



Labor Conditions in Shein's Supply Workshops
Kangle Village, Guangzhou

Fast Fashion, Slow Justice



Pictured : Shein's headquarters in Jinkeng Village, an urban village in Guangzhou's Panyu District, where over 1,000 office workers are employed.

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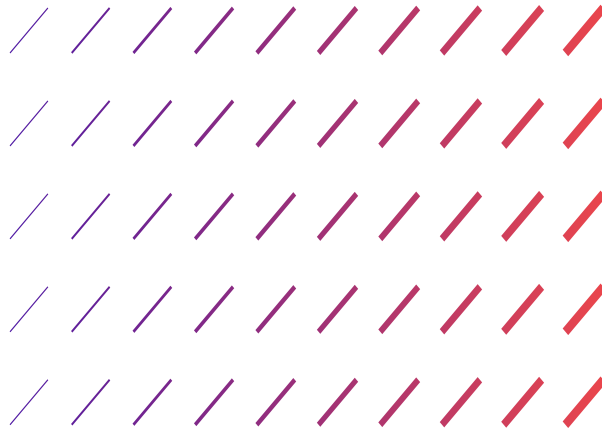


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- **Peter and Tom**, who conducted follow-up investigations in Kangle Village in February and April 2025 on the local conditions.
- **An anonymous scholar**, for assisting with the section of the report that examines the use of Xinjiang cotton.

Due to the circumstances of the participants, we have used a pseudonym. Any resemblance to real names is purely coincidental

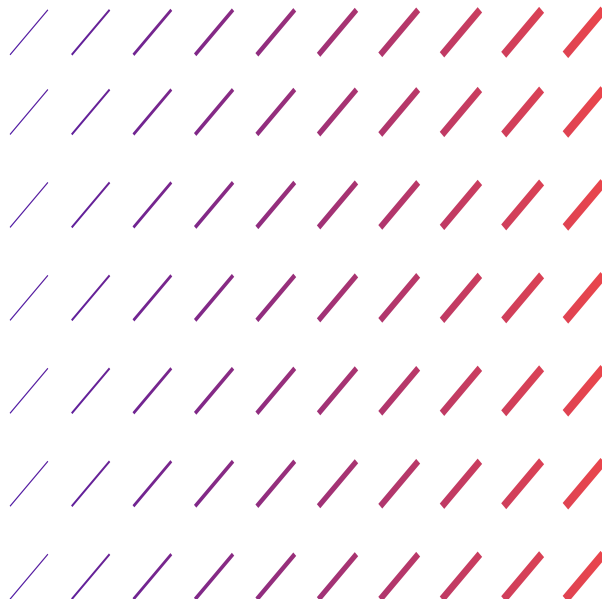


EXECUTIVE SUMMARY

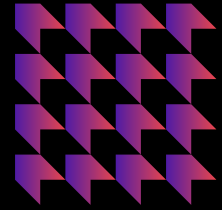
This report draws on more than 50 worker interviews, multiple on-site visits, and extensive desktop research conducted between 2019 and 2025 on Shein’s supplier factories in Guangzhou, a key manufacturing hub in southern China.

We uncovered concerns including **labor practices, child welfare risks, health and safety hazards, and possible infringements of gender and migrant rights**, as well as a broader social backdrop that enables and sustains such practices. Recent macroeconomic pressures—such as shifts in U.S. tariff policy—further shape and exacerbate the vulnerabilities of this labor force. Open-source findings also raise a **credible risk that Shein products for non-US markets may include Xinjiang textiles**.

The report closes with a call for increased supply chain transparency, fair trade and systemic reforms, as well as heightened regulatory action from Governments and international institutions. SHEIN’s response, based on preliminary findings that we sent to them, is detailed in page 20.



BACKGROUND



➤ Introduction: Shein's rise & early beginnings

Once a little-known brand called Shinside, Shein has transformed into a global e-commerce powerhouse since its founding in China in 2008.

Specializing in fast fashion, the company's meteoric rise is evident in its growth: from \$610 million in revenue in 2015 to a staggering \$22.7 billion at the end of 2022. The COVID-19 pandemic further [fueled its momentum](#) as millions turned to online shopping.

In the U.S. alone, Shein skyrocketed from a 12% to a 50% market share in fast fashion in just under 3 years. Globally, it now holds an [18% market share](#) in the fast fashion sector – overtaking industry titans like H&M, making it one of the largest fast fashion retailers in the world.

In the world of fast fashion, Shein has redefined speed and scale. Its “ultra-fast fashion” model delivered an eye-popping [315,000 new items in 2022](#) – far surpassing Zara's 6,850 and H&M's 4,400. It takes the brand mere days to launch new items – compared to the months its competitors take– with prices [averaging around \\$10](#) per item.

Shein's staggering growth lies in its unique operational model and strategic positions within global supply chains. By leveraging access to small Chinese textile manufacturers that cater to small batch orders and by benefiting from customs regulations in markets like the U.S. and EU, Shein ships small packages directly from China to customers--minimizing overhead while keeping prices low.

315,000

new items in 2022

➤ The on-demand manufacturing model

Shein reacts to fashion trends in real, “on-demand” time. It does this by placing small batch test orders, gauge demands and then ramp up production only for items that hit. This nimble, on-demand model keeps inventory fresh, shelves virtual, and stocking costs low. While traditional retailers rely on forecasting trends and distributing in bulk, Shein moves at digital speed.

These are made possible through Shein’s direct ties with its manufacturers and its ability to ship its orders directly from China. This way, it benefits from states’ “de minimis” trade rules, which allow low-value and small shipments to be exempt from duties or customs examinations. It also allows the fast fashion giant to bypass traditional warehouses and streamline supply chain operations, fostering supply chain agility that gives it a sharp edge over Western competitors. While Shein’s approach means slower delivery times, the significantly lower prices [appeal to](#) young, price-sensitive consumers that aim to chase the latest trends.

➤ China’s urban villages: the invisible backbone of Shein’s on-demand production model

At the heart of Shein’s ultra-fast fashion empire lies a lesser-seen engine of production: the urban villages of Guangzhou. These villages emerged during China’s explosive urban growth from the 1990s – 2000s, where once rural settlements were absorbed into rapidly expanding cities but never fully integrated into their planning. Today, they provide temporary housing for low-income migrants, buffering against the city’s increasing economic stratification. They also provide the physical and economic space that fuels Shein’s agile, on-demand model, and have functioned as hubs for migrant garment workers from other regions of China – such as Hubei, Jiangxi, and Fujian – since the 1990s.

Conditions of the urban villages

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However, they have also been criticized as ‘eyesores’ and ‘safety hazards’ due to their dense construction characterized by tightly packed buildings with non-



Pictured: 'Handshake' buildings

standard plumbing, and electrical wiring, makeshift workshops and vendors, and narrow, dark alleyways.

