



PAY A LIVING WAGE

Tailored Wages 2019

The state of pay in the global garment industry

Clean Clothes Campaign

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About this report

The Clean Clothes Campaign

Clean Clothes Campaign is a global alliance dedicated to improving working conditions and empowering workers in the global garment and sportswear industries.

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Credits

Lead study author: Anna Bryher

Acknowledgements: Anne Bienias, Theresa Haas, David Hachfeld, Elisabeth Schenk

Design: Chris Woodward

Photo credits: Heather Stilwell: Pages 4, 35 / Clean Clothes Campaign: Pages 5, 14, 16, 22 / GMB Akash: Page 9 / Yevgenia Belorusets: Page 17 / Will Baxter: Page 21 / Kristof Vadino: Cover, Page 31

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Executive Summary

Executive summary



O

**workers making clothing
in Asia, Africa, Central
America or Eastern
Europe paid enough
to live with dignity**

Since the beginning of this century, global brands sourcing clothing from low wage countries around the world have acknowledged on paper that wages paid to workers should be enough to meet their basic needs. Yet, two decades on, workers and their families remain in stark poverty. The garment industry has continued for all this time to use workers' low cost labour to make mass profits. Their so called 'commitments' to ensure wages are enough have made little or no real difference.

Brands wield huge power and millions of dollars of business every year in the garment industry. They have the freedom to pick and choose from low-cost and low-wage economies and in these markets, brands can dictate prices, quantity and quality, with little consideration for the impact on supplier factories and their workers. The dominant business model pits country against country, and supplier against supplier in a global race to the bottom. In the face of the huge downward pressure on price and wage, almost all initiatives to tackle poverty wages have been unsuccessful. The brands' business model is the real reason that workers remain mired in poverty.

Poverty wages remain a critical issue that is at the centre of systematic exploitation in the global garment industry. Conversely, the right to a living wage could be a key in bringing about a global shift. Solutions to this



Executive summary

issue cascade to solutions to a whole list of associated problems for workers such as excessive overtime, poor housing, poor nutrition and health risks, risk of child labour, and more. The focus of this study into what brands are doing to address wages in supplier networks is therefore an essential indicator of whether any brand is contributing to, or detracting from, decent work for the people who make our clothes.



The Clean Clothes Campaign last carried out a similar study in 2014 – *Tailored Wages: Are the big brands paying the people who make our clothes enough to live on?*¹ – where we found some promises from brands that work was going to progress on delivering a living wage. 5 years on, we wanted to look at whether any of the programmes we evaluated then had resulted in payment of a living wage – how many workers are actually now being paid a living wage as a result of brands' supposed commitments?

This year the Clean Clothes Campaign, once again, asked brands what they were doing to ensure that a workers' right to a living wage was met. We contacted 20 leading brands, covering luxury, sportswear, fast fashion, and online retail sectors, to find out if a living wage was being delivered. The study focuses on looking at the outcomes, rather than awarding credit for process or interim steps to find solutions, in order get a true picture of what wage programmes are currently doing to make any real difference in the face of globalisation. We found that, while some brands are doing more than others to promote better practices, no brand can yet show that living wages are being paid to any worker in supply chains outside their own headquarter countries.

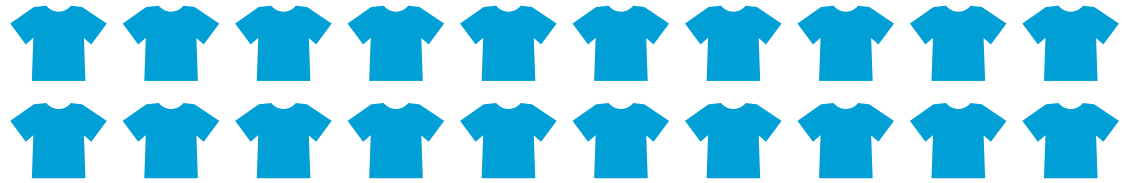
5 years on from 'Tailored Wages' we had hoped to find more to report. Our message to brands is that workers can't wait any longer. Human rights are pressing and vital. We need a living wage now.

“Our message to brands is that workers can't wait any longer. Human rights are pressing and vital. We need a living wage now”

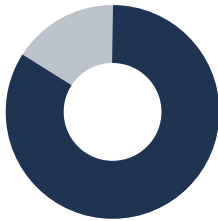
Executive summary In numbers



20 companies assessed



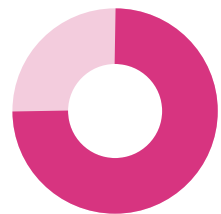
85% of brands made a commitment to a living wage



Active support for Freedom of Association remained a low scoring issue with brands performing poorly in this area



7 brands are calculating whether the prices they pay to suppliers are sufficient to allow for workers to be paid a living wage



75% of brands disclosed some if not all of their supplier list



5 brands use specific benchmarks to measure if they are paying a living wage



20% of brands assessed disclosed some data about wages paid to workers at their suppliers



0 clear, time-bound plans for how a living wage can be paid in their supplier network



Almost all brands received an **E grade**, showing no significant documented evidence of a Living Wage being paid to any workers

Executive summary The scores

We asked brands to supply information on whether they were committed to ensuring a living wage for the workers who made their goods (85% said they were), about how they defined this living wage in numbers, and how many of the workers making their goods were being paid this wage. Based on this data, we divided all brands we surveyed into 5 categories:

Grade	Criteria	Brands	Brands achieving grade
A	100% of workers in the brand's supply chain earn a Living Wage		0
B	50% or more of workers in the brand's supply chain earn a Living Wage		0
C	25% or more of workers in the brand's supply chain earn a Living Wage	Gucci (for some Italian production)	1
D	The brand has started to contribute towards payment of a Living Wage, including putting significantly higher labour costs that cover a Living Wage benchmark figure into prices paid to all suppliers		0
E	The brand can show no evidence of a Living Wage being paid to any workers	Adidas, Amazon, C&A, Decathlon, Fruit of the Loom, Gap, G-Star RAW, H&M, Hugo Boss, Inditex, Levi's, Nike, Primark, Puma, PVH, Tchibo, Under Armour, Uniqlo (Fast retailing), Zalando	19

Why the living wage remains a key issue

Why the Living Wage remains a key issue

PAY A LIVING WAGE

A living wage is a human right

The payment of a living wage is a human right, established in the UN Universal Declaration of Human rights. 'Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity' Universal Declaration of Human Rights, Article 23. This is reinforced by ILO definitions of decent work and widely accepted as a human rights standard.

However, despite this definition of the right to a living wage, garment and sportswear workers all over the world are paid a wage far below this level, and live in deep poverty.

Companies have a duty to respect a living wage

In 2011, the UN Human Rights Council endorsed the UN Guiding Principles on Business and Human Rights, which go further to state that there is a state and corporate duty to protect and respect these rights, and that the company duty exists "independently of States' ability and/or willingness to fulfil their own human rights obligations. And it exists over and above compliance with national laws and regulations protecting human rights."² In the context of the right to remuneration that ensures human dignity, this means that even if state governments fail to pass minimum wage legislation at a level that protects workers and ensures they are able to live with dignity, brands have a duty to ensure that workers receive living wages nonetheless. The primary responsibility on a brand is not to comply with the wage law in the nation that brands choose to source from, (which appears to still be the approach of many brands featured in this study) but to ensure that the wages paid are enough to ensure an existence worthy of human dignity for the worker.



Why the Living Wage remains a key issue

How to define a living wage

A Living Wage is a wage paid that is sufficient to meet the basic needs of a worker and her family and to provide some discretionary income. Specifically, this wage:

- Applies to all workers, which means that there is no salary below the living-wage level
- Must be earned in a standard work week of no more than 48 hours³
- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a worker and their dependents (for Asia this can be defined as 3 consumption units, where an adult = 1 and a child = 0.5. For other regions, a calculation to define a family is needed to reflect differing family size and expenditure patterns.)
- Includes an additional 10% of the costs for basic needs as discretionary income.

PAY GARMENT WORKERS A LIVING WAGE



A worker should be able to afford:



A living wage is a human right, for all people, all over the world



www.cleanclothes.org

Why the Living Wage remains a key issue

Living wages in figures

Brands have argued for years that there is no set of universally agreed figures, so they say it is not possible to ensure their payment. Calculations and wage ladders however have emerged as a key tool for measuring and working towards ensuring a living wage is paid. Wage ladders pull together different estimates of living costs without the need to select one particular number, and allow a clearer picture of wages received vs standards designed to allow workers to live with dignity. Invariably these show a gap of 2 to 5 times, between minimum or industry standard wages, and most living wage benchmarks based on a cost of living methodology.

It is clear from this that in India for example, the minimum wage is half of the value of the union demand, and only a third of the Asia Floor Wage. In any case it is clear that minimum wages are far too low and that these keep workers in poverty.

There are of course a number of living wage benchmarks available, based on differing methodologies. The Clean Clothes Campaign supports the Asia Floor Wage as it is a worker-led calculation method that takes a regional approach to wage needs. For more information about the methodology behind the Asia Floor Wage see asia.floorwage.org/5-steps

Figure 1: Minimum wages vs living wage estimates

	India (Rps)	Indonesia (Rupiah) ⁴	Bangladesh (Taka)	Cambodia (USD)	China (RMB) ⁵	Turkey (TLR)
Minimum wage⁶	8,609 ⁷	2,583,556	8,000	182	2,200 ⁸	2,030 ⁹
Union demand for minimum wage increase or calculation	18,000 ¹⁰	4,200,000 ¹¹	16,000 ¹²	189 ¹³	—	5,331 ¹⁴
Asia Floor Wage 2017¹⁵	23,588	5,886,112	37,661	504	4547	—
Living wage estimate	—	—	—	—	—	6,130 ¹⁶
Minimum wage as percentage of living wage (AFW or LW estimate)	36%	43%	21%	36%	46%	37%

The current context of the wage debate

The current context of the wage debate



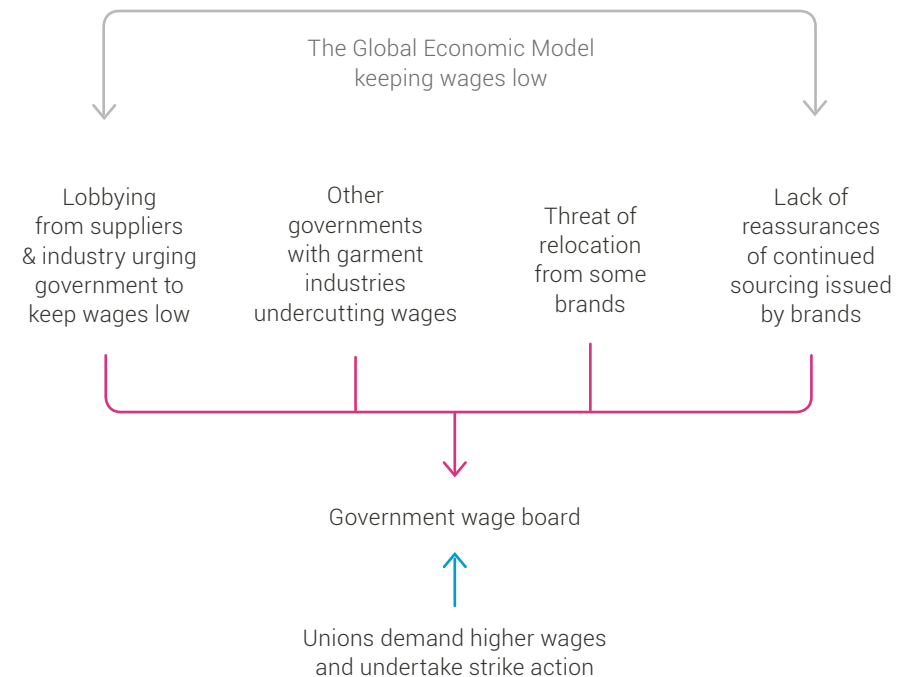
Tools to bridge the gap, and the barriers to their effectiveness

In the face of the dominant business model in the industry, wages have been suppressed year on year, and with a rising cost of living across Asia, Central America and Eastern Europe, these wages are insufficient for living on. So how have these wages been allowed to be suppressed so significantly and why aren't current wage setting mechanisms working to increase wages for garment workers? In this section we take a closer look at pressures in the industry on wage setting mechanisms, how they work and why they aren't delivering a liveable wage for garment workers.

