

# GETTING TO A LIVING WAGE: RECOMMENDATIONS FOR BRANDS



The garment industry in Bangladesh is made up largely of women with 0.47 cents per hour minimum wage. Photo: Nicola Bailey/ActionAid.

## GET THE BASICS RIGHT

**RECOMMENDATION 1:** Publicly disclose the factory list and update it regularly. Brands should also report on the volume/percentage of sourcing from each country.

**RECOMMENDATION 2:** Support factories to establish effective grievance mechanisms and provide for complaints and grievance processes through which workers can safely report violations of wages, entitlements, health and safety and other labour rights issues. Brands should also establish a reliable mechanism through which workers can report to brands directly if issues are not resolved at the factory level.

**RECOMMENDATION 3:** Adopt a positive and proactive freedom of association policy and communicate this to factories and workers, as well as ensure that factories respect the workers' rights to collective bargaining.

**RECOMMENDATION 4:** Where freedom of association and collective bargaining are restricted by law, brands should call on countries to formally ratify International Labour Organization (ILO) Conventions regarding freedom of association and collective bargaining<sup>1</sup> and ensure that workers are able to have a representative say in their working conditions in all factories.

**RECOMMENDATION 5:** Adopt a positive and proactive gender policy and gender-sensitive targets, which are communicated to factories and workers.

<sup>1</sup> Clean Clothes Campaign, *Road map to a living wage*, Clean Clothes Campaign, Amsterdam, 2 July 2013, viewed 12 July 2017, <https://cleanclothes.org/livingwage/road-map-to-a-living-wage>.

**“AUSTRALIAN GARMENT BRANDS AND COMPANIES HAVE LED THE WAY ON ISSUES SUCH AS A COMMITMENT TO WORKER SAFETY THROUGH JOINING THE BANGLADESH ACCORD AND ON GLOBALLY TRANSPARENT SUPPLY CHAINS.**

**IT IS NOW TIME FOR BRANDS TO PUBLICLY COMMIT TO PAYING LIVING WAGES IN THEIR GLOBAL SUPPLY CHAINS AND TO DEVELOP TRANSPARENT, CREDIBLE AND TIME-BOUND ROADMAPS TO SET OUT HOW THEY WILL ACHIEVE THAT GOAL.” – OXFAM AUSTRALIA CHIEF EXECUTIVE, DR HELEN SZOKE**

## MAKE A COMMITMENT

**RECOMMENDATION 6:** Express publicly, for example in the code of conduct and on the website, a commitment to respecting the right to a living wage and a commitment to embedding the policy in the ways it does business. The commitment should clearly spell out that within 12 months a roadmap to living wages will be developed and publicly shared and the brand will continuously work towards implementing a living wage in the supply chain, ideally within three to six years.

## DEVELOP A ROADMAP

**RECOMMENDATION 7:** Compile information on wage policies and practices of the supply chain to identify the wage gap between the current wage and living wage and risks to human rights in the chain.

**RECOMMENDATION 8:** Ensure, and if necessary facilitate, meaningful and transparent discussion and negotiation between workers and management to determine steps to living wages and agree on plans to achieve them.

**RECOMMENDATION 9:** Adopt an existing living wage benchmark or calculate a living wage using established methodologies. This calculation should be based on at least 3,000 calories of daily food intake and/or a low-cost nutritious diet that meets World Health Organization (WHO) recommendations on calories, macronutrients and micronutrients. Brands should be transparent about the living wage definition, methods and benchmarks.

**RECOMMENDATION 10:** Recognise that purchasing practices and pricing policies have an impact on wages (and working conditions) and commit time and resources to calculate the labour costs of merchandise to ensure that prices facilitate payment of a living wage at the very least. This means that the Freight on Board (FOB) price should cover a living wage labour cost.<sup>2</sup>

<sup>2</sup> Clean Clothes Campaign, Road map to a living wage

## IMPLEMENT

**RECOMMENDATION 11:** Conduct living wage pilots as appropriate to the supply chain and adjust the living wage roadmap based on lessons learned. Pilots should be done in collaboration with other brands wherever possible.

**RECOMMENDATION 12:** Ensure that living wage payments are not tied to increasing productivity or meeting production targets.

**RECOMMENDATION 13:** Support systemic change to adopt living wages through collaboration, coordination and dialogue among brands, factories, employers’ organisations, unions and governments.

**RECOMMENDATION 14:** Clearly indicate the commitment to stay in a sourcing country when wages increase and actively engage, advocate and support governments, industry associations and civil society to increase minimum wages to match living wages.

**RECOMMENDATION 15:** Supply regular public reports on the living wage programs, roadmap to a living wage and the progress being made (or lack thereof).