Nicknamed “handshake buildings” for how close the buildings are – sometimes just an arm’s length apart – these urban villages are packed with multi-story walk-ups that blend living spaces with makeshift workshops. With some residential spaces being converted into small, and often unnamed manufacturing workshops, tightly crammed rooms buzz day and night with the sound of machinery. Kitchens are rare, fire safety is minimal, and formal regulations are scarce. Yet, for USD55 to USD83 a month – a third of the price of regular apartments in Guangzhou – these units are often the only affordable housing option available to low-wage workers.

These villages offer a raw, efficient ecosystem of labor, shelter, and survival. Small restaurants feed workers who do not have kitchens or are too busy to cook. Tiny storefronts and workshops line the streets, supplying all kinds of goods. High population turnover makes the urban villages less than ideal places to form cohesive communities, but the narrow alleyways weaving across these areas serve as arteries for decentralized but highly responsive supply chains. These villages are central to Shein’s global success story, but they also raise serious questions about labor conditions, urban inequality, and the cost of fashion delivered at the speed of an app swipe.

Migrant workers as a temporary workforce. Domestic migrant workers have powered China’s economic and urban boom. As development concentrated in the country’s southeastern cities, rural residents from regions like Hubei, Jiangxi and Fujian migrate to cities like Guangzhou in search of work every couple of months, or sometimes annually. Many were just teenagers when they began the journey. Lacking an urban residential status (hukou), domestic migrant workers may be excluded from vital services such as social security, healthcare, and job opportunities available to their urban counterparts, further entrenching their status as outsiders in Guangzhou. Further, lacking both education credentials and an urban hukou, the stable and better-paid “good jobs” could be elusive to them. What remains are typically precarious gig jobs. For urban China, migrant workers serve as a vast reserve of temporary labor, filling industrial gap when demand is high, and fading back to rural regions when it’s not. Their labor has been indispensable to China’s rise as a manufacturing giant – but questions arise as to whether they reap long-term benefits.



Pictured: Gig workers and workshop owners looking for jobs at the entrance of Kangle Village. A sign reads: “Seeking clients. Specialized in knitwear, T-shirts, hoodies.”

Finding a gig job in Kangle Village, a textile manufacturing hub. Kangle Village, a dense urban village tucked next to Guangzhou's massive Zhongda Fabric Market, is one of the city's most important garment manufacturing hubs. In just one square kilometer (around 0.4 square miles), it houses over 100,000 people – most of them garment workers. Villages like Kangle are essential for brands like Shein, Zara, and H&M. Its web of small workshops can handle every stage of garment production – from fabric cutting and sewing to packaging and logistics – often within days.

The job hunt for migrants in Kangle play out on streets, recruitment markets, and smartphones. They linger in recruitment markets—spaces where jobseekers and employers alike congregate—and around workshops, sometimes with signs indicating their availability, seeking work opportunities. Job postings are shared among different chat groups, detailing job types, locations, and hourly wages. Some offer lodging, further blurring the lines between industrial and residential activities and justifying low wages. Many workers in Kangle have, at some point in time, worked for a producer of fast fashion titles like Shein with or without their knowledge.

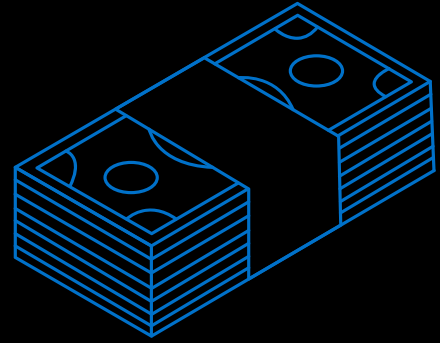
Dynamics of decentralized production in informal workshops in Kangle. From our field research, we observed that Shein's production strategy involves an expansive, decentralized subcontracting system. Hundreds of workshops – ranging from mid-sized operations with 50 workers to cramped rooms with just a few – compete for orders. Small workshops, often operating outside formal oversight, thrive at speed and flexibility. They take on short-run orders – oftentimes outsourced by larger workshops– with razor-thin profit margins, bypassing costs like employee benefits, labor protections, or formal oversight. For migrant workers, this is one of the few job options available to them, serving as a modest lifeline in a city unforgiving of their stay.

Garment workshops are highly concentrated in Kangle. The production ecosystem is intensely competitive, depressing wages, and lowering production quality. When Shein's contracted factories cannot meet demand, they reportedly pass overflow orders to smaller, informal workshops, potentially creating a network of unauthorized outsourcing that may not be officially authorized by Shein. In these informal setups, the "employers" often double as workers themselves, working on garments while running these small, makeshift garment factories. When work dries up, they rejoin the gig economy, paid per piece as a gig worker.

Shein's ability to [release up to 6,000 new and ultra-low-cost items daily](#) may be attributed to this fragmented, loosely regulated labor system. This model keeps costs low and outputs high, but its decentralized model makes it challenging to enforce labor laws or ensure safe working conditions. Migrant workers remain particularly vulnerable, with neither long-term economic security nor a clear path forward. The following section details some of these working conditions migrant workers face in urban village workshops producing for Shein, reflecting a larger system that profits from precarity while the human cost remains largely hidden behind algorithmically curated storefronts.

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Findings



Labor Conditions in Shein's Supply Workshops

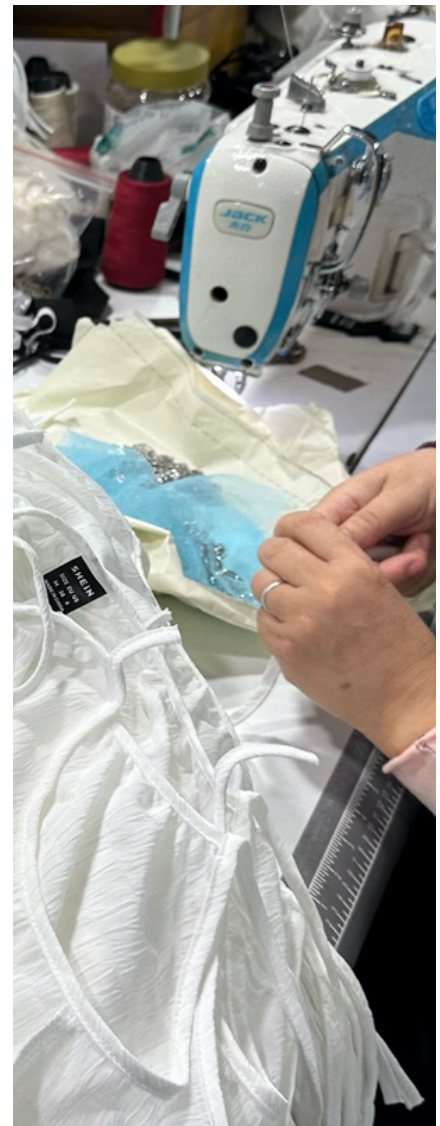
➤ Piece-rate pay, excessive hours, a precarious wage model

Shein has garnered attention for its exceptionally fast production cycle, taking [as little as 4 to 10 days](#) from design to product launch. This rapid turnaround appears to require expedited coordination across fabric sourcing, sewing, ironing, packaging, and logistics – often with extremely tight timeframes.