Minimum wage setting

The ILO conventions lay out mechanisms for governments to set minimum wages to meet workers' basic needs. Yet, in most garment producing countries minimum wages are not enough to live on. The garment industry is mobile, meaning brands are able to pick and choose between low wage economies. Governments, eager to attract international buyers, work to keep wages as low as possible in order to make their economies a desirable prospect. Factory owners' associations also exert pressure on governments to keep wages low, threatening closures and job losses. One way governments avoid increasing minimum wages is by delaying the convening of wage boards, or calling them together so rarely that any increases that are achieved are swallowed up by inflation. In many cases, workers are also not fairly represented on wage boards. In Bangladesh for example, the worker representative was appointed by the employers association, and in Cambodia, the majority of union representatives are from government affiliated unions. Brands, who are the de facto economic employer in the industry, are not at the table in these negotiations, and so reliably and repeatedly suppliers say that any wage increase will be impossible to cover without a corresponding increase in the prices paid by brands. Assurances of this are virtually unheard of.

Figure 2: Pressures on minimum wage setting



The current context of the wage debate



Case Study

Bangladeshi unions left out to dry by government downward pressure

In 2018 the Bangladeshi government updated the minimum wage after a 5 year gap. The wage was 5,300 taka, in 2013, and increased to just 8,000 taka in 2018. The cost of living swell in Bangladesh over this period makes this increase marginal if non-existent in real terms for workers according to Consumer Price Index increases. So what went wrong? For the first time, unions in Bangladesh had agreed on a united wage figure for this negotiation of 16,000 taka – a figure that is far short of a living wage yet a significant boost – but the government refused to hear this demand. The BGMEA – the manufacturers association – strongly signalled that any wage increase would result in factory closures and called on brands to increase their prices as a result. Most brands remained silent and were not publicly supportive of the increase¹⁷, which contributed to the unsuccessful outcome. The minimum wage in Myanmar undercutting the Bangladesh wage was rumoured to be a further concern.

The current context of the wage debate

Collective bargaining

So if minimum wage setting is impaired by government unwillingness to increase wages in a global economy, how about collective negotiation between employers and workers? Collective bargaining is a vital tool for worker-driven change in the industry. It allows workers to take collective action to challenge poverty pay and poor conditions and negotiate solutions. Why has this tool not been more effective? Some collective agreements have been signed between unions and employers for various segments of the industry, but broadly these have been at factory level only, concerning issues such as rate of pay for overtime, hours, maternity pay, sick leave and other matters, and have made marginal gains of 5-33% to wages. Vietnam and India are the only collective agreements we came across that have broken through to a regional level, with the Vietnamese CBA covering 100 firms in 2014, and providing a 21% wage hike on the minimum wage for trained workers¹⁸. Pressures on establishing a negotiation include lack of union density to force a negotiation, and lack of willingness on the part of employers to engage. There are also legal barriers to establishing CBAs in some national cases. Then at the negotiating table, economic pressures on suppliers, whose irregular orders come from multiple fluctuating

global buyers, make it difficult for wage negotiations to have the potential to make the significant leap that is needed. The starting point of a wage level that is 2-5 times below the amount that is needed for a decent quality of life for a family, is a major barrier to collective bargaining being able to achieve a living wage level. This leap is impossible without multiple successive increases, and even then may take many decades. The important missing piece, is that brands, who are the de facto economic employer in the garment industry, have not to date been involved, in a legally-binding way, in collective bargaining negotiations. Collective negotiations between workers and employers are important, but in this global economy, they must be accompanied by binding and enforceable agreements with brands who commit to deliver living wage benchmarks to workers through pricing.

“Collective negotiations between workers and employers are important, but in this global economy, they must be accompanied by binding and enforceable agreements with brands who commit to deliver living wage benchmarks to workers through pricing”

The current context of the wage debate

PAY A LIVING WAGE

Case Study

India wage negotiations limited by price concerns

Unions in Tiruppur, Tamil Nadu have been one of successful groups in negotiating and signing a collective bargaining agreement with the industry. The CBA, signed in 2016 with the Textile Exporters Association, guarantees workers a 33% wage hike split over 4 years, with 18% in year 1, and 5% in each successive year. This took the prevailing wage to around 9553 taka for cutters, tailors, ironers and packers¹⁹. Yet this negotiation needs to be viewed also in the context of the fact that the minimum wage for garment workers in Tiruppur hadn't been revised since 2004. Workers said it was impossible to live on minimum wages, due to price inflation. Factory owners strongly resisted minimum wage increases²⁰ saying that any wage increases would put them out of business. Once again, brands, the de facto economic employer in the situation, remained silent on the topic.

The current context of the wage debate

PAY A LIVING WAGE

Case Study

Italy national collective wage agreement undermined by enforcement challenges

The unions in Italy have succeeded in negotiating a national collective bargaining agreement – the CCNL – that ensures a decent wage (in some cases, a living wage, depending on worker band, family size and region) for workers in the Italian industry. The difficulty comes with its enforcement. The industry has a high density of illegal practices in small hidden workshops across the sector – a situation that leaves workers unprotected, with increased risk the further down the supply chain you go. Furthermore, in a sector where the use of subcontracting is widespread, there is a growing trend for agreements signed by employers and trade unions of convenience that undercut the CCNL signed at the national level by the most representative unions. These agreements take away benefits and worker protections and agree to wage levels well below national poverty lines. The further you go down the supply chain (tier 2 and subcontractors) the worse the situation becomes for workers. In these complex supply chains, transparency is key for uncovering illegal practice. Yet luxury brands producing in Italy have not disclosed their supplier lists, and continue to hide behind commercial and competition arguments. Given the dominant scenario in the Italian industry this is cause for concern.

The current context of the wage debate

Voluntary brand initiatives

Whatever the outcome from industry wage setting mechanisms, brand and industry-led initiatives need to engage and ensure workers receive a living wage – which is the focus of this report. Here is a brief summary of a number of collective voluntary approaches that brands are taking to look at wages in the industry. The following list looks only at initiatives that featured brands have reported on in their responses, although there are others (such as the Fair Wear Foundation work etc).

FLA Fair Compensation Programme

The FLA (Fair Labour Association) in the USA has a 'Fair Compensation' programme that aims to provide tools, strategies and data to help brands engage in the topic. Work to date has focused on code standardisation and producing a 'Fair Compensation Tool'. The tool is a spreadsheet that enables brands to work with suppliers to get a wage overview per country and compare their sets of wage data to a variety of benchmarks. The data can be used to start a conversation supplier by supplier about how wages could be increased but no corrective action plans are issued.

Brands involved: Adidas Fruit of the Loom, Nike, PVH, Under Armour, Uniqlo

Outcomes: No wage increases.

Our opinion: Comparing wages paid to benchmarks, including the Asia Floor Wage, reinforces what we already know – that current wage levels are well below a living wage. Although it may be useful for brands to have a clearer idea of the problem, action is needed. The FLA should require members to pay a living wage as a requirement of membership.

German Textile Initiative and the Dutch Textile Covenant

Both government-backed programmes have initiatives to look at purchasing practices and provide training for brands on what to do to move towards a living wage. The German Textile Initiative is also encouraging members to take part in ACT, and is promoting their tool for costing in increased wage figures.

Brands involved: Adidas, C&A, G-Star, H&M, Hugo Boss, Primark, Puma, Tchibo

Outcomes: Collaboration and monitoring only; no wage increases.

Our opinion: Neither of these initiatives are contributing anything new on the living wage debate.

The current context of the wage debate

ACT (Action, Collaboration, Transformation)

ACT is a voluntary agreement between global brands and IndustriALL the global trade union to implement industry-level national collective bargaining processes in garment, textile and footwear sectors. The programme aims to get unions and suppliers to negotiate wages on a national basis, and brands promise to include this negotiated number as a ring-fenced cost in their purchasing practices. Cambodia and Turkey are the initial focus countries. Negotiations haven't yet had any outcome.

Brands involved: C&A, H&M, Inditex, Tchibo, Primark, PVH, Zalando

Outcomes: No wage increases

Our opinion: The programme aims to increase wages at scale. Our concern is that it does not require brands, in a way that is legally binding and enforceable, to significantly increase the prices they pay to suppliers. It fails to address the problem that wage increases must be regional to avoid production relocation. Further, the programme has not adopted a living wage benchmark definition, and says that any wage negotiated is a living wage – a point of disagreement. Wages through this type of negotiation may increase, but, as far as we anticipate due to the global economic model, won't be able to cover the gap between minimum and living wages needed any time soon (if ever).

“Our concern is that ACT does not require brands, in a way that is legally binding and enforceable, to significantly increase the prices they pay to suppliers”

Fair Wage Method

Set up by a former wage practitioner from the International Labour Organisation (ILO), the Fair Wage Method provides tools and systems that companies can use in factories to monitor a variety of wage considerations. These including wages related to hours worked, wages related to performance and skill, avoiding minimum wage violation, wage progression, pay systems etc. The value of a wage being enough to live on – a living wage – is defined as just one of the “12 dimensions of a fair wage”.

Brands involved: H&M, Puma, G-Star

Outcomes: Some projects with FWN report minor wage increases, but not to a living wage level

Our opinion: This practical support may be useful for brands, but given that the value of a wage is only one equal consideration among 12, our concern continues that work with this initiative will divert attention from the need to work towards payment of a living wage.

Survey findings and scores

Survey findings and scores

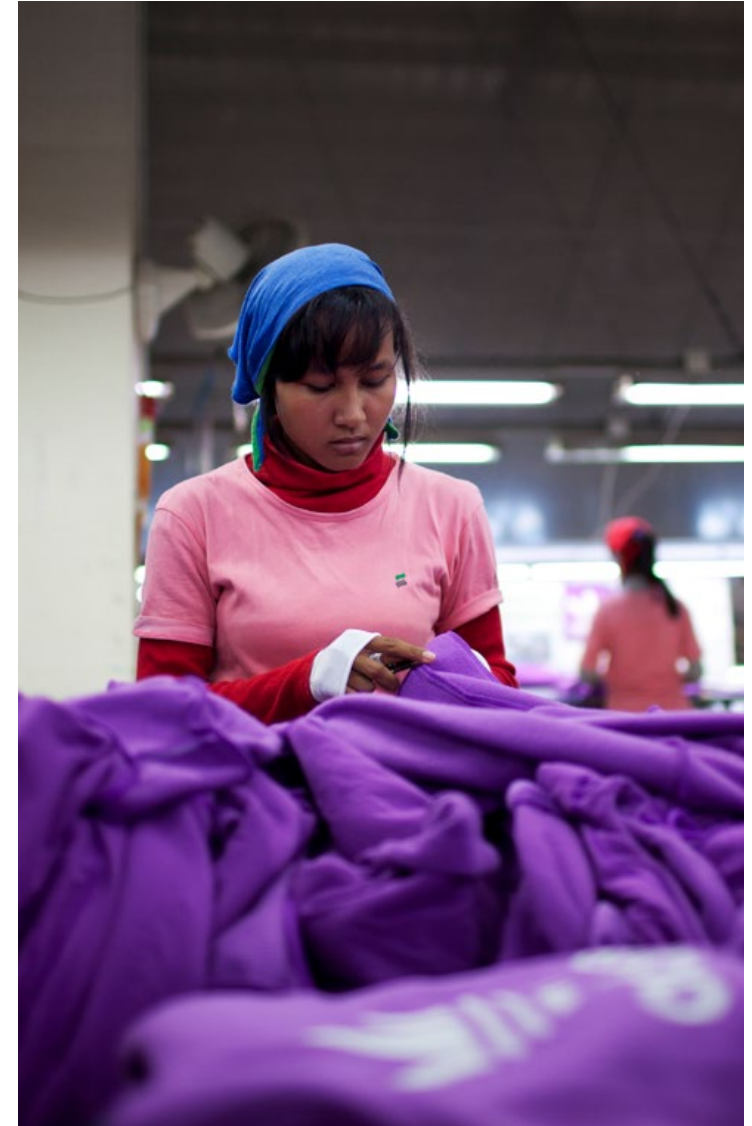


“ Shockingly, almost every brand we gathered data about was unable to tell us that any workers in their supply chain were paid a living wage ”

Almost every brand scored at the lowest level

We asked 20 brands questions about nine areas where we believe they should be taking action to ensure a living wage is delivered. These areas are broadly based on a worker consultation that resulted in the CCC 'Roadmap to a Living Wage', published in 2013²¹. This roadmap covers the essential elements in any functioning living wage strategy. Below you will find an analysis of answers to these questions, detailing which brands are doing more and which are doing less. First of all however, we report on the outcomes to date of any efforts made – are any workers currently being paid a living wage?

Shockingly, almost every single brand we gathered data about was unable to tell us that any workers in their supply chain were paid a living wage.



Survey findings and scores

PAY A LIVING WAGE

Why a results-based approach?

