannot easily absorb price shocks,²⁰ and some 65% of suppliers report accepting disproportionately low prices.²¹

The Responsible Contracting Project has set out why one-sided zero-tolerance clauses are counter-productive and has shared concrete examples of how contracting for shared responsibility works instead.²² The Quality Jobs Act should support this shift, rather than leave suppliers to carry a risk the buyer created.

The Commission's own 2024 implementation review of the UTP Directive in the agri-food supply chain confirms that unfair purchasing practices remain systemic in the food supply chain, reflecting the same imbalance found in garment sourcing between a fragmented producer base and concentrated buyers. This reinforces the case for the Quality Jobs Act to treat purchasing practices as a root cause of poor labour conditions in both sectors, rather than addressing agri-food and garments as separate silos.

Recommendations:

8. Support responsible contracting based on shared responsibility by accompanying the Act with guidance and model contract and supplier clauses, modelled on the contractual cascading mechanism in the CSDDD, which steer companies away from one-sided “zero-tolerance” clauses that shift risk onto suppliers instead of sharing responsibility for respect for labour rights.
9. Introduce a blacklist of prohibited unfair purchasing practices for the garment sector, giving suppliers and workers a clear standard against which to hold buyers to account. As an accompanying measure, evaluate the agri-food unfair trading practices Directive (EU) 2019/633²³ to expand the list of banned practices, particularly to include a ban on selling below the cost of production.

Living wages and living incomes

The right to a decent standard of living from work is grounded in the Universal Declaration of Human Rights (Articles 23 and 25)²⁴ and the International Covenant on Economic, Social and Cultural Rights (Articles 7 and 11).²⁵ In 2024, the ILO agreed on an authoritative definition of a living wage: the wage necessary to afford a decent standard of living for workers and their families, calculated for work performed during normal working hours.²⁶ That definition is already referenced in the CSDDD and in the revised European Sustainability Reporting Standards (ESRS), which apply from 1 January 2027.²⁷ Further, the present call for evidence explicitly includes self-employed persons. For them, the relevant benchmark is not a living wage (which applies to employees) but a living income: the net income a household needs for a decent standard of living, which may come from several sources.²⁸

²⁰ European Commission (2021). [Textiles Ecosystem – TCLF industries](#).

²¹ Ethical Trade Norway (2024). [Common Framework for Responsible Purchasing Practices in Food](#).

²² Responsible Contracting Project (2026). [The European Model Clauses \(EMCs\)](#).

²³ European Union (2019). [Directive \(EU\) 2019/633 of the European Parliament and of the Council of 17 April 2019 on unfair trading practices in business-to-business relationships in the agricultural and food supply chain](#).

²⁴ United Nations (1948). [Universal Declaration of Human Rights](#), Articles 23 and 25.

²⁵ United Nations (1966). [International Covenant on Economic, Social and Cultural Rights](#), Articles 7 and 11.

²⁶ International Labour Organization (2024). [Meeting of experts on wage policies, including living wages](#).

²⁷ European Commission (2026). [Annexes to the Commission Delegated Regulation amending Delegated Regulation \(EU\) 2023/2772 as regards the simplification of certain sustainability reporting standards](#).

²⁸ Fair Trade Advocacy Office (2026). [Guidelines for a Living Income: Fair recommendations for Living Income Guidance in the CSDDD](#).

The Act should give corresponding consideration to living incomes for the self-employed within its scope.

In previous years, EU labour protection law has been updated to align with evolving international norms. For example, the 2018 revision of the posting rules moved posted workers' entitlement from the bare "minimum rates of pay" to more extensive remuneration, under the principle of equal pay for equal work.²⁹ With the ILO's 2024 living wage definition now agreed and referenced in the revised ESRS, a living wage is now the appropriate reference standard for EU law. The Quality Jobs Act should explicit and set the achievement of living wages for all workers as its ambition, allowing all workers to cover the cost of a decent and sustainable standard of living.

Recommendations:

- 10.** Anchor the ambitions of the Act in the ambition to achieve living wages for all workers, but framing the Act's binding obligations around full remuneration - including wages, social-security contributions and benefits earned during normal working hours – rooted in collective bargaining.
- 11.** Ensure that inspections verify the remuneration workers actually receive, not the rate stated on paper, and that effective recovery mechanisms, confidential complaints channels and whistleblower protections allow workers and their representatives to claim unpaid wages and social-security entitlements.
- 12.** Give corresponding consideration to living incomes for self-employed persons within the Act's scope, consistent with the right already recognised in the Annex to the CSDDD and in Articles 7 and 11 of the ICESCR, so that the self-employed persons the call for evidence includes are not left without a reference standard.

A level playing field, inside and outside the EU

The EU garment industry is dominated by SMEs and employs approximately 2.2 million workers, more than 70% of whom are women.³⁰ These workers, and the mostly small suppliers who employ them, compete in a global market marked by a race to the bottom, in which suppliers are reported to cut costs to win contracts. An ILO survey found that 52% of textile and clothing factories accepted orders below cost simply to secure future business.³¹ A strong set of protections inside the EU is welcome, but on its own it is fragile. Without the right policy mix to make it work in practice, namely one that holistically addresses working conditions in the value chains of EU companies, production will move to wherever labour is cheapest, undercutting European producers and eroding the very EU jobs the Act seeks to protect.

The Quality Jobs Act is based on Article 153 TFEU and protects workers within the EU. However, it can still place obligations on a company established in the EU. The Corporate Sustainability Due Diligence Directive (CSDDD), for instance, requires companies to apply a risk-based approach and identify and address adverse impacts on workers' rights, including on wages, throughout their chain

²⁹ European Union (2018). [Directive \(EU\) 2018/957 amending Directive 96/71/EC](#).

³⁰ European Commission (2021). [Textiles Ecosystem – TCLF industries](#).

³¹ International Labour Organization (2017). [INWORK Issue Brief No. 10](#).

of activities both inside and outside the EU. The Quality Jobs Act can follow this practice and apply an established liability principle to a company's subcontracting practices, regardless of whether these involve subcontractors inside or outside the EU.

Recommendation:

- 13.** Place the Act's subcontracting and wage protections on the EU-established company that purchases or subcontracts, ensuring an EU company can be held liable, including for labour rights violations towards subcontracted workers located outside the EU.

The FTAO stands ready to engage further with the Commission on the implementation of these recommendations.

About the Fair Trade Advocacy Office (FTAO):



The Fair Trade Advocacy Office (FTAO) leads political advocacy for the Fair Trade Movement at the EU level. It has the purpose of promoting justice, equity and sustainable development at the heart of trade structures and practices so that everyone, through their work, can maintain a decent and dignified livelihood and develop their full human potential.

The FTAO is a joint initiative of Fairtrade International, the World Fair Trade Organization, and the World Fair Trade Organization-Europe.

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