According to worker interviews, some workshops supplying Shein operate under high-pressure conditions. These workshops reportedly use a piece-rate compensation model, where the temporary employment arrangements incentivize high-volume production. Workers describe routinely working long shifts, particularly during peak retail seasons, with production continuing late into the night – sometimes until 3 or 4 a.m. during peak seasons.

Paid by piece. Workers report earning 7 to 28 cents USD per item, depending on the complexity of the task. In the following image, a female worker adding metal rings to a camisole earned around 0.5 RMB (7 cents USD) per garment. To earn a modest wage, she said she would have to finish hundreds of pieces a day.

Long hours. Characteristic of the abovementioned piece-rate system among informal laborers, workers noted that they must routinely put in long hours to produce hundreds of goods per day to earn a livable income. In some cases, these shifts reportedly include working well over 10 hours a day, and sometimes up to 12 hours or more.



Pictured right: A female worker adding metal rings to a SHEIN camisole.

Lack of overtime pay. Workers indicated that they receive no overtime pay despite the additional working hours. As their income depends on the number of pieces they process, workers are incentivized to work long hours with little rest to earn a livable income for them and their family.

Income volatility. Workers also described significant fluctuations in earnings tied to seasonal consumer demand. Peak periods such as Black Friday and Christmas often bring increased work opportunities, while off-seasons are marked by job insecurity and reduced pay. This cycle of feast and famine contributes to financial instability, with workers reporting pressure to endure long hours during peak months out of concern for future income gaps.

Macro economic challenges. Aside from the ebbs and flows of consumer demands, production can also be affected by macroeconomic factors. For example, in anticipation of major tariffs imposed by the Trump administration, production in Kangle Village surged between December 2024 and February 2025. During this period, many shared that they worked seven days a week, often for more than 10 hours a day. Factory management reportedly withheld wages to discourage workers from leaving, which suggest practices that may raise forced labor concerns under international standards.

After the tariffs took effect, Shein announced a [price hike](#) effective on April 25, 2025. Many small garment workshops either drastically reduced their output or ceased production entirely, leading to widespread job losses. Unemployed gig workers subsequently congregated around major recruitment markets in search of new opportunities.

Piece-rate pay, temporary work arrangements, and a lack of safety guardrail in place to protect workers, commonly found in the informal garment sector, appear to contribute to high-intensity working conditions and income instability for workers. A report in March, 2024 detailed that [at least three](#) garment workers collapsed at their workstations due to overwork and were rushed to the hospital, underscoring the severe physical toll these conditions impose on workers.

More broadly, the labor risks and instability experienced by garment worker underscores structural vulnerabilities within the industry, where pressure to deliver high output at low cost can lead to weakened labor protections. When operational risks increase – perhaps epitomized by the recent tariff surge – workers often report bearing the brunt through extended hours, temporary layoffs, and delayed payments, as businesses seek to remain competitive under tightening margins.



Pictured above: The scene at a temporary labor market at Kangle village, April 27, 2025. Sourced from Douyin.



Gender dynamics at the workplace

The gendered division of labor, coupled with existing social and economic inequalities, appears to further complicate the experiences of migrant workers in Shein's supply workshops, which is a microcosm of the larger garment industry.

While women constitute the majority of workers in these settings, anecdotal accounts suggest that male workers may retain advantages in certain roles, particularly those involving machinery or physically intensive tasks.

Traditional gender roles, such as caregiving expectations, may also limit the types of work women are able to accept, influencing both their income potential and family dynamics.



Pictured: Children playing in a Shein workshop while their mothers worked.

Unpaid Gendered roles. Interviews conducted during this investigation suggest that in some workshops producing for Shein or its suppliers, gender-based task differentiation persists. Men are more often assigned work involving electric cutters or large workbenches, while women, often spouses, support production in more auxiliary roles, such as sorting fabric.

Some respondents described being hired as part of a couple, with the woman's labor not always independently compensated. This division of labor is informal but ingrained: couples are typically paid as a single unit, making men with wives more desirable hires since their spouses provide unpaid labor. This dynamic embeds unpaid female labor into the production process and reinforces gender-based inequity.

Harassment. Some female workers reported experiencing verbal harassment in informal workshops. These concerns appear to be compounded by the absence of formal employment contracts and oversight mechanisms in many small-scale garment operations. Without clear grievance procedures or protective policies in place, workers expressed feeling limited in their ability to respond or seek recourse, leaving them vulnerable in a precarious labor environment.

Additionally, under prevailing gender norms in China, women are often expected to assume primary childcare responsibilities. When combined with long working hours and limited access to childcare services, many mothers working in informal workshops described tension between their roles as caregivers and economic providers. This can create difficult trade-offs that affect both their work stability and family life.

📌 Lack of workplace and social safeguards

In many small, informal workshops that reportedly contribute to the fast fashion supply chain, including those supplying large global platforms not limited to Shein, health and safety conditions may be compromised under the pressure to deliver low-cost goods on accelerated timelines. Unlike larger manufacturers, informal producers may operate outside formal regulatory oversight and often function with slim margins, which can limit adherence to established labor standards.

Lack of personal protective equipment (PPE). Workers interviewed for this report noted the absence of personal protective equipment (PPE), such as masks, in environments where dust and fiber particles are common. If sustained over time, such exposure may contribute to respiratory or long-term health risks, particularly in settings where health monitoring is limited.



Fire Safety. Our field researchers observed that many workshops are located within dense urban villages, where fire prevention measures—such as clear exit signage or emergency planning—may be insufficient. Narrow corridors, cluttered spaces, and flammable materials may heighten safety concerns, and local reports have noted fire incidents in similar contexts.

Workplace injuries. Without medical insurance, many workers reportedly continue working through injuries or forgo medical care due to cost. This lack of coverage also hinders their ability to seek compensation or hold employers accountable for workplace-related harm.

Migrant workers also face exclusion from basic social protection. Their temporary and informal status in the city not only shapes their day-to-day lives but also limits their long-term stability and future opportunities.

Lack of access to public services. The informal nature of employment in many garment workshops limit workers' eligibility for public benefits. Without enrollment in the formal system, they may be unable to access urban healthcare or education services. Some families report sending their children back to rural hometowns due to the high cost of living and lack of public school access in the cities.

Long-term risks. The absence of basic protection can lead to a cycle of economic vulnerability. Illness or injury may result in debt or job loss, and children of migrant workers often face disrupted education and limited social support, especially when raised away from their parents – contributing China's "left-behind children" phenomenon.