Although there are a number of intermediate steps that brands can take to improve the system as it stands – these are reported on below and some are doing more of these than others – ultimately these actions need to result in the payment of a living wage into workers' pockets. All brands in this survey have chosen, despite the mitigating actions they take, to outsource liability and protection of workers' rights to supplier factories in Asia, Africa and Eastern Europe where labour rights are not upheld and minimum wages are 2 to 5 times less than a living wage. Further, brands actively choose to pay prices that are as low as possible, and pressure suppliers to cut costs at every turn, which effectively forces factories to pay poverty-level wages. The exploitative wage economies brands source in are of their choosing, and, although this makes it more difficult to deliver on human rights, brands have a duty to ensure these rights are upheld in their supplier factories regardless of the national context of their sourcing locations. For this reason, we have chosen to represent overall what brands have achieved based, not on the success in the steps that they have taken to mitigate the problems they brought on themselves by choosing these markets, but rather on the real outcome for workers – i.e. the number of people making their goods who are currently receiving a living wage. Analysis is also made of their interim steps but this is not covered in the scores section below.

Survey findings and scores

The scores

We asked brands to supply information on whether they were committed to ensuring a living wage for the workers who made their goods (85% said they were), about how they defined this living wage in numbers, and how many of the workers making their goods were being paid this wage. Based on this data, we divided all brands we surveyed into 5 categories:

Grade	Criteria	Brands	Brands achieving grade
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B	50% or more of workers in the brand's supply chain earn a Living Wage		0
C	25% or more of workers in the brand's supply chain earn a Living Wage	Gucci (for some Italian production)	1
D	The brand has started to contribute towards payment of a Living Wage, including putting significantly higher labour costs that cover a Living Wage benchmark figure into prices paid to all suppliers		0
E	The brand can show no evidence of a Living Wage being paid to any workers	Adidas, Amazon, C&A, Decathlon, Fruit of the Loom, Gap, G-Star RAW, H&M, Hugo Boss, Inditex, Levi's, Nike, Primark, Puma, PVH, Tchibo, Under Armour, Uniqlo (Fast retailing), Zalando	19

Survey findings and scores

Results of Interim steps

We've grouped results into 3 areas:

- A** Commitment and practice for a living wage, which looks at whether brands have publicly supported the concept of a living wage, if they have and use benchmarks to measure this commitment, if they have a strategy for making it happen, and if they have started projects to put this work into place across their supply chain
- B** Supporting measures that are essential for delivering a living wage, which looks at whether brands have changed their purchasing practices to support any commitment to a living wage, if they have advocated with national governments issuing support for increases in the minimum wage, and if they have been transparent about reporting on their supplier networks and wages paid
- C** Approach to freedom of association, which looks at what steps brands are taking to proactively support unions and their right to bargain for a living wage, and how dialogue and negotiation with labour rights organisations is built into their work

Each section is approached theme by theme and takes an aggregated look at where the brands stand in each of these key areas.

The analysis is based on what brands said they are doing, which has been evaluated against defined criteria from the roadmap (see annex 1 for detail). In some cases, brands sent additional documents or links to public information, and these were checked also. A few brands did not fill in the survey – Fruit of the Loom, Gap, Hugo Boss, Levis, Amazon and Zalando – but they were evaluated nonetheless based on publicly available information and links that they sent.

For more information on the methodology adopted, see appendices in section 7.

Survey findings and scores

Commitment and practice for a Living Wage



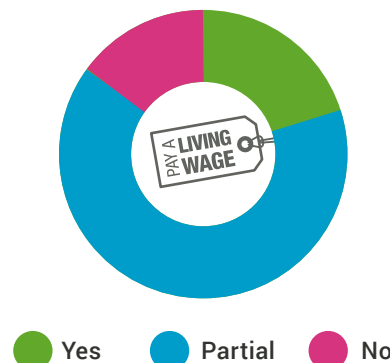
A Living Wage Commitment

What we were looking for and why: A living wage is a human right. Companies should enshrine this in their practices and policies, and then use these commitments to monitor that wages paid are enough to meet a worker and her family's basic needs, and provide remedy where they are not enough until a living wage is paid. This is the start of any clear action to fix poverty wages.

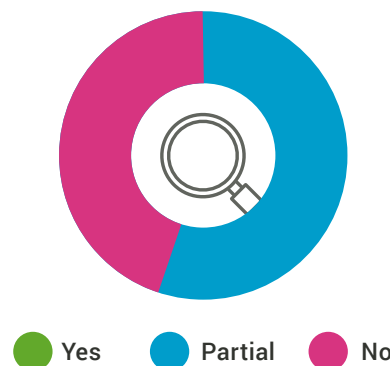
What we found: Explicitly, we were checking to see if companies not only had living wage commitments in their marketing and publicity, but that they included these in their codes of conduct and documents provided to suppliers, and that the definition of a living wage communicated to suppliers included the needs of a family (earned in standard working week before overtime and bonuses).

Four brands – C&A, H&M, Inditex and Tchibo – had commitments to a living wage that specifically mentioned a family in both their publicity and supplier codes. A larger group of brands had these commitments in their supplier codes with a specific mention of basic needs but, no clear mention of a family. Then there were companies like Zalando, which had signed up to initiatives that were aiming for living wage payment, but had no commitment in their supplier documents about wages meeting basic needs. It wasn't considered enough to be a member of an initiative without there being evidence that this was followed through

Has the company published a clear commitment to ensure a living wage is paid across its supplier network?



Does the company monitor supplier compliance with a living wage commitment across its supplier network?



internally. Companies including Amazon, Hugo Boss and Levis made no mention at all about ensuring a living wage was paid to workers in their supply chain.

Secondly we checked if brands had a system for monitoring living wage payment in their auditing, and were promoting action plans to remedy where living wages weren't paid through this process. No brand could demonstrate this across their supplier base. Fruit of the Loom, Under Armour and UNIQLO all mentioned FLA fair compensation programme, which audits 5% of a brand's suppliers annually. This programme provides corrective action plans for wage payment systems, but unfortunately only checks compliance against minimum wage standards.. 'Progressive realisation of a fair wage' is the term used by Nike in its supplier guidance. It indicates steps that suppliers can take to progress towards a 'fair wage' including rewarding performance and experience, implementing equally pay policies, monitoring consumer price inflation and adjusting real term wages, which seemed interesting. However as they don't have a living wage benchmark, it wasn't clear if they were checking payment of a living wage. The vast majority of brands, although codes of conduct said wages should meet basic needs, had no way of monitoring this through audits, and were only checking minimum wage compliance.

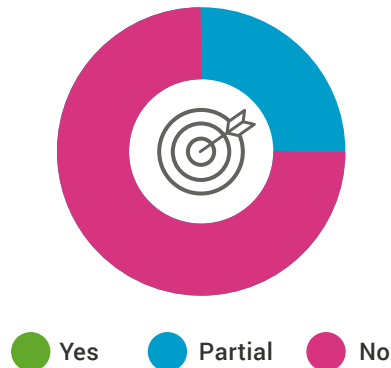
Survey findings and scores

Commitment and practice for a Living Wage



Benchmarks for a minimum living wage

Does the company have figures that it uses to benchmark Living Wages?



What we were looking for and why: Measuring a living wage is vital for knowing if the goal has been achieved. Benchmarks take living wages from an abstract concept to a deliverable goal. To do this, companies need to commit to benchmarks for a living wage based on a cost of living methodology in each of their sourcing countries or regions, and use these figures (or ladders) to drive progress.

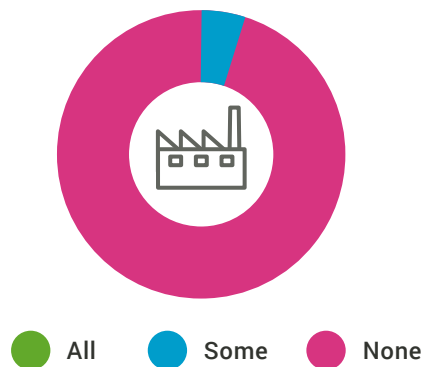
What we found: Many brands involved in the ACT programme – C&A, H&M, Inditex, Primark and Zalando among others – rejected the need for benchmarks and said that they believed that a wage that had been negotiated between unions and employers counted as a living wage. This is conflating a delivery mechanism and a definition. The outcome of a wage being enough to live on is the vital element of a living wage, and how this figure is achieved another matter. Workers should agree the value of a living wage, certainly, but the result of a negotiation is heavily influenced by the unequal power relations of the negotiating parties as well as by the prevailing global and national economic model, and does therefore not guarantee workers their living wage outcome. It is essential to have benchmarks alongside negotiations and other processes to drive wages up, in order to measure if a process has actually delivered the

thing it set out to do: ensure that wages are enough for a worker and her/his family to live without poverty.

Some brands – PVH, Under Armour, Fruit of the Loom and UNIQLO – said they were using a wage data collection tool from FLA to analyze average wage data from suppliers and map this against FLA wage ladders including worker-defined living wage benchmarks.

Tchibo are using wage ladders which they have developed themselves, including the AFW, to map gaps between wages paid and living wage. G-star is doing its own mapping of wage gaps with an external partner and also some work with the Fair Wage Network. Although

How many of the company's suppliers are currently paying its stated living wage benchmark to all workers in their factory?



“It is essential to have benchmarks alongside negotiations and other processes to drive wages up, in order to measure if a process has actually delivered the thing it set out to do: ensure that wages are enough for a worker and her/his family to live without poverty”

Survey findings and scores

Commitment and practice for a Living Wage



Benchmarks for a minimum living wage

“We checked if any brands thought that any of their suppliers were currently paying living wages. No brand was able to provide evidence to show any were”

mapping exercises are clearly laid out, it wasn't clear what action brands were intending to take next to close these gaps following the analysis.

Brands like Adidas, Nike, Puma and GAP reported no way of measuring their living wage commitment, and adopted no benchmarks, passing the duty to ensure this is paid onto suppliers. Having no benchmark indicates to us that wages being enough to meet workers' basic needs is merely an abstract concept for their work.

We checked if any brands thought that any of their suppliers were currently paying living wages. No brand was able to provide evidence to show suppliers outside of Western Europe were paying a living wage.

Of note, Inditex are using a new audit methodology which they say indicates 3,532 of their factories are paying a living wage to workers. However they have no living wage benchmark and no evidence or details that would allow us to evaluate this claim were provided, despite repeated requests for clarification. It is therefore unclear what this is based on. Also of note, Gucci say that 95% of its product is made in Italy by suppliers that all respect a national CBA agreed with the Italian unions – called the CCNL. Gucci argues that salaries set by the CCNL are fair wages. Italy does not have a legal minimum wage,

so the figure negotiated in the CCNL the only figure of reference. We checked the lowest CCNL figure against absolute poverty levels for a family defined by the Italian National Institute for Statistics, and against Wage Indicator Foundation benchmarks. The net CCNL wage falls short of absolute poverty thresholds for a family in the North and Centre of Italy, but not in the South.²² It falls a few hundred euros short of the Wage Indicator Foundation benchmark for a family in all locations. Gucci have not disclosed their supplier list, so factory locations are secret. It makes it difficult to assess the numbers of Gucci suppliers where a living wage might be paid. On top of this, there remain significant difficulties with monitoring and enforcing payment of the CCNL in Italy, with pejorative agreements (also called pirate agreements) undercutting payment of minimum levels in some places (see case study on the Italian context for more details). This is where a challenge lies for Gucci. We have concluded that a living wage is potentially being paid in some Gucci suppliers but by no means all, and these only in southern and rural Italy.

Data from this question was used in the overall living wage outcome assessment to check the percentage of workers currently being paid a living wage.

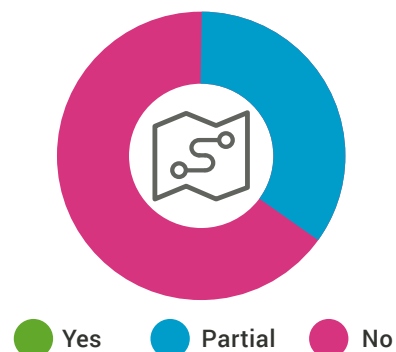
Survey findings and scores

Commitment and practice for a Living Wage

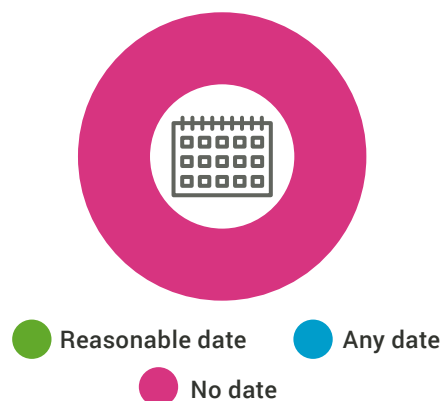


A clear roadmap for implementing a living wage for all workers

Does the company have a public roadmap / strategy for how it will achieve a living wage for all workers across its supplier network?



By what date does the company anticipate that a living wage will be paid to all workers at 100% of its suppliers?



What we were looking for and why: It is not enough for a company to just have a commitment to a living wage without a clear plan for how it will be delivered. We were looking for deliverable, transparent strategies for achieving a living wage across a supplier network, that were scalable and time-bound, with clear milestones and goals. Without these plans, brand commitments to the idea of a living wage are empty.

What we found: No brand was able to show a scalable strategy for achieving a living wage within a specific timeframe. Brands that were part of the ACT initiative were given partial credit on this question, as we believe a process of national collective bargaining may have the potential to modestly increase wages in some production countries. However, this is not a complete strategy for delivering a living wage as it is not yet clear how significant the gains will be from this process, how long these gains will take to achieve, or how many supplier countries the process can be rolled out in. The ACT programme has no benchmark for marking success other than the conclusion of agreements and no timeline for when they anticipate a living wage will be delivered for workers. ACT can be a contributing part in the process for pushing up wages, but from the data available from existing industry collective bargaining

processes²³ (as no negotiated wage has yet been arrived at via ACT, 5 years into the project), gains seem likely to be very marginal and not on the scale needed to bridge the gap of 2-5 times between minimum and living wages that exist in almost all garment producing economies²⁴.

It was disappointing also that no brand was able to give a date when they could anticipate that a living wage would be paid to any of their workers, let alone the vast majority. The only brand that came close to this was H&M, who made a commitment some years ago to ensure that a living wage would be paid to 850,000 workers by 2018. This however turned out to be an empty promise when the deadline had passed. In general, across all brands, there seem to be commitments made by brands to living wages and human rights on a communications level, but no practical steps or timelines are put in place to deliver on these promises.

Survey findings and scores

Commitment and practice for a Living Wage



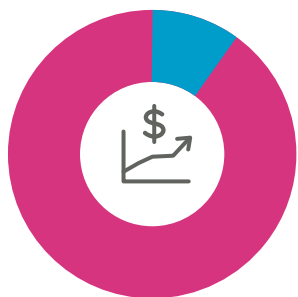
Projects with the potential to achieve a living wage

Do any living wage projects the company is participating in have the potential to achieve payment of a living wage?



● Yes ● Partial ● No

In the last 5 years, as a result of pilot projects to deliver a living wage, by how much have wages increased across this company's supplier network?



● Significant ● Partial ● Not significant

What we were looking for and why: Over and above a general commitment, we were hoping to find that brands had started work in small ways to increase wages in suppliers, and were testing methodologies that had the potential to be implemented across a supplier network and deliver a living wage. We asked also about whether any pilot projects to increase wages in the last 5 years had been successful in any way.

What we found: We didn't find any methodologies being put in place that were working to increase wages to living wage levels and scalable across a whole supplier network. A number of brands mentioned the ACT programme which is indeed replicable in a number of countries and may modestly increase wages, but, as mentioned above, it has yet to deliver any results and we have doubts that it has the potential to achieve payment of a living wage across a brand's supplier networks. It is one piece of a puzzle.

Both H&M and Inditex were able to show wage increases in their supplier base as a result of projects to improve wages. H&M's gains were achieved via a combination of training, productivity and factory improvements, purchasing practices processes and support for industrial relations. Gains were shown in take home pay (rather than basic pay before bonuses and overtime) but

“Both H&M and Inditex were able to show wage increases in their supplier base as a result of projects to improve wages. H&M's gains were achieved via a combination of training, productivity and factory improvements, purchasing practices processes and support for industrial relations”

Survey findings and scores

Commitment and practice for a Living Wage



Projects with the potential to achieve a living wage

“Looking back 5 years to our previous study at what brands reported they were planning deliver, a number of brands stand out notably as having not followed through on project”

they were able to demonstrate a 25% increase in Turkey, 18% increase in Cambodia and 15% increase in China²³. Inditex likewise cited projects supporting industrial relations delivered with IndustriALL, a project to improve management systems with the ILO in China and Turkey, and lean manufacturing projects in China, Portugal and India. Increases of up to 90% in Turkey were listed, although the minimum wage increased by 60%+ in that time, so this may account for the majority of this gain. For both brands, the gap between the wages received and living wage levels remains substantial.

Other projects cited saw some smaller gains. Nike, through a lean manufacturing project at a supplier in Thailand in 2017 delivered an 11% increase in wages, although the method seems to have been about targets related to wage bonuses – a system that can promote overwork and stress in factories. Puma and G-Star both mentioned some work with the Fair Wage Network in Bangladesh and China respectively. No clear significant wage gains were demonstrated.

Looking back 5 years to our previous study at what brands reported they were planning deliver, a number of brands stand out notably as having not followed through on projects. Primark said they were doing pilot projects in Bangladesh and China to improve wages and worker empowerment, but these appear to have been dropped. Adidas was working with the Fair Wage Network to improve wages but this seems to have been dropped. Tchibo is still working on its WE project – a factory by factory programme looking at improving wage systems – but was not able to report on any wage increases from the scheme.

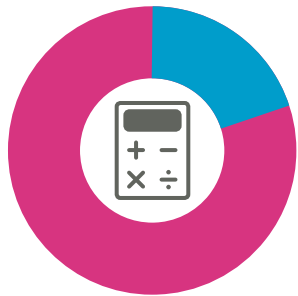
Survey findings and scores

Supporting measures that are essential for delivering a living wage



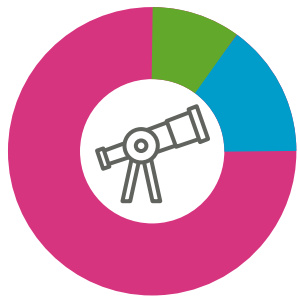
Purchasing practices that make living wages possible

Does the company calculate whether FOB prices paid per piece are sufficient to allow for compliance with its stated living wage standard?



Yes Partial No

Does the company make long-term sourcing commitments at a specific volume to its suppliers?



Yes Partial No

What we were looking for: In the race to the bottom on price, if a living wage is going to be delivered, this right needs to be systematically protected in buying. This involves setting aside (ring-fencing) a sufficient amount per piece and in the order value to ensure living wage payment is possible. Pricing and the role that buyers play in this are key and companies can choose to build buying systems that promote (or prohibit) rights. Having long term relationships with a manageable and stable number of suppliers, and volume commitments to allow suppliers to plan labour supply is also important. We checked if brands could provide specific figures to show decreases in supplier numbers, data on length of relationship with suppliers, and data showing short term contracts had been reduced. We checked too if buyers were taking action to minimise the use of short term contracts promoted through the peaks and troughs of ordering.

What we found: No brand is currently ring-fencing a living wage figure into their product costs. Some are taking interim steps. H&M say a labour cost (but not a living wage benchmark figure) is taken out of its price negotiation and buyers have been trained to ensure this; however, there is no independent data to confirm that this is actually being done. Inditex and C&A both mentioned an open costing system with suppliers where the labour cost is kept as a separate element, although this appears to be tied to a

“In the race to the bottom on price, if a living wage is going to be delivered, this right needs to be systematically protected in buying. This involves setting aside (ring-fencing) a sufficient amount per piece and in the order value to ensure living wage payment is possible”



Survey findings and scores

Supporting measures that are essential for delivering a living wage



Purchasing practices that make living wages possible

“Overall the vast majority of brands who claim to support a living wage were not following through on this with commitments to suppliers that are essential to give the opportunity for wage growth”

minimum wage currently. Tchibo say they have been calculating to check if the FOB price is enough through their monitoring and have identified a significant gap, but have yet to take action to change their purchasing practices. Collectively the brands involved in the ACT programme all said that they are committed to costing in a negotiated wage as and when a collectively bargained wage is agreed. ACT is currently establishing tools for brands to help them do this. However, as no negotiated figure has been reached yet, and there are no purchasing practices changes as a result of the initiative yet put in place, this cannot yet be assessed. We would further encourage ACT to adopt an independent and public monitoring process for these purchasing practices commitments to allow for verification. This would allow external stakeholders to engage in the effectiveness of this activity.

In terms of long term commitment to suppliers, a couple of brands seemed to have robust systems in place. Adidas was able to demonstrate long-term sourcing. Of its 109 strategic suppliers making 83% of its product, more than 84% had been suppliers for 5+ years, and more than half for 10+ years. Volume commitment was related to performance however, rather than pre-agreed. G-Star said that over 50% of their product was made with suppliers they had a relationship with for

10+ years, and that they made volume commitments with strategic suppliers for 3 years to cover major programs. Some brands, including PVH and Inditex said that they will make long term sourcing commitments to suppliers when ACT negotiations happen, but Inditex added “owing to our business model, we do not make volume guarantees” (which is one of the issues with fast fashion). Overall the vast majority of brands who claim to support a living wage were not following through on this with commitments to suppliers that are essential to give the opportunity for wage growth – Decathlon, Fruit of the Loom, GAP, Under Armour, UNIQLO and Zalando.

C&A, Nike and H&M were all able to show reductions in their supplier numbers in the last 5 years, achieving 39%, 33% and 14% respectively. Other brands, including Tchibo and Decathlon had portfolio consolidation processes where buyers had to drive orders into a defined pool of authorised suppliers, based on compliance.

Adidas and H&M both had clear policy on limiting the use of repeated short term contracts, and Nike went so far as to put a cap of 15% on temporary or short-term contracts at suppliers – a figure that is audited against. There was no clear evidence from any brand of these policies significantly reducing the use of short term contracts in suppliers.

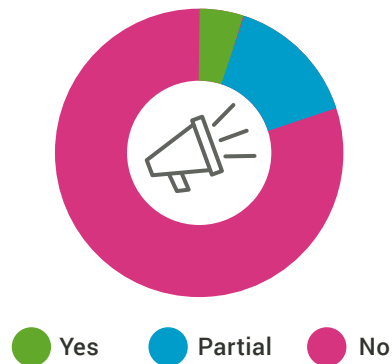
Survey findings and scores

Supporting measures that are essential for delivering a living wage



Advocacy for an increase in the minimum wage

Has the company sent public statements supporting specific demands for increased minimum wages to governments and employers assuring them that production will not be relocated as a result of wage increases?



What we were looking for: One way wages can be increased fairly is for governments to set minimum wages at a living level. For this to happen in the face of global competition between markets, brands need to specifically offer positive support for increasing minimum wages to governments and employers associations, giving reassurance of their continued sourcing following increases. We were looking for public support rather than behind the scenes conversations, and support for union demands or living wage figures where appropriate.

What we found: There was a trend for brands to group together under the banner of MSIs to lobby governments about minimum wage setting processes. Many of these lobbying efforts were hidden and not supported by public statements so it isn't clear if lobbying was in support of wage increases or not. As well as other negotiations, we looked specifically for support for demands for increases in the minimum wage negotiations in Bangladesh in 2018. Helpful letters were sent by the Fairwear Foundation, German Textile Partnership, and Dutch Textile Partnership, supported by member brands. The German Textile Partnership letter included commitment to continued sourcing and support for the union demand. Inditex

alone independently issued a statement on its website in support of the process encouraging the Bangladeshi government to agree to the workers' demand. Gucci also cited work lobbying the Italian government about wages – once again a closed process. Tchibo told us they didn't lobby the Bangladeshi government for an increase in 2018 because they had been told that cost of living would go up by the same amount, cancelling out any gains, which we think is an economically flawed argument. Brands like H&M and Adidas who have made public plans to encourage governments to set minimum wages at a liveable level, were notably absent from public support for the 2018 Bangladesh negotiations.

“Brands like H&M and Adidas who have made public plans to encourage governments to set minimum wages at a liveable level, were notably absent from public support for the 2018 Bangladesh negotiations”

Survey findings and scores

Supporting measures that are essential for delivering a living wage



Transparency

What we were looking for: Implementing a high degree of transparency in monitoring and reporting, is essential in finding solutions to the complex human rights issues in global production. As a starting step, brands should be clear about where a company's suppliers are, how many workers they employ, and their ownership structures, and also to report on wages paid to allow consumers and worker organisations to monitor progress towards a living wage.

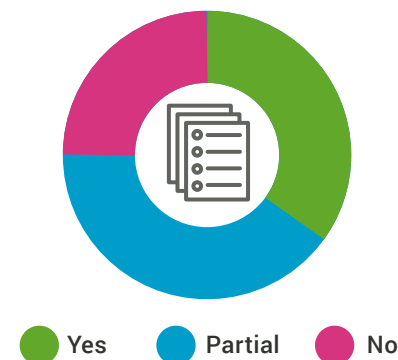
What we found: 75% of the brands we surveyed have now published some form of supplier list, with Amazon, Decathlon, Gucci, Inditex and Zalando notably dragging their feet. This is a marked change in recent years. There is a variety in the quality of data published, with many not disclosing parent companies or data past

“As a starting step, brands should be clear about where a company's suppliers are, how many workers they employ, and their ownership structures, and also to report on wages paid to allow consumers and worker organisations to monitor progress towards a living wage”

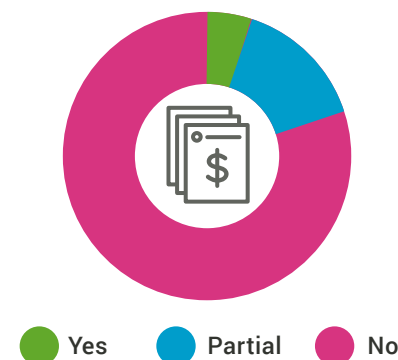
tier 1 (factories assembling clothing). Best practice includes Nike, where in addition to their map, a machine-readable download of their data in a variety of categories is available, showing gender, migrant worker numbers, as well as location, sub contractor relationships and more. It should be stated that although Inditex's supplier list is not public Inditex do selectively disclose the list to IndustriALL and the ILO. Inditex are also running a test project called Fabricado no Brasil (Made in Brazil) where customers can scan a garment to know the factory and details about where the garment was made.