Children and underage labor

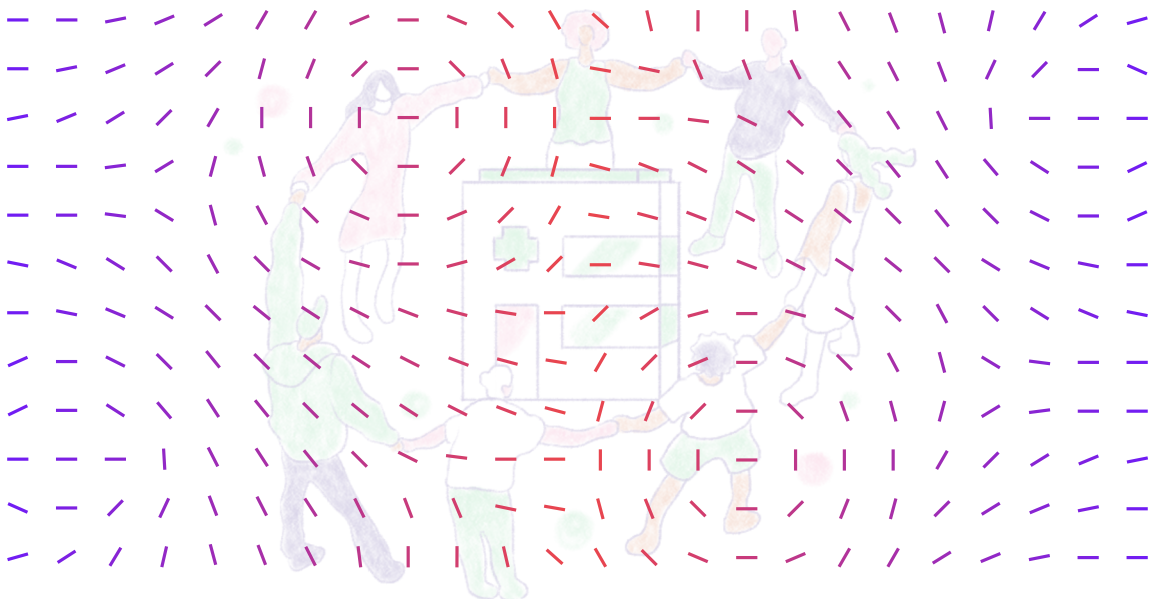
Underage labor. Interviews suggest that underage labor may be present, particularly those aged 15–16, who assist in workshops alongside their parents, due to limited education or caregiving access. One respondent reported beginning work at age 15 in his mother’s fabric-cutting unit.

Children at the workshops. In the absence of childcare services, many mothers also bring young children to their workplaces, often in smaller or less formal workshops. While this allows the mothers to remain employed, it may also expose children to physical risks and limit their social development. These constraints highlight the intersection of gender, labor, and economic inequality that many migrant women navigate in the garment sector.

Risks at the workshop. Interviews and site observations suggest that children accompanying their parents to informal garment workshops may be present in environments where safety risks exist, including proximity to industrial equipment such as sewing machines, hot irons, textile dyes, and fiber dust. While these children are not necessarily involved in production, the physical conditions of some informal workshops may pose potential hazards to their health and safety, particularly in the absence of designated childcare spaces.

The displacement of children. Due to the economic insecurity of informal work and limited access to affordable urban education, some garment workers reportedly send their school-aged children back to rural hometowns to live with extended family. These children—often referred to as part of China’s “left-behind children” population—may face challenges such as reduced parental contact and limited educational resources. Existing research on left-behind children in China has identified elevated risks of social isolation, uneven access to care, and higher rates of abuse, though conditions can vary significantly by household and region.

Overall, the prevalence of underage work and child safety risks in these workshops highlights serious child welfare concerns. While these situations likely arise from socioeconomic necessity and gaps in social support – rather than any explicit directive from Shein – they reflect poorly on the broader supply chain conditions and raise questions about Shein’s own Code of Conduct.



Uyghur forced labor risks in Shein's supply chain



Based on open-source research, there appears to be a credible risk that some textiles produced within this network—particularly those intended for non-U.S. markets—may include inputs originating from Xinjiang.



A review of media reports and publicly available information

A review of publicly available information and media reports indicates that Shein is involved in strategic partnerships with several industrial and logistics parks, [1] notably the Guangqing Textile and Garment Industry Orderly Transfer Park and its logistics partner, Guangzhou North Zhongda Fashion Technology City. These parks are reportedly part of broader regional initiatives that seek to integrate Xinjiang's cotton industry into Guangdong's textile supply chain.

In Nov 2023, Shein signed a [strategic cooperation agreement](#) with Guangqing Textile Park. The agreement positioned Shein as an important partner in the park's development, pledging to provide brand, capital, technology, and supply chain expertise to modernize and digitize garment manufacturing, so that the park's position as a fast fashion hub can be enhanced.[2]

Beyond the economic aspect of the Shein-Guangqing partnership, the Guangqing Textile Park is seemingly closely tied to broader regional efforts to integrate Xinjiang's cotton industry into Guangdong's textile supply chain, as presented below:

- In Aug 2023, representatives from the Guangdong Government and Xinjiang Uyghur Autonomous Region (XUAR) signed a [co-operative agreement to integrate Xinjiang's cotton industry into Guangdong's textile supply chain](#). The Guangqing Textile Park would be key to these efforts, where it was envisioned to not only be a park, but an "industrial paradise in Guangdong Province", a "fast fashion smart manufacturing base". The plans included developing a model where design occurs in Guangdong, production in Xinjiang, and sales again in Guangdong. According to media reports, over 120 cotton and textile companies, including several from Xinjiang, signed on to participate in the development of the Guangqing Textile Park. The logistics and distribution arm of the supply chain would be managed by Guangzhou North Zhongda Fashion Technology City, intended to reduce the costs of storage, logistics, and sales of Xinjiang's cotton textile industry. As part of this event, at least five Xinjiang-based companies signed up to be part of the "offline hypermarket" being set up in the logistics area of the Guangzhou North Zhongda Fashion Technology City. [3]

[1] A list of significant SHEIN Industrial Parks include: SHEIN New Weaving Park, Xiyin Bay Area Western Smart Industrial Park, SHEIN Zhaoqing Dawang Cross-border E-commerce International Cargo Terminal Project, Guangqing Textile and Garment Industry Orderly Transfer Park, and North Zhongda Fashion Technology City. While most of SHEIN's industrial facilities showed no direct connections to Xinjiang or its labor practices, one notable exception is the Guangqing Textile and Garment Industry Orderly Transfer Park, and its logistics partner, North Zhongda Fashion Technology City.

[2] In the agreement, SHEIN also committed to driving innovation in fast fashion production, fostering industrial clusters, and supporting employment across the supply chain from manufacturing to logistics and e-commerce

[3] This includes Xinjiang Junggar Cotton and Linen Co., Ltd., Xinjiang Lihua (Group) Co., Ltd., Xinjiang Production and Construction Corps First Division Cotton and Linen Co., Ltd., Xinjiang Production and Construction Corps Cotton and Linen Co., Ltd., and Xinjiang Western Yinli Cotton Industry (Group) Co., Ltd. The Xinjiang Production and Construction Corps is a paramilitary corporate conglomerate that serves as one of two governing forces in the XUAR territory. It has been sanctioned by multiple governments, including the UK, for human rights risks including forced labor, and is on the US UFLPA Entity List. Xinjiang Junggar Cotton and Linen is also on the U.S. UFLPA Entity List, and Xinjiang Lihua is a cotton and textile company whose parent, Xinjiang Zhongtai, is on the U.S. UFLPA Entity List.