Some aggregated data on wage figures is now being published by brands, but not much. H&M notably is publishing aggregated average wages vs minimum wages by main production country. Inditex disclosed very aggregated wage data from audits in its annual report, and Gap disclosed similar data from its audits showing percentage of violations of wage standards by country. Meanwhile Puma published aggregated data about numbers of suppliers paying above min wage, and those covered by CBAs. Most of these data sets were too general to be useful for the purpose of monitoring progress towards living wages, but a start nonetheless. More is needed.

Does the company publish a public list of suppliers, including address, parent company, products and numbers of workers, for tier 1 and its wider supplier network?



Does the company publish information on wages currently paid to workers at its suppliers?



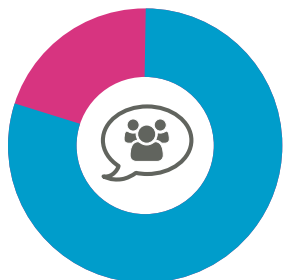
Survey findings and scores

Approach to freedom of association



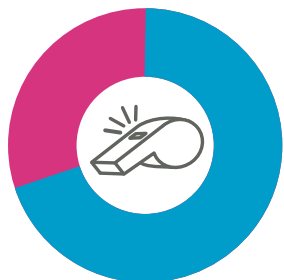
Active support for Freedom of Association

Has the right to Freedom of Association and Collective Bargaining been clearly communicated to employers and workers in supplier factories and subcontractors?



● Yes ● Partial ● No

Does the company have an accessible, independent, confidential means by which workers at supplier factories can file and follow up on complaints about violations of freedom of association and collective bargaining rights?



● Yes ● Partial ● No

What we were looking for: Active support for Freedom of Association (FOA) is difficult to quantify, yet essential if living wages are to be achieved. We asked 8 questions covering a variety of measures that brands could take with suppliers to actively promote freedom of association and the right to collective bargaining. We were looking for brands to take practical and positive steps to support the potential for unions to form in suppliers: through actively promoting FOA; providing space and time in the workday for union activity; promoting and monitoring suppliers bargaining with unions; brands using buying to show preference for suppliers with union representation; effective grievance mechanisms to remedy violations of freedom of association; and policies to only choose suppliers who actively take steps to promote this vital set of rights and freedoms.

What we found: Most brands had some way that the right to freedom of association and collective bargaining was promoted actively to workers, via posters or trainings. Only Amazon, Decathlon, PVH and Zalando were not able to show this. Notably C&A and Inditex's training programmes with suppliers as part of their work with IndustriALL seemed to cover a number of suppliers and countries, and focus on promoting freedom of association. No brand issued union access statements to workers.

No clear best practice shown on the topic of whether brands

“We were looking for brands to take practical and positive steps to support the potential for unions to form in suppliers”



Survey findings and scores

Approach to freedom of association



Active support for Freedom of Association

“Overall the vast majority of brands who claim to support a living wage were not following through on this with commitments to suppliers that are essential to give the opportunity for wage growth”

ensure suppliers give workers paid time off for union activities, or provide a space in the workplace for union activity. Brands including Puma and C&A said that union activities in factory time were monitored via audits, as was union office space. Puma, Adidas and Nike have signed the Indonesia Protocol²⁶ which also promotes these accesses and rights.

Adidas, Inditex, G-Star, Puma, H&M and C&A said that checking the requirement to bargain with duly constituted unions was included in audit processes. C&A said that if there is a formally recognised union in the factory, audits included a designated interview with the union leader and randomly selected union member to see if negotiations were happening. Primark said that its suppliers were obligated, through ACT, to bargain with unions for a national industry collective bargaining agreement.

Scorecard systems were used in buying to promote freedom of association by some brands including Primark, Inditex, G-Star and H&M, but generally these systems would discourage buying from suppliers who failed audit criteria, rather than actively promote preference for factories where workers had representation. Only H&M noted that trade union representation was listed as a separate element in their scorecard system, promoting in some way buying from

suppliers with representation. No brand was clear about how they verified genuine trade union representation rather than worker committees or yellow unions.

A number of brands had worker hotlines for taking and processing grievances, some more widely promoted and others hidden on websites with little promotion. No brand had an independent process for all countries that could be shown to solve grievances. Adidas say they have worker hotlines in each country, staffed by internal employees (some via external NGOs) in local language, with national response mechanisms, and an app based complaints mechanism for suppliers. Adidas says it has also written an anti-retaliation clause into its grievance reporting system whereby workers can report retaliation, seek investigation, and obtain redress. Inditex has a committee of ethics and a whistle blowing mechanism promoted in all suppliers, which has received 181 cases in the last year – so some evidence of use. It is however an internal mechanism so independence and anonymity can't be ensured. Most brands were unable to provide evidence of grievance mechanisms being used or evidence of hotlines promoting action to actually solve cases.

We asked brands if they had a policy to only do business with suppliers who actively promoted freedom of association. No brand was doing this.

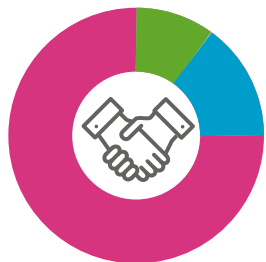
Survey findings and scores

Approach to freedom of association



Dialogue and negotiation with unions and labour rights organisations

Can the company demonstrate the existence of Collective Bargaining Agreements negotiated with independent trade unions in its supplier factories, which include agreement on paying above the legal minimum?



Yes Partial No

Has the company signed any legally binding agreements with workers in garment exporting countries, concerning prices paid to suppliers, wages above the legal minimum and other conditions?



Yes Partial No

What we were looking for: Industrial Bargaining for better wage levels is the main tool available for workers to increase their wages. We wanted to monitor if brands knew of CBAs signed in their supplier factories that were doing work to increase wages. Also we asked if brands themselves had signed any legally binding agreements to increase wages in garment exporting countries.

What we found: Gucci has agreed in Italy – where they say 95% of their production happens – to comply with the nationally bargained CBA. This agreement (the CCNL) includes many benefits on healthcare, paid parental leave etc and provides a wage that is enough to take a family over the absolute poverty threshold in some cases, if factories are based in the south and the islands. In the North, where many factories are, it is only enough in rural areas for a small family. Nonetheless this is a strong agreement for workers, despite enforcement challenges (see case study). Inditex say they monitor the existence of CBAs in their suppliers and that there are 1339 in existence in their supply chain. 1194 of these are in Europe, 91 in South and East Asia. C&A say CBAs cover 36% of their production, with figures above minimum wage levels and other benefits. However, no brand demonstrated

whether these CBAs were with independent unions, or the content of agreements. Other brands also said they had recently started monitoring CBA coverage but had no results yet to show.

A number of brands cited work with IndustriALL through Global Framework Agreements, including Inditex, H&M and Tchibo. These collaborations seemed to improve training and access on freedom of association and some level of dealing with complaints.

No brand has yet signed any legally binding agreement themselves, with workers in garment exporting countries, to ensure increases in wages at their suppliers.

“No brand has yet signed any legally binding agreement themselves, with workers in garment exporting countries, to ensure increases in wages at their suppliers”

Brand profiles

Brand profiles



Adidas

Brands: Adidas, Reebok

Evidence that workers are being paid a LW: No evidence presented

Company approach to payment of a living wage:

Adidas say that their approach to 'fair wages' is to: ensure that prices they pay to suppliers cover legally mandated minimum wages and benefits, or wages negotiated through collective bargaining; advocate with governments to ensure that minimum wage setting takes into account workers' living costs; strive for stable, long-term sourcing relationships with suppliers; audit and take enforcement action to make sure wages are paid a freedom of association is supported; and to encourage suppliers to improve social dialog, including participation in collective bargaining.

Comment: It is disappointing that a company as influential as Adidas has yet to develop a clear work plan to increase wages in its supplier base. We found no evidence of work to bridge the gap between minimum and living wage. Adidas say they support functioning industrial relations as their strategy, but they couldn't report the existence of any CBAs in their supply chain. Adidas also say that they want to promote the increase in minimum wages, but during the Bangladesh minimum wage negotiation in 2018 they failed to make a public statement supporting any increases. We would encourage Adidas to re-address its commitment to this issue, adopt benchmarks for use in purchasing, and publish a plan. Adidas should also engage with other brands in negotiating and signing legally-binding, enforceable agreements on wages with worker representatives to deliver living wage promises.

It is disappointing that a company as influential as Adidas has yet to develop a clear work plan to increase wages in its supplier base



Brand profiles

Amazon (own brands)

NB. This brand did not respond to our survey

Brands: A massive 70+ own brand clothing and footwear labels, including Amazon Essentials²⁷.

Evidence that workers are being paid a LW: No evidence presented

Company approach to payment of a living wage: None shown.

Comment: Amazon have no policy on living wage and make no mention of wages being enough to cover workers' basic needs in their supplier code. It is appalling that a market player of this size and influence has managed to take so little responsibility for human rights at its suppliers, and has taken such a hands off approach to this vital issue. Amazon must step up its game, commit to ensuring its business provides decent work and living wages to workers who make its goods, and look into supporting legally-binding, enforceable ways to deliver a living wage in its supply chain.

Amazon must step up its game, commit to ensuring its business provides decent work and living wages to workers who make its goods



Brand profiles

C&A

Brands: Angelo Litrico, C&A, Clockhouse, Here+There, Palomino, Rodeo, Westbury, Yessica and Your Sixth Sense

Evidence that workers are being paid a LW: No evidence reported against real wage benchmarks. C&A say that 36% of workers are covered by some form of collective bargaining agreement, which is their way of measuring a living wage.

Company approach to payment of a living wage: C&A has joined the ACT initiative and is engaging with a group of brands looking to establish national level collective bargaining in some supplier countries.

Comment: As discussed previously in this report, ACT is not a scalable strategy for achieving living wage within a specific timeframe. Due to the global economic model, national level CBA negotiations may take a long time, or never reach a living wage level. C&A should adopt a living wage benchmark based on a cost of living methodology, and use this to measure against its own wages, and to check back on the success of the ACT process. They should also use ring-fenced living wage figures based on a cost of living methodology in their pricing, and take action to support legally-binding, enforceable agreements that can be signed with worker representatives to deliver a living wage.

C&A should adopt a living wage benchmark based on a cost of living methodology



Brand profiles

Decathlon

Brands: Aptonia, Artengo, B'Twin, Caperlan, Domyos, Fouganza, Geologic, Geonaute, Inesis, Kalenji, Kipsta, Nabaiji, Newfeel, Orao, Outshoc, Oxelo, Quechua, Simond, Solognac, Subea, Tribord, Wed'ze.

Evidence that workers are being paid a LW: No evidence presented

Company approach to payment of a living wage: Decathlon have a compliance programme which monitors minimum wage or collectively bargained wage payment. They say: "Decathlon Suppliers must pay workers a fair wage and benefits that meets basic needs, and that is no lower than the minimum national level, industry level or collective bargaining one."

Comment: Decathlon did not report any work that was significantly increasing workers' wages and had no clear plan for how living wages could be paid, which is disappointing. Its approach is based on auditing and some training programmes to increase skill and productivity of workers. This has led to a maximum of 10% increase in salary in one key supplier. Decathlon should stop passing on responsibility for ensuring that wages are enough to meet basic needs to suppliers, and take responsibility for the role its own purchasing practices play in wages. Decathlon should also engage with other brands in negotiating and signing legally-binding, enforceable agreements on wages with worker representatives to deliver on living wage promises.

Decathlon did not report any work that was significantly increasing workers' wages and had no clear plan for how living wages could be paid



Brand profiles



Fast Retailing

Brands: Uniqlo, J Brand, Theory, Helmut Lang and Comptoir des Cotonniers

Evidence that workers are being paid a LW: No evidence presented

Company approach to payment of a living wage:

Fast Retailing are working with FLA Fair Compensation Programme: "Fast Retailing is currently collecting wage data using FLA's wage tool kit and benchmarks in a panel of factories located in China, Bangladesh, Vietnam and Cambodia. An analysis is on-going to identify any gap towards living wage...From there Fast Retailing will continue to scale and develop its program committed to achieving fair compensation for workers."

Comment: No evidence was found of any work to boost wages for workers. Uniqlo are using FLA tools to analyse gaps between wages paid and living wage levels and say they will use this data to develop a programme to achieve fair compensation for workers. We look forward to seeing this, and encourage Uniqlo to address its own purchasing practices as the key part of this work. As a tool, Uniqlo must consider negotiating and signing legally-binding, enforceable agreements on wages with worker representatives to deliver on living wage promises. No progress so far, action needed.

Uniqlo must consider negotiating and signing legally-binding, enforceable agreements on wages with worker representatives to deliver on living wage promises



Brand profiles

Fruit of the Loom

NB. This brand did not respond to our survey

Brands: Brooks, Spalding, Fruit of the Loom, Funpals, Russell Athletic, Screen Stars and Underoos

Evidence that workers are being paid a LW: No evidence presented

Company approach to payment of a living wage: Fruit of the Loom say on their website that they are working with the FLA's Fair Compensation programme: "Where compensation does not meet workers' basic needs and provide some discretionary income, Suppliers will work with the Fair Labor Association to take appropriate actions that seek to progressively realize a level of compensation that does."

Comment: Fruit of the Loom have a commitment to ensure that wages paid to workers are enough to meet their basic needs, but there is no evidence that they have any strategy for making this a reality. Responsibility so far seems to be passed on to suppliers only. The FLA fair compensation programme can provide tools for FotL to get a better picture of the gaps between wages paid and living wage, but they then need to put a plan into action to bridge this gap, starting with addressing purchasing practices. FotL should consider that voluntary initiatives that offer no solution for delivering a living wage can only take them so far, and explore support for legally-binding, enforceable measures that can be signed with worker representatives to deliver a living wage. No progress so far.

Fruit of the Loom have a commitment to ensure that wages paid to workers are enough to meet their basic needs, but there is no evidence that they have any strategy for making this a reality



Brand profiles

GAP

NB. This brand did not respond to our survey

Brands: Athleta, Banana Republic, GAP, Hill City, Intermix and Old Navy

Evidence that workers are being paid a LW: No evidence presented

Company approach to payment of a living wage: GAP has no clear programme to address wages. It says: "We require suppliers to pay at least the legal minimum or industry wage, whichever is higher...We recognize that addressing this important issue is a shared responsibility, and that our purchasing practices can have an impact on wages of workers in our supply chain."

Comment: Given that GAP have had a commitment to ensure wages are enough to meet workers basic needs in their policies for over 15 years, it is shocking that they have failed to make any progress whatsoever towards its payment. GAP monitor if minimum wages are paid and seem to not acknowledge the difference between this and a wage that is enough to live on and support a family. As a first step GAP should engage and publicly report on the gaps between wages paid and living wage levels, then announce a plan to address this. As voluntary measures have delivered no outcomes for its work to date, we recommend that GAP sign a legally-binding, enforceable agreement with worker representatives to follow through on its code commitment to a living wage, which includes a commitment to pay significantly higher prices to suppliers, affording them the financial capacity to pay a living wage. No progress so far, action needed.

Given that GAP have had a commitment to ensure wages are enough to meet workers basic needs in their policies for over 15 years, it is shocking that they have failed to make any progress whatsoever towards its payment



Brand profiles



G-Star RAW

Brands: G-Star RAW

Evidence that workers are being paid a LW: No evidence presented

Company approach to payment of a living wage:

G-Star have been doing some mapping of wages in their supply chain to understand the gaps and are developing a strategy. G-Star say: "Wage development is primarily a role for the government, however, we also believe that we have the ability to contribute to a positive change... Setting up a long-term approach for implementation of a Living Wage – and finding a suitable partner to roll this out at scale – is one of our core priorities in 2019."

Comment: It is good that G-Star is mapping wages in its supplier base against living wage benchmarks and considering options for how to progress, but more action is needed. G-Star should look at its own purchasing practices as a starting point and build in ring-fenced living wage figures based on a cost of living methodology into pricing. No brand seems to have made much progress with voluntary measures, so, if G-Star is serious about its desire to contribute to positive change, it should negotiate and sign legally-binding, enforceable agreements with worker representatives to deliver a living wage, including a commitment to pay significantly higher prices to suppliers.

G-Star should look at its own purchasing practices as a starting point and build in ring-fenced living wage figures based on a cost of living methodology into pricing



Brand profiles

Gucci (Kering Group)

Brands: Gucci

Evidence that workers are being paid a LW: Partial. Gucci say that 95% of their manufacturers are based in Italy, and they pay a wage value negotiated in a national collective bargaining agreement in all suppliers, but this wage only covers a living wage in a limited number of cases (see footnote 22).

Company approach to payment of a living wage: As well as internal audit mechanisms, Gucci is a member of SAI and says it has been contributing to work with the Global Living Wage Coalition to define living wage benchmarks. They also say: "With the support of BSR and the Fair Wage Network, we are working on developing a robust living wage database that has a local perspective and incorporates government and NGO data sets."

Comment: In Italy, where Gucci say most of their production is based, living wages are still very much a live issue, where in-work poverty is a real concern in low wage manufacturing. Our note on the value of the wage paid via the CCNL compared to national poverty statistics demonstrates that Gucci should evaluate if wages in its supplier factories in all locations are enough to support workers' basic needs and the needs

of their families. Ensuring the CCNL is respected at all levels of the supply chain in Italy, especially from Tier 2 onward where the illegal and shadow economy flourishes, is surely a huge challenge and Gucci were not able to show how this was achieved. Gucci also said little about their outsourcing to Eastern Europe and other countries where conditions and wages are lower still – see the recent CCC report on 'Europe's Sweatshops' where Gucci production was identified. Gucci gave no benchmarks or policy for delivering living wages in these countries, and we suspect that they may be in denial about the extent of their production outsourcing there. We would encourage Gucci to not just define a living wage in its database project, but to go further to build significantly higher wages into its pricing, to ensure suppliers are able to pay living wage levels in all countries where production happens, and at all levels of outsourcing. Voluntary measures to date have not delivered on living wage promises in most production areas, so Gucci should consider negotiating and signing legally binding, enforceable agreements with worker representatives to deliver a living wage, particularly where it produces goods outside Italy, including a commitment to pay significantly higher prices to suppliers that cover living wage levels.

Gucci should consider negotiating and signing legally binding, enforceable agreements with worker representatives to deliver a living wage where it produces goods outside Italy



Brand profiles

H&M

Brands: H&M, COS, Monki, Weekday, & Other Stories, Cheap Monday, ARKET and Afound

Evidence that workers are being paid a LW: None. H&M report publicly on average wages paid against minimum wages, but none of these yet meet living wage benchmarks.

Company approach to payment of a living wage:

H&M's approach to fair living wages is based on the Fair Wage Network methodology – improving wage management systems at strategic suppliers, encouraging worker empowerment, and improving purchasing practices. They are also participating in the ACT programme to establish industry level collective bargaining in some supplier countries.

Comment: Despite many public statements on ensuring a living wage is paid for workers in its supply chain, H&M is still far from securing its goal. Compared to other brands, H&M have pushed themselves ahead of the pack by making a commitment and reporting publicly on its achievements. Yet reporting has not been against real living wage benchmarks, but rather comparing minimum wage figures to average take home pay. There is still a significant gap between wages paid and living wage levels. We wouldn't object to this so much if H&M weren't so keen to announce this as a done deal – goal achieved. Some small progress has been made but they have no plan yet that looks like it will reach a living wage level. H&M are participating in the ACT initiative with IndustriALL and other brands which may result in some wage increases but it remains to be seen how significant these will be, and seems unlikely to reach near living wage levels. H&M should adopt a cost of living benchmark to measure a living wage, and use this to check back on the success of the ACT process, as well as in pricing, and in its public reporting against wages paid. Most of all, given the disappointing results delivered by voluntary initiatives, H&M should negotiate and sign legally-binding, enforceable agreements with worker representatives to deliver on living wage, which include commitments to pay significantly higher prices to suppliers to enable the payment of cost of living-based living wage benchmarks.

H&M should adopt a cost of living benchmark to measure a living wage, and use this to check back on the success of the ACT process



Brand profiles



Hugo Boss

NB. This brand did not respond to our survey

Brands: Hugo Boss

Evidence that workers are being paid a LW:

No evidence presented

Company approach to payment of a living wage:

Hugo Boss has no clear programme to address wages

Comment: Hugo Boss has wording about wages being enough to cover workers' basic needs in their code of conduct but that is where the action ends. There is no evidence in the public sphere that Hugo Boss are taking action to bridge the gap between minimum wages and the amount needed to feed a family. All in all, disappointing and unacceptable for such a high profile brand. Hugo Boss must follow through on its code of conduct wording, and pay a living wage. The way to do this is to negotiate and sign legally-binding, enforceable agreements with worker representatives, which commit to purchasing practices that cover a living wage. No progress so far, action needed.

Hugo Boss must follow through on its code of conduct wording, and pay a living wage



Brand profiles

Inditex

Brands: Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Uterqüe

Evidence that workers are being paid a LW:

None. Inditex say that 3,532 factories are paying a living wage – 70% of factories – according to their new audit methodology, but gave no benchmark to measure this by and did not clarify the methodology behind the figure.

Company approach to payment of a living wage:

Inditex say: “Inditex's living wage strategy is based on five pillars that encourage and promote the fair negotiation of wages: Promoting collective bargaining; Responsible purchasing practices; Improved working methods and systems; Collaboration with other stakeholders and Support for campaigns.” Inditex are also taking part in the ACT programme.

Comment: Inditex's claim that 3,532 factories are already paying a living wage is interesting but they were not able to back this assertion up with any living wage benchmarks (in fact they say they have none), and did not supply the methodology behind this figure despite repeated requests for clarification. To us, it is unclear how they can measure a living wage without having figures to define the term. Without evidence, and when the vast majority of their peers answered 0% to this question, knowing that many factories are shared, we can't help but question this claim. We continue to invite Inditex to provide the living wage benchmarks used to audit the wages paid at its suppliers, make the methodology clear, and clarify this claim by presenting evidence of the actual wages paid. Aside from this Inditex listed a lot of programmes in collaboration with various stakeholders, including their GFA with Industriall and work with ILO. ACT, once again, was promoted as a main tool for delivering a living wage. As previously stated, we believe the ACT process may increase wages in some countries, but we feel it is highly unlikely to bridge the significant gaps between existing prevailing wages and living wage levels, and is not a scalable strategy for achieving a living wage for all workers within a specific timeframe. Inditex should sign legally-binding, enforceable agreements with worker representatives to deliver a living wage, which commits it to paying prices to suppliers which cover a cost of living for a workers' family.

To us, it is unclear how Inditex can measure a living wage without having figures to define the term



Brand profiles



Levi Strauss & Co.

NB. This brand did not respond to our survey

Brands: Levi's, Dockers, Signature, Denizen

Evidence that workers are being paid a LW:

No evidence presented

Company approach to payment of a living wage:

None shown.

Comment: Levi's are one of 3 companies in this study who have not even included wording about wages being enough to meet workers' basic needs in their policies – a shocking fact. The company reportedly left the ETI in 2007 because it refused to put this wording into its code, saying that it wasn't achievable. International Human Rights guidance nonetheless says that Levi's has a duty to ensure the people who make its clothes earn enough to live with dignity. Perhaps Levi's is right in identifying that voluntary measures to deliver a living wage, via auditing and codes of conduct, haven't worked. A legally-binding and enforceable approach to delivering a living wage is possible and achievable if Levi's is willing to negotiate and sign living wage agreements with worker representatives, and commit to paying higher costs to cover living wage payment. Levi's needs to step up and commit to work to combat poverty in its supply chain. It is urgent and essential.

Levi's needs to step up and commit to work to combat poverty in its supply chain. It is urgent and essential



Brand profiles



Nike

Brands: Nike, Jordan, Cole Haan, Converse, Hurley, Umbro

Evidence that workers are being paid a LW:
No evidence presented

Company approach to payment of a living wage: Nike say: "Nike's Code of Conduct and Code Leadership Standards require a progressive realization of a fair wage, in which suppliers commit to developing and implementing a process that incrementally moves employee compensation (wages and benefits) over time toward meeting employees' basic needs including some discretionary income."

Comment: Nike's work promoting methods to improve wages with suppliers is interesting, but it is not using any benchmarks to measure a living wage, and the commitment isn't being used at all in its purchasing. Passing all the responsibility on to suppliers to improve pay systems won't work, when global brands control the economics of supply chains. Nike needs to address its own purchasing, and build in the cost of wage increases into its buying systems. An 11% increase in wages at some factories through helping management improve productivity won't scale to the kind of changes needed to eliminate poverty for workers. The voluntary measures tested so far haven't delivered on a living wage. Nike should consider signing legally-binding, enforceable agreements with worker representatives to deliver on a living wage. Only through really backing up commitments with enforceable agreements can change be made.