- In Nov 2023, the [Guangqing Textile Park was officially unveiled, and the headline event was SHEIN's signing of a strategic co-operation agreement with the park](#). Shein committed to driving innovation in fast fashion production, fostering industrial clusters, and supporting employment across the supply chain, from manufacturing to logistics and e-commerce.
- In Mar 2024, Shein hosted an [investment promotion event at the Guangqing Textile Park, attended by local officials](#). The event aimed to attract clothing manufacturers, and the primary incentive for participants was framed as the opportunity to be direct suppliers for SHEIN. Companies were reportedly encouraged to participate in the park as well as in SHEIN's platform, reflecting the brand's dual-engine business model, which allows manufacturers to both supply Shein and sell directly through Shein's platform.
- In May 2024, four Xinjiang textile companies, some of which are sanctioned under the U.S. Uyghur Forced Labor Prevention Act (UFLPA) for links to forced labor, [signed an agreement to move into the Guangzhou North Zhongda Fashion Technology City](#). The four companies are: Xinjiang Western Yinli Cotton Industry (Group) Co., Ltd, Xinjiang Junggar Cotton and Linen Co., Ltd, Xinjiang Agricultural Reclamation Modern Agriculture Industrialization Development Group Co., Ltd., and Xinjiang Litai Silk Road Investment Co., Ltd. [4]

Based on the above open-source information gathering, there is evidence to suggest that:

1. Guangqing Textile Park appears to have been planning to advance regional plans to promote and sell Xinjiang textiles.
2. Public records and strategic announcements suggest that Shein may have been aware it was investing, building, and promoting a park that was designed to facilitate the consumption, manufacture, sales, and export of Xinjiang cotton and goods made from it.
3. As a result, there is credible risk that goods made with Xinjiang cotton may have entered Shein's global supply chain—either through direct sourcing or through third-party vendors operating within the park. Further due diligence and transparency would be required to confirm or disprove such a connection.

It is unclear if Shein includes requirements that would exclude companies selling on the Shein e-commerce platform if they were to use Xinjiang cotton or other textiles. It is also unclear if these companies must abide by Shein's supplier code of conduct, and if they would be considered as Tier 1 or 2 suppliers under Shein's supply chain governance policy.

Global implications

Shein has publicly stated that [1.3% of its cotton tested positive for unapproved cotton](#), i.e. potentially in regions such as Xinjiang. Yet, when asked directly if Shein sources from Xinjiang, the company does not directly answer and instead provided a list of administrative districts in which their direct suppliers are located. Such a response neither confirms the use of cotton from Xinjiang, nor denies it.

At the same time, Shein has stated that they do not ["prohibit the use of Chinese cotton" as long as it does not "contravene the laws and regulations of the jurisdictions in which we operate"](#). However, with the open-source reports indicating that Xinjiang companies have signed agreements to operate in the Guangqing Textile Park and its logistics partner North Zhongda Fashion Technology City, there is a **high risk that products sold on the Shein platform could contain Xinjiang textiles**.

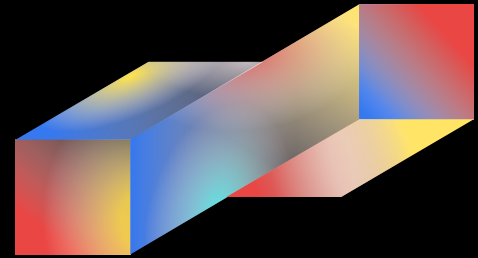
[4] Xinjiang Junggar Cotton and Linen Co., Ltd is on the U.S. UFLPA Entity List.

To this end, Shein has articulated clear prohibition on Xinjiang-linked products that are US-bound, where it requires that its manufacturers only source cotton from regions that are approved and comply with relevant laws.

However, Shein has **not been able to articulate the same prohibition for its UK-bound products and other non-US countries**, and open-source findings raise a credible risk that products sold on Shein's global platform, particularly in non-US markets, may include Xinjiang textiles. That Shein did not respond directly to the UK Business and Trade Committee's questions about Xinjiang cotton and UK imports also failed to explicitly deny the presence of Xinjiang textiles in its UK-based products. One related issue that has not received much attention is the extent to which Shein might be sourcing non-cotton textiles (such as rayon or polyester) from Xinjiang. Xinjiang produces about 20% of China's rayon and has become a major production base for various synthetic fabrics.

The above findings are based on publicly available information and are preliminary to the extent that further information from Shein or independent material testing would be necessary to substantiate definitive claims. While the findings reference sources that credibly indicate a strong likelihood that Shein's investment in the Guangqing Textile Park is linked to the integration of Xinjiang cotton into its supply chain, this assessment should be treated as provisional and risk-based.

Conclusion



The labor practices described in the preceding sections raise concerns about systemic labor rights risks within garment workshops reportedly linked to Shein's supply chain. According to worker interviews, these include indications of excessive working hours, piece-rate pay without overtime, informal work arrangements lacking social protections or grievance mechanisms, patterns of gender-based task segregation, and limited access to health and safety protections.

Based on these findings, there appears to be a risk that such practices may not align with certain principles outlined in Shein's publicly stated Supplier Code of Conduct, Responsible Sourcing (SRS) Policy, or its Supply Chain Transparency Statement. They also appear inconsistent with national labor laws and international frameworks, such as standards set by the International Labor Organization (ILO), the EU Corporate Sustainability Due Diligence Directive (EU CSDDD), the UN Guiding Principles on Business and Human Rights (UNGPs), and the OECD Due Diligence Guidance for Responsible Supply Chains. More specifically:

1. **Excessive work hours and piece-rate compensations.** CLW identified that small Shein suppliers often pay workers at a piece-rate, leading to unstable income and excessive work hours. These conditions may raise concerns under:
 - a. Section 1.5 and 1.6 of Shein's Supplier Code of Conduct;
 - b. Chapter IV and V of the Labor Law of the People's Republic of China;
 - c. ILO Convention No. 1 and 30 (Hours of Work); No. 95 on Protection of Wages;
 - d. Article 4 & Article 5 (due diligence obligation & integration into policies) of the EU CSDDD.
2. **Gender discrimination and children's welfare.** Investigations suggest that some women workers face workplace harassment and lack access to family-friendly policies. These concerns, which may disproportionately affect children's welfare, appear to be inconsistent with:
 - a. Section 1.4 and 2.6 of Shein's Supplier Code of Conduct;
 - b. Chapter VII of the Labor Law of the People's Republic of China;
 - c. ILO Convention No. 190 (Violence and Harassment);
 - d. Article 6 (identify adverse impacts) of the EU CSDDD.
3. **Lack of occupational safety measures and social benefits.** CLW's investigation found that many workers work in unsafe conditions and are not enrolled in social insurance programs through their employers. These issues may not align with the standards of:
 - a. Section 2.1, 2.2, and 2.3 of Shein's Supplier Code of Conduct;
 - b. Chapter VI and IX of the Labor Law of the People's Republic of China; the Social Insurance Law of the People's Republic of China;
 - c. ILO Convention No. 102 (Social Security Minimum Standards) and No. 155 (Occupational Safety and Health).