Nike needs to address its own purchasing, and build in the cost of wage increases into its buying systems



Brand profiles

Primark

Brands: Atmosphere, Cedar Wood State, Denim Co., Earlydays, Love to lounge, No Secret, Ocean Club, Opia, Primark, Rebel, Secret Possessions and Young Dimension

Evidence that workers are being paid a LW: No evidence presented

Company approach to payment of a living wage:

Primark has joined the ACT initiative and is engaging with a group of brands looking to establish national level collective bargaining in some supplier countries. They say: "Primark is committed to ensuring that workers in its supply chain are paid a living wage...We acknowledge the inherent challenges in defining and calculating a living wage, and ensuring that there are effective mechanisms for delivering it, and therefore we support a negotiated approach as the most practical and sustainable method of achieving a living wage."

Comment: As a global brand pushing fast and cheap retail, Primark need to prove that their model isn't exploiting workers who make their goods. Yet Primark are unable to show that any of the workers making their clothes are being paid a living wage. Primark say that they reject the need for benchmarks to measure what a living wage means, as they plan to define a living wage as any number negotiated between unions and employers going forwards. While wage negotiations are certainly a major tool for increasing wages, a living wage remains a defined amount – a value that is enough to live on. This is separate from the method used to achieve this figure. Primark's slight of hand to avoid taking responsibility for workers' dignity has not gone unnoticed. Primark should reconsider, adopt cost of living-based benchmarks, and start to build these into their purchasing practices. ACT, as noted above, may increase wages in some countries, but is not a scalable strategy for achieving living wage within a specific timeframe. Primark should sign a legally-binding, enforceable agreement with worker representatives to deliver a living wage, which commits it to paying prices to suppliers which cover a cost of living for a workers' family.

As a global brand pushing fast and cheap retail, Primark need to prove that their model isn't exploiting workers who make their goods



Brand profiles



Puma

Brands: Puma

Evidence that workers are being paid a LW: No evidence presented

Company approach to payment of a living wage:

Puma say: "All our suppliers are already contractually bound to pay a fair wage as defined in our Code of Conduct. In addition, we have just finished a Fair Wage Project in Bangladesh with the Fair Wages Network."

Comment: Puma have made a commitment to ensuring living wages are paid, but there no evidence that they have any clear strategy for making this a reality, and there is no evidence of any outcomes showing workers being paid enough to live on. A project with the Fair Wage Network in Bangladesh doesn't have any clear outcomes. They did report a high number of CBAs in their suppliers – with 33% of suppliers in Cambodia claiming CBAs including wages above minimum levels, 50% in Indonesia, and 91% in Vietnam. However, we were unable to independently verify these claims and given the legal restrictions on independent unions in Vietnam, it is virtually impossible that any of Puma's suppliers there have genuine independent trade unions. Puma must put a plan into action to bridge the gap between wages paid and living wages, rather than pass the responsibility for action on to suppliers. They could start with addressing their own purchasing practices in a concrete way, by negotiating and signing a legally-binding and enforceable agreement to deliver living wages with independent worker representatives. No progress so far.

Puma must put a plan into action to bridge the gap between wages paid and living wages, rather than pass the responsibility for action on to suppliers



Brand profiles

PVH

Brands: Calvin Klein, Tommy Hilfiger, Van Heusen, IZOD, ARROW, Speedo and Warner's

Evidence that workers are being paid a LW: No evidence presented

Company approach to payment of a living wage:
PVH say: "PVH follows the FLA's Fair Compensation Work Plan and is working towards fair compensation... As part of this work, PVH is mapping the impact of paying wages below a living wage level through the FLA's assessment of purchasing power of average compensation in countries where our suppliers are concentrated... Furthermore, as a member of ACT, PVH is working alongside other global brand owners and IndustriALL to support industry-wide collective bargaining agreements at a national level to establish living wages."

Comment: PVH told us of no clear work so far which has boosted wages for their workers, which is disappointing. They are engaging with a group of brands looking to establish national level collective bargaining in some supplier countries – ACT. As stated above, we hope that ACT will see some wage increases delivered, but we doubt that the programme has the potential to bridge the gap between wages paid and living wage levels, and it is not a scalable strategy within a set timeframe to ensure a living wage is paid for all workers. Aside from this work, PVH must move beyond monitoring wages in its supplier base, and take action within its own purchasing to build in ring-fenced living wage figures based on a cost of living methodology. Signing an enforceable, legally-binding agreement with worker representatives to deliver a living wage would be a clear way to ensure that the brand takes steps forward to deliver on its living wage commitment.

PVH must move beyond monitoring wages in its supplier base, and take action within its own purchasing to build in ring-fenced living wage figures based on a cost of living methodology



Brand profiles

Tchibo

Brands: Tchibo

Evidence that workers are being paid a LW:

No evidence presented

Company approach to payment of a living wage:

Tchibo say "Our central approach is the ACT Initiative on Living Wages. It aims at industry-wide compulsory wage levels to be set through consecutive collective bargaining between local/national trade unions and employer associations." Also, "The WE Programme is...Tchibo's core initiative to ensure the application of International Labour Standards in the Tchibo Non Food supply chain...The trainers focus on the dialogue between management and workers around wages... They touch topics such as what a living wage is, how living wages are calculated internationally, what are the discussions going on globally around living wage like ACT and benchmarks, and the commitment of Tchibo towards. The methods are participatory to create knowledge and ownership."

Comment: Tchibo have made a public commitment to ensuring a living wage is paid, backed by their CEO in the public sphere, and are monitoring wages paid vs living wage benchmarks in their suppliers. Last time we did this survey however, Tchibo told us something similar. They were unable then, and they are unable now, to report any progress on living wages being paid to workers in their supply chain. We hope that they will speed up their work to deliver a living wage. The ACT initiative promises to increase wages in some supplier countries, but this programme is not the one answer to delivering a living wage, as gains may be marginal, the programme is not scalable to all supplier countries and it has no timeline or benchmarks for delivering on its aims. We would encourage Tchibo to consider negotiating and signing enforceable and legally-binding agreements with worker representatives that deliver a living wage, and commit brands to pay significantly higher prices to cover the cost of living for workers' families.

We would encourage Tchibo to consider negotiating and signing enforceable and legally-binding agreements with worker representatives that deliver a living wage



Brand profiles



Under Armour

Brands: Under Armour

Evidence that workers are being paid a LW: No evidence presented

Company approach to payment of a living wage: Under Armour's work on this topic is through the FLA. "Under Armour is collaborating with the FLA to advance the organization's Fair Compensation Strategy. We have piloted the latest version of the FLA Compensation Tool at two factories in El Salvador and are currently working to expand that pilot program in 2019 to suppliers in China, Bangladesh, Cambodia, Indonesia, Vietnam, Honduras, El Salvador, Dominican Republic, and Mexico."

Comment: Under Armour did not report that it was taking part in any work that was increasing wages for workers. Monitoring and gathering data about what workers are paid compared to living wage levels via the FLA is all very well, but Under Armour now needs to act on this within its own purchasing and start taking the vital steps needed to make sure workers who make their goods can live with dignity. If Under Armour is at all serious about its commitment to ensure that wages paid are enough to meet workers' basic needs, we would encourage Under Armour to consider negotiating and signing enforceable and legally-binding agreements with worker representatives that deliver a living wage, and commit brands to pay significantly higher prices to cover the cost of living for workers' families.

Under Armour did not report that it was taking part in any work that was increasing wages for workers



Brand profiles



Zalando (own brands)

NB. This brand did not respond to our survey

Brands: Anna Field, Even & Odd, Friboo, Fullstop. Kiomi, Mint & Berry, Pier One, Twintip, Yourturn, Zalando essential and Zign, as well as retailing over 1,900 other brands.

Evidence that workers are being paid a LW: No evidence presented

Company approach to payment of a living wage: Zalando say: "...We have signed up the Memorandum of Understanding of IndustriALL Global Union and ACT (Action Collaboration Transformation) corporate signatories with zLabels as producer of our private label brands. With this collaboration we are extending our efforts on fair working conditions for Zalando employees and the people working in our supply chain."

Comment: Despite signing up to the ACT initiative via its brand zLabels, Zalando makes no mention in its supplier code that wages must be enough to meet workers' basic needs. Communicating to suppliers that pay must cover workers' needs really is the initial starting point for any serious work to address poverty pay. Zalando need to get the basics right as well as producing a plan to ensure living wages. The ACT initiative may increase wages in some countries, but we have doubts about the potential for the process to bridge the gap between wages paid, and living wage levels, given the scale of the problem. The programme is not a scalable, timebound programme for ensuring a living wage is paid, but one method for pushing for voluntary increases. Zalando need to undertake more concrete action, not general membership of initiatives. When looking for concrete solutions, we would encourage Zalando to negotiate and sign an enforceable and legally-binding agreement with worker representatives that delivers a living wage, and commits its brand to pay significantly higher prices to cover the cost of living for workers' families.

Zalando need to get the basics right as well as producing a plan to ensure living wages



Update: Since writing this report, it has been announced that Zalando will close zLabels and take the businesses in-house²⁸. It is unclear what will happen to the partnership with ACT as a result of this but this development makes it even more essential that Zalando address the basics and build a plan to ensure a living wage is paid in its supply chains.

Conclusions and recommendations

Conclusions



“Every brand in this study failed to give evidence showing that any workers in Asia, Africa, Central America or Eastern Europe are being paid a living wage”

No brand can yet report that the workers who make their clothes are paid a living wage, outside those in their own headquarter countries

Every brand in this study failed to give evidence showing that any workers in Asia, Africa, Central America or Eastern Europe are being paid a living wage.

Voluntary initiatives are failing to deliver living wage

Most brands listed in this report have had a commitment to ensure that wages are enough to meet basic needs in their policies for over a decade or more. Yet our outcomes based assessment shows that no brand is able to yet prove that they are progressing towards workers being paid enough to live on. A decade of voluntary initiatives hasn't come up with any solutions for closing the living wage gap in a reasonable timeframe. When we look to groundbreaking agreements like the Bangladesh Accord on Fire and Building Safety, we wonder what it would be like if brands signed legally-binding, enforceable agreements to commit to delivering a living wage through purchasing practices and negotiation processes. This needs to be explored.

Measuring a living wage is vital

There is a clear trend among brands to move towards using a collectively bargained wage as the definition for a living wage. This is mixing an outcome with a process, and allows brands to claim compliance before it is delivered. The defining element of a living wage is the fact that its value is enough to live on, so it is essential that any living wage initiative keep measuring and checking back on the process to see if outcomes ensure this. How a living wage is achieved is an important, but different question. Having a living wage benchmark figure that is a stated aim, and using collective bargaining as one method to get there, are complementary actions. Brands must continue to measure actual wages, compare these to living wage benchmarks, and develop strategies on wages to reach living wage benchmarks within a reasonable timeframe.

Conclusions

Transparency is a must

There is a clear need for greater transparency to ensure company commitments are backed up by fact. It is not sufficient for companies to make claims about key human rights issues such as living wages without supplying the quantifiable data that allows these claims to be independently checked and for workers and consumers to hold them to their commitments. Companies must publish not only supplier lists, but useful aggregated data that compares minimum wages, to lowest and average wages paid, to living wage benchmarks to make it clear how the industry is doing on this vital topic. Citizens want to know if progress is being made, and if time-bound milestones are being reached or missed, and how many workers are being paid a living wage as a result of brands' efforts. This final key indicator is surely the touch stone of whether any of these initiatives are a success.

“Clothing brands and companies must set public, concrete, measurable steps throughout their supply chain”

Recommendations

- 1** Clothing brands and companies must set public, concrete, measurable steps throughout their supply chain to ensure garment workers get paid a living wage within a reasonable timeframe, following the approach laid out in the Roadmap to a Living Wage²⁹.
- 2** Clothing brands and companies should negotiate and sign legally-binding, enforceable agreements with worker representatives that require the payment of significantly higher prices to suppliers, affording them the financial capacity to pay a living wage that covers the basic needs of a worker and her/his family.

Appendices

Appendix 1 Data overview

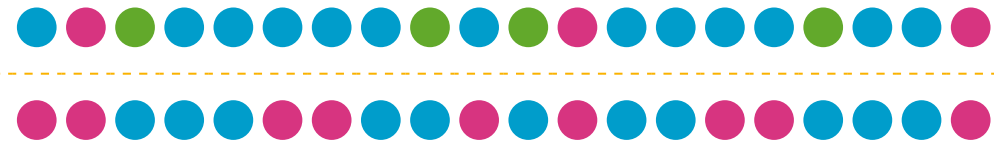


● Yes ● Partial ● No

Adidas Amazon C&A Decathlon Fruit of the Loom GAP G-Star Gucci H&M Hugo Boss Inditex Levi Strauss Nike Primark Puma PVH Tchibo Under Armour UNIQLO Zalando

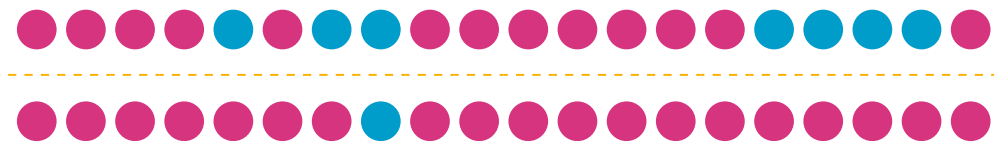
Living wage commitment

- 1.1 Has the company published a clear commitment to ensure a LW is paid across its supplier network?
- 1.2 Does the company monitor supplier compliance with a living wage commitment across its supplier network?