4. **Possible unauthorized subcontracting.** CLW's investigation uncovered a network of hundreds of small suppliers, some of which appear to have been converted from residential units and employ fewer than 10 workers. This strongly suggests the possibility of unauthorized subcontracting, which may be inconsistent with:

- a. Section 5.8 of Shein's Supplier Code of Conduct and Responsible Sourcing (SRS) Policy;
- b. Article 14 of the Labor Contract Law of the People's Republic of China;
- c. UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Due Diligence Guidance for Responsible Supply Chains;
- d. Article 7 of the EU CSDDD on 'preventing potential adverse impacts'.

The EU CSDDD obligates large EU and non-EU companies operating in the EU to identify, prevent, mitigate, and account for adverse human rights and environmental impacts in their operations and value chains, while Section 307 of the U.S. Tariff Act prohibits the importation of goods "mined, produced, or manufactured wholly or in part" in any foreign country by forced labor. Based on our field-based observations, Shein's current sourcing practices—particularly those involving small workshops and informal labor—may expose the company to regulatory, reputational, and commercial risks if adequate safeguards are not in place.

Based on these preliminary findings, we encourage Shein to consider strengthening its due diligence and transparency measures to mitigate regulatory, reputational, and operational risks. This extends to the entire supply chain, not only within its Tier 1 and 2 suppliers, but also extending to downstream suppliers and their subcontractors. This action must be guided by a worker-centered approach that prioritizes the rights, safety, and well-being of workers at all levels of production.

More broadly, the issues documented in this report reflect structural challenges that extend beyond any single company. The precarity experienced by informal workers and the lack of enforceable labor standards highlight a global need for systemic reform and accountability within transnational supply chains.

Disclaimer: This report is based on field interviews, open-source research, and publicly available documents. The findings presented reflect risk-based assessments and should not be interpreted as definitive legal conclusions regarding any entity's conduct. All findings are presented in the interest of public dialogue on labor standards.



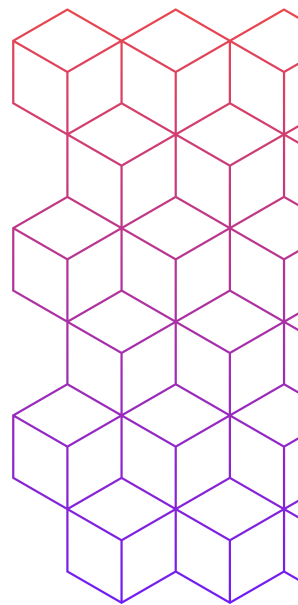
Recommendations

1

Supply chain transparency. To strengthen its commitment to ethical sourcing and transparency, Shein could take further steps to ensure that all producers it engages are legally authorized businesses. This includes implementing safeguards against unauthorized third-party subcontracting and publicly mapping its supply chain to aid oversight by regulatory authorities, investors, and the public. It would be beneficial for Shein to disclose a list of suppliers across all tiers of its supply chain, including designated textile suppliers for both natural and synthetic fabrics. We also encourage Shein to clarify its partnerships in the Guangqing Textile Park and how it ensures that any affiliated companies comply with its Supplier Code of Conduct. A full list of questions for Shein is appended in [Annex A](#).

2

Fair trade and worker rights. In order to fully align with fair trade principles, Shein may wish to expand beyond audit-based compliance and explore more systemic reforms to its production framework. This includes providing fair wages that align to the actual cost of living, ensuring workers have access to medical insurance, and maintaining safe working environments. Labor protections must be enforced consistently, with clear policies to prevent excessive hours, underage labor, and unsafe conditions. A key part of reform lies in formalizing employment. Transitioning away from piece-rate compensation, where appropriate, and toward more stable contractual employment could help increase accountability and promote more equitable labor conditions.

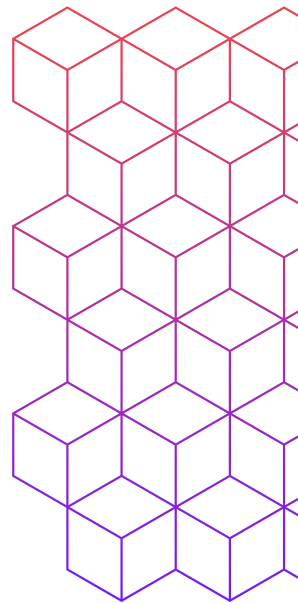


Governments and international institutions. The concerns raised in this report reflect industry-wide challenges that go beyond any single company. Governments and international institutions have a critical role to play in fostering fair labor practices through systemic regulatory action. Key priorities should include:

• Enforce mandatory human rights due diligence and transparency laws across borders.

- Penalize companies that repeatedly violate labor standards, including sanctions or import restrictions.
- Close legal loopholes like the de minimis customs exemption that allows low-cost, unregulated goods to enter markets unchecked.
- Invest in public auditing mechanisms and whistleblower protections to enhance transparency.
- Support international labor standards through trade agreements and development aid, incentivizing better practices abroad.

Ultimately, consumers, civil society, and policymakers have a shared responsibility to push beyond sustainability rhetoric and demand actionable improvements in how global fashion is produced. Through coordinated engagement, it is possible to build a more transparent and humane industry grounded in respect for workers' rights and dignity.



SHEIN'S RESPONSE

25 March 2025

Ensuring high labour standards is absolutely essential to the success and integrity of SHEIN's business. We are fully committed to managing our supply chain responsibly, and to supporting our third-party suppliers in improving working conditions across their facilities and take allegations against our supply chain governance seriously.

At this moment, SHEIN is unable to verify the findings of the investigations conducted by China Labor Watch, because we have not been given access to the report where these issues have been identified. That said, SHEIN has established processes to address issues that pose risks within our supply chain.

The following paragraphs outline SHEIN's efforts in managing risks – the first section (Supply Chain Governance) covers the policies and programmes we have adopted to ensure proper governance of our supply chains broadly. The following section (Corresponding Measures) elaborates on our measures to more specifically address the issues you have highlighted.

Supply Chain Governance

SHEIN does not own or operate any manufacturing facilities. We work with a network of third-party suppliers globally, including in China, Brazil and Turkey currently, to manufacture finished products under the SHEIN brand (as well as a number of other Company brands). SHEIN's suppliers are not tied to exclusive working relationships with us, and may produce for other brands.

To manage this third-party supplier network, we have adopted and implemented a robust set of supply chain management policies and programmes designed to implement labour standards set out by international organisations and national laws. These are generally aligned with the conventions of the International Labour Organisation (ILO) and the UN Universal Declaration of Human Rights as well as with the laws of the country we operate in. Through these policies and programmes, we enforce stringent requirements on our suppliers to comply with health and safety, labour and social welfare, and environmental standards, as well as applicable laws and regulations.

Fundamentally, all suppliers of SHEIN-branded products, regardless of where they are geographically located, must sign and agree to abide by our Supplier Code of Conduct (SCoC). This Code of Conduct prohibits the use of unethical labour practices, including forced labour, child labour, and wage and working hours abuses. We

have also published a comprehensive set of Supplier Responsibility Standards that outlines the expectations we have for our global supply chain across areas such as labour rights, health and safety, the environment, and ethics. This is publicly accessible [here](#).

To complement and enforce our SCoC, we have adopted the SHEIN Responsible Sourcing (SRS) Policy. This facilitates compliance with our SCoC by establishing clear definitions and penalties for violations thereof. It also provides for comprehensive, on-site audits conducted by both our own in-house auditors and internationally renowned third-party auditors that are member firms of the Association of Professional Social Compliance Auditors (APSCA). Suppliers who are identified in SRS audits as having committed severe violations of our SCoC and SRS standards, including labour-related issues, are subject to termination in line with our SRS Policy.

Within our SRS Policy, suppliers of SHEIN-branded products must submit to an audit assessment as part of the onboarding process with SHEIN. Prospective suppliers that receive the lowest audit grade are not approved to work with SHEIN. Existing suppliers are subject to full on-site SRS audits on an annual basis thereafter, based on a scoping approach that considers multiple factors, such as supplier size in terms of procurement value, supplier location, past SRS audit results and random sampling. Failure to cooperate with these audits will result in termination. SHEIN makes public the annual results of our audit programme as part of our annual sustainability and social impact reports.

Building on this, SHEIN has also taken steps to provide supply chain workers with access to grievance mechanisms for reporting of concerns to SHEIN, with clear policies prohibiting retaliation against whistleblowers. Together, these due diligence measures enable us to identify key risks that exist in our supply chain and implement measures to address issues found.

Corresponding Measures

A) Subcontracting

Our SCoC explicitly prohibits suppliers from subcontracting, partially subcontracting or assigning provision of products, services, rights and obligations to a third party without prior written consent of SHEIN. Suppliers who sign the SCoC must also commit to ensuring the continuous compliance of any approved subcontractors with the rules set forth in the SCoC, including through audit and supervision.

Compliance with these requirements is assessed through annual SRS audits. SHEIN takes measures for increased visibility over labour standards in our value chain beyond suppliers that we have a direct contractual relationship with. Our auditors collect information on the suppliers' subcontractors via on-site observation, document review, and management interviews. Suppliers are required to provide evidence (e.g. system screenshots, emails, message records) to prove that they have informed SHEIN of all their subcontracting facilities. We also conduct SRS audits of selected upstream suppliers and subcontractors to verify that our suppliers are enforcing our compliance requirements through their supply chain. Suppliers found in violation of SHEIN's subcontracting guidelines are penalised accordingly on their audits and required to remediate their practices.

B) Wages and Working Hours

SHEIN supports and recognises the fundamental right of all people to be free to choose to enter and to leave employment, and believes that it is important that all workers are compensated fairly for the work that they do, in accordance with national laws.

We acknowledge that excessive working hours remains a challenge in the fashion manufacturing sector globally and we are committed to taking steps to improve this situation. Within our supply chain governance policies, we have established clear and transparent requirements on suppliers' wages and working hours. Under the SCoC, suppliers are required to ensure that they adhere to all local laws and regulations governing wages and working hours, including compliance with legal requirements for overtime compensation. The SCoC also prohibits disciplinary deductions from wages, for instance, in the case of defective products.

We enforce compliance with these policy requirements through our SRS audits. We require suppliers to establish and maintain employees' payslips and attendance records. During SRS audits, our auditors collect samples of workers' payslips and timesheets, and interview workers to examine compliance with our policies. These efforts have led to improvements in wage conditions across our third-party suppliers. Severe wage violations (e.g. delayed wage payments and failure to pay minimum wage) were found in 0.5% of annual SRS audits in 2023 (compared to 2.3% in 2022), and in all cases, errant practices found were remediated within required timelines. Where noncompliance is found, we take firm action.

We acknowledge that excessive working hours remains a challenge in the fashion manufacturing sector globally and we are committed to taking steps to improve this situation. With access to our suite of supply chain technology solutions, our suppliers are provided with visibility into capacity, inventory levels and other information that helps them to forecast and plan production more effectively. With better planning, suppliers can better minimise any adverse impacts on workers arising from volatility in order volumes. We also conduct training sessions for suppliers, focusing on compliance with working hours requirements, with specialised sessions to support suppliers in drafting working hours policies, maintaining timecard records, preparing payroll records, calculating overtime pay, and reducing working hours for their workers.

C) Labour Protections

SHEIN's SCoC and Supplier Responsibility Standards require suppliers to provide all employees with a written employment agreement in a language understood by them, that defines the terms and conditions of their employment. By signing the SCoC, suppliers also agree to hold their third-party labour agents or brokers to the standards and practices covered within. Suppliers are required to monitor the practices of recruitment agencies and labour brokers, and employ agencies that act ethically and in the best interests of workers when contracting labour.

Suppliers are also required to provide their employees with social insurance benefits in accordance with local laws and regulations. During SRS audits, auditors check for compliance with this requirement by reviewing social insurance payment vouchers, declaration records, and settlement certificates.

D) Workplace Health and Safety

Our SCoC requires suppliers to provide a safe, hygienic and healthy workplace environment, and take necessary measures to prevent employees from accidents and injuries arising out of, or related to, work in the course of

their services. In the Supplier Responsibility Standards, we outline detailed requirements in aspects such as fire, chemical and electrical safety; provision of personal protective equipment (PPE) to workers where needed; and also overall working conditions including the provision of adequate space, ventilation and lighting, along with appropriate temperature and humidity levels.

We assess suppliers' compliance with all these requirements during SRS audits, and apply varying penalties and remediation approaches based on the severity of issues found. The most severe workplace health & safety violations, such as failing to provide sufficient accessible emergency exits, allowing smoking on the production floor, or co-locating dormitories with production spaces, are treated as Immediate Remediation Violations (IRVs) under our framework. This means suppliers are given 30 days to remediate such issues found or face termination of the business relationship.

Under SHEIN's Supplier Community Empowerment Program (SCEP), we also invest in helping suppliers improve conditions at their facilities. To date, SHEIN has renovated and upgraded 203 supplier facilities, covering more than 500,000 sqm through SCEP. Additionally, SCEP also looks at enhancing non-factory floor facilities, with almost US\$280,000 going towards the construction or upgrading of canteens for workers, and over US\$430,000 towards the construction or enhancements of free accommodation options for migrant workers over the years.

E) Protection of Women and Children

Our SCoC and Supplier Responsibility Standards provide protections for women in the workplace. We strictly prohibit any form of discrimination, harassment or abuse of employees, including gender-based violence and sexual harassment. Any such violations are treated as Immediate Remediation Violations (IRVs) under our framework, with suppliers given 30 days to remediate issues found or face termination of the business relationship.

Under our Supplier Responsibility Standards, we clearly outline discriminatory practices that do not meet SHEIN's standards. These include using an employee's marriage, pregnancy or number of children as a criterion for hiring or continued employment, or as a basis for downward wage adjustments; or discriminating against female employees for their reproductive choices. Suppliers are also expected to implement health, safety and welfare protections for women in the workplace in line with local laws and regulations, such as providing maternity leave, arranging appropriate rest and leave for pregnant or nursing employees, and offering nursing rooms with adequate clean supplies.

SHEIN strictly prohibits the use of child labour. Any instances of child labour are considered Immediate Termination Violations (ITVs) under our SRS Policy. This entails immediately terminating our business relationship with a supplier determined to have committed such a violation.

Recognising that many workers in the supply chain need to juggle work and childcare responsibilities, SHEIN also helps to create family-friendly working environments by setting up and staffing childcare facilities at our suppliers' facilities. As at the end of 2024, 25 childcare centres were actively operating under the SCEP, benefiting more than 1,000 children of workers at these participating facilities. SHEIN also organizes summer camps for children, aged between 5 and 15 years, if their parents are employed by our suppliers. In 2024, close to 350 children attended these summer camps.

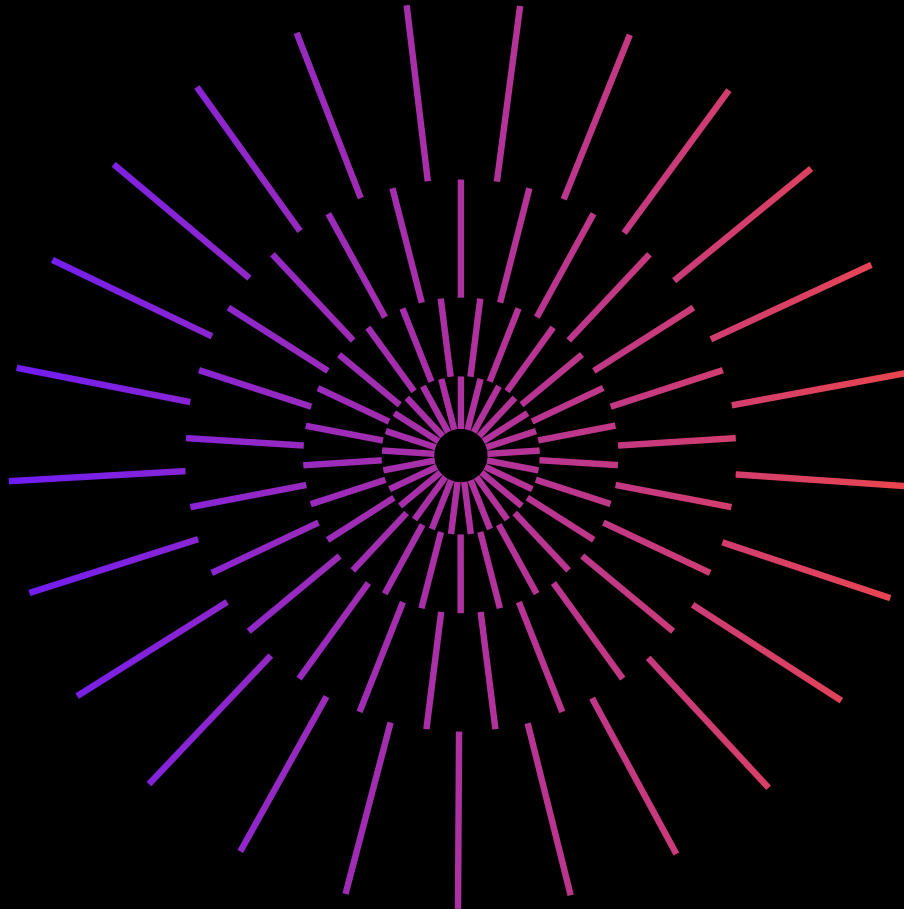
For more information on progress made in supply chain governance, please refer to our 2023 Sustainability and Social Impact report (see [here](#)). We look forward to sharing more about further progress made in our upcoming 2024 Sustainability and Social Impact report to be published this year.

Once again, we take the allegations on non-compliance with our above standards very seriously, and are committed to taking any necessary actions in line with our governance policies should there be confirmed violations by our suppliers. Do kindly let us have more specific information and evidence on the various findings you have cited in your email, and the report mentioned, so that we can follow up accordingly.

Annex A

This risk assessment of Shein's exposure to Xinjiang textiles is preliminary because it is based on publicly available documentation. To conduct a full assessment of the company's risk, Shein would need to provide more information than what is available online thus far. Questions that might be asked of SHEIN include:

1. Will SHEIN affirmatively state that it does not source any textiles (cotton or otherwise) from the Xinjiang Region for products that are imported into the UK market or other non-US markets?
2. Does SHEIN have different sourcing policies for products bound for the US than it does for those bound for the UK and other non-US markets?
3. Has SHEIN conducted any isotopic testing of its cotton products destined for sale in the UK market and other non-US markets? If so, what were the results?
4. How does SHEIN ensure that apparel made of textiles other than cotton are not made in whole or in part in the Xinjiang Region?
5. Are we to understand that SHEIN asserts that it has first-tier suppliers in every single administrative district of China except for Xinjiang, the administrative district that produces 90% of China's cotton and 20% of China's rayon?
6. Will SHEIN provide a list of all suppliers for all tiers of the company's supply chains?
7. Will SHEIN provide a list of all its designated textile suppliers?
8. Can SHEIN affirmatively state that its sub-suppliers beyond the first tier are not located in Xinjiang?
9. How does SHEIN ensure its compliance with the UK's Proceeds of Crime Act, in particular regarding ensuring that the company does not benefit from the crime of modern slavery anywhere in its supply chain?
10. What is SHEIN's relationship to the Guangqing Textile and Garment Industry Orderly Transfer Park?
11. Did SHEIN attend the August 2023 Guangdong government/XUAR Development and Reform Commission's event promoting the Guangqing Textile and Garment Industry Orderly Transfer Park, at which Xinjiang-based companies signed intentions to settle in the park?
12. Did any Xinjiang-based companies or government representatives attend the November 2023 Guangdong government event promoting the Guangqing Textile and Garment Industry Orderly Transfer Park, at which SHEIN signed an agreement to collaborate with the park and provide technical and other support to it?
13. Did any Xinjiang-based companies or government representatives attend the March 2024 investment promotion event in which SHEIN promoted the Guangqing Textile and Garment Industry Orderly Transfer Park and provided companies information on how to work with SHEIN?
14. Will SHEIN provide a list of all companies that have settled in the Guangqing Textile and Garment Industry Orderly Transfer Park or otherwise have agreements with the park?
15. What relationship does SHEIN have with the manufacturers located in the park?
16. How many of the companies that have settled in the park are SHEIN suppliers?
17. Has SHEIN provided technology or other support to assist the movement of textiles or apparel from other parts of China to the Guangqing Textile and Garment Industry Orderly Transfer Park or other related parks? If so, are Xinjiang-based companies taking advantage of this support in any way?



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