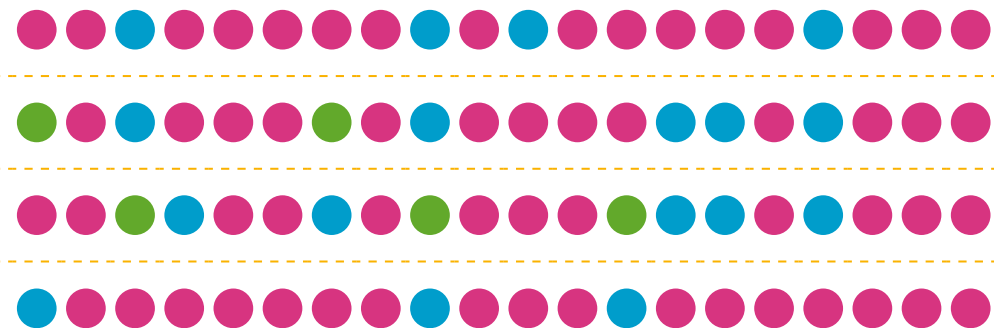
Benchmarks for a minimum living wage

- 2.1 Does the company have figures that it uses to benchmark Living Wages?
- 2.2 How many of the company's suppliers are currently paying its stated living wage benchmark to all workers in their factory?



Purchasing practices that make living wages possible

- 3.1 Does the company calculate whether FOB prices paid per piece are sufficient to allow for compliance with its stated living wage standard?
- 3.2 Does the company make long-term sourcing commitments at a specific volume to its suppliers?
- 3.3 Is the company doing work to limit the use of subcontractors and consolidate its supplier base?
- 3.4 Is the company doing work to limit the use of outside labour contractors or agencies?



● Yes ● Partial ● No

Transparency

- | | | |
|-----|---|--|
| 4.1 | Does the company publish a public list of suppliers, including address, parent company, products and numbers of workers, for tier 1 and its wider supplier network? | |
| 4.2 | Does the company publish information on wages currently paid to workers at its suppliers? | |

A clear roadmap for implementing a living wage for all workers

- | | | |
|-----|--|--|
| 5.1 | Does the company have a public roadmap / strategy for how it will achieve a living wage for all workers across its supplier network? | |
| 5.2 | By what date does the company anticipate that a living wage will be paid to all workers at 100% of its suppliers? | |

Living wage projects

- 6.1** Do any living wage projects the company is participating in have the potential to achieve payment of a living wage?
- 6.2** In the last 5 years, as a result of pilot projects to deliver a living wage, by how much have wages increased across this company's supplier network?

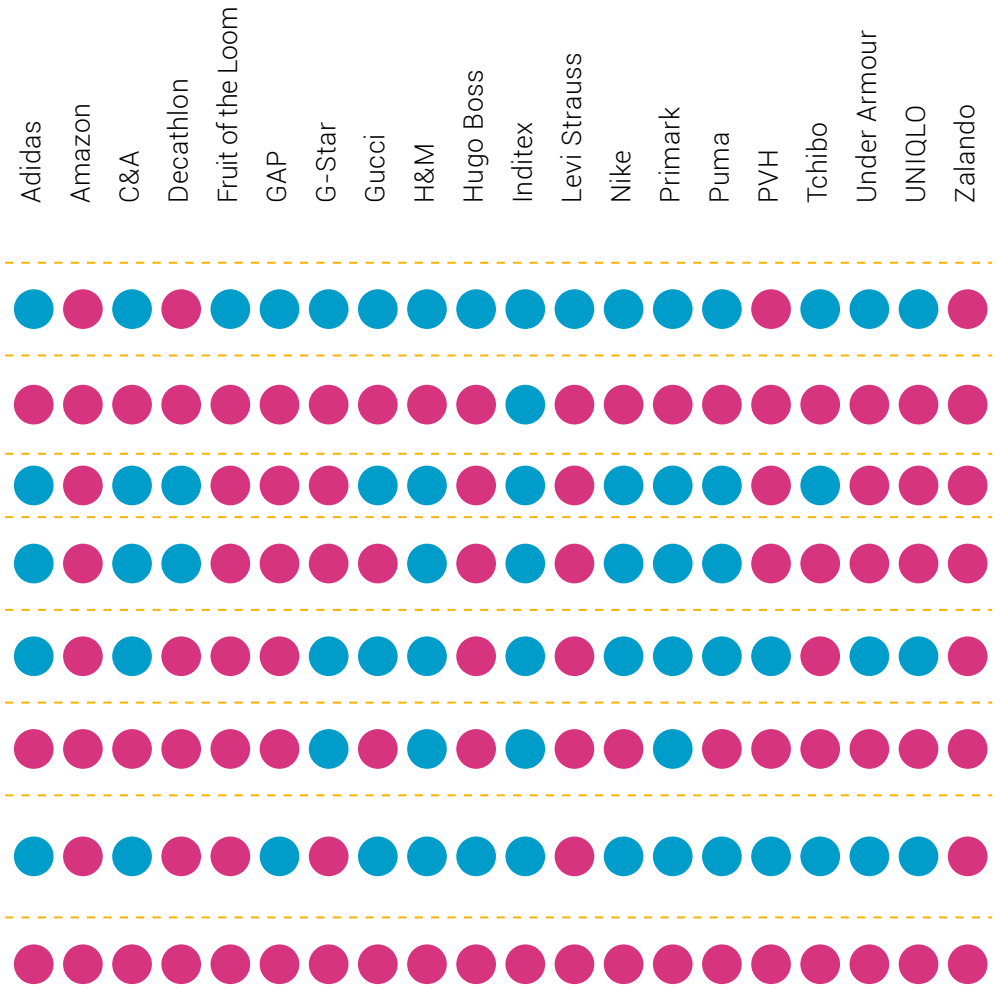
Advocacy for an increase in the minimum wage

- 7.1** Has the company sent public statements supporting specific demands for increased minimum wages to governments and employers assuring them that production will not be relocated as a result of wage increases?

Appendix 1 Data overview

● Yes
 ● Partial
 ● No

Freedom of Association



Appendix 1 Data overview

● Yes
 ● Partial
 ● No

Adidas
 Amazon
 C&A
 Decathlon
 Fruit of the Loom
 GAP
 G-Star
 Gucci
 H&M
 Hugo Boss
 Inditex
 Levi Strauss
 Nike
 Primark
 Puma
 PVH
 Tchibo
 Under Armour
 UNIQLO
 Zalando

Dialogue and negotiation with labour rights organisations

9.1 Can the company demonstrate the existence of CBAs negotiated with independent trade unions in its supplier factories, which include agreement on paying above the legal minimum?



9.2 Has the company signed any legally binding agreements with workers in garment exporting countries, concerning prices paid to suppliers, wages above the legal minimum and other conditions?



Appendix 2 Methodology & marking



This study aimed to provide a picture of what a selection of the most influential global clothing brands are doing to meet their duty to ensure living wages are paid to the people who make their products. We chose once again to take the specific focus of looking at companies' efforts to ensure a living wage is paid, because we see this crucial issue as a linchpin for improving rights as a whole in the industry.

Intended audience

The study is intended for use by policymakers, companies, investors, industry bodies, academics, journalists and citizens to provide a clearer picture of the role companies are playing on the topic of living wages for garment workers, and the actual outcomes and impacts of this role to date. Rather than placing brands on curve of worst to best, where the best is given credit for not paying a living wage, we chose to represent the data in a way that gives a clear picture of the outcomes of various initiatives. The survey provides a snapshot of work being done and is designed to shine a light on what any initiatives are really achieving to date. Based on the evidence, we want consumers to stand in solidarity with people around the world who make our clothes, and say no one is yet doing enough and we demand better.

A supply chain focus and scope

Although the study asked questions of brands about their entire supplier networks, the focus of the assessment was on action taken at CMT factories in tiers 1 and 2. The questionnaire and assessment method was based on nine areas of work that the Clean Clothes Campaign and its member unions and workers' rights groups see as vital for improving wages in the industry. These criteria have been developed over time, and were used as the basis for previous company assessment studies including Tailored Wages in 2014. For more detail on what was required in each area see Annex 1.

Appendix 2 Methodology & marking

Relation to 2014 study

This study is different from, yet complementary to, the Tailored Wages study Clean Clothes Campaign published in 2014. Although the criteria themes for assessment on living wage work remain the same, the assessment looked more in depth this time at outcomes and specific indicators. The addition of an overall assessment as to whether workers are being paid a living wage as an outcome of efforts is new, and not comparable to previous ranking. This was added to make clear results of efforts to date to pay a living wage. We have also structured this report to look at each theme as a topic, noting the best and worst practice, rather than looking brand by brand as before. This allows for a clearer overview of work in each key area and comparison between brands on each theme.

Brand selection

We chose 20 brands to approach for this study based on their global reach and influence across sourcing and retail markets. There are a selection of sportswear, fast fashion, luxury fashion, and online retailers. All of these companies have a significant financial and brand power in the market as we see it, and hence a responsibility to be global leaders in ensuring poverty pay is tackled in the industry. If indeed these brands represent primary global clothing leaders, change needs to come from this group.

Data collection and verification

Brands were approached in December 2018 and asked to complete a survey supplying information about their policies on living wages and crucially about the outcomes of actions to improve wages in their supplier networks. All 20 brands acknowledged receipt of the survey, and 14 of them were able to fill in their answers to each of the questions. The remaining 6 sent some information by email and links to where information about their work could be found online. These 6 were assessed against all the criteria using this publicly available data, cross checked with other sources such as data available through membership of industry bodies and initiatives. All brand answers were verified against specific criteria from the roadmap to provide an overview schema, and questions sent back to brands where answers needed to be clarified. Brands were given a copy of the study for fact checking before its publication to ensure there were further no factual errors in how they had been represented.

Appendix 2 Methodology & marking

1 Living wage commitment

F = Full credit **P** = Partial credit **N** = No credit

- | | |
|---|---|
| <p>1.1 Has the company published a clear commitment to ensure a LW is paid across its supplier network?</p> | <p>F if commitment is public, more than just supplier Code of conduct (CoC). But CoC mentions a family specifically, applies to the whole supply chain, earned in standard working week before OT and bonuses.</p> <p>P if commitment is in CoC but does not include all elements, and public statement. 'Enough to cover Basic needs' must be mentioned in CoC.</p> <p>N if no commitment in CoC to wages meeting basic needs, only min wage compliance. Even if website has CSR language on fair wage or living wage.</p> |
| <p>1.2 Does the company monitor supplier compliance with a living wage commitment across its supplier network?</p> | <p>F if audits are unannounced, actually monitor LW as well as min wage, has a mechanism for remedying wage non-compliance, applies across the supplier network.</p> <p>P if audits include basic needs monitoring, but do not include all other stipulations. Also if some other method demonstrated for monitoring living wage in a more aggregated way.</p> <p>N if brand doesn't monitor compliance with living wage commitment through auditing or otherwise.</p> |

2 Benchmarks for a minimum living wage

- | | |
|---|---|
| <p>2.1 Does the company have figures that it uses to benchmark Living Wages?</p> | <p>F if benchmarks are public, cover a family, have a credible methodology (including GLWC benchmarks) and the brand has and uses them for all sourcing regions.</p> <p>P if benchmarks are public, cover a family, but not available for all sourcing regions or only used sporadically.</p> <p>N if no benchmarks or benchmarks are not credible.</p> |
| <p>2.2 Please supply living wage benchmarks for the countries from which you source or alternatively provide a link to a living wage methodology that your company uses to provide specific living wage benchmarks for production countries.</p> | <p>Data not represented.</p> |
| <p>2.3 How many of the company's suppliers are currently paying its stated living wage benchmark to all workers in their factory?</p> | <p>F if 100%,</p> <p>P if 50-99%</p> <p>N if less than 50%</p> |

Appendix 2 Methodology & marking

3 Purchasing practices that make living wages possible

F = Full credit P = Partial credit N = No credit

- | | |
|---|--|
| <p>3.1 Does the company calculate whether FOB prices paid per piece are sufficient to allow for compliance with its stated living wage standard?</p> | <p>F if yes, a living wage benchmark is used, and there is evidence that buying teams are actually using this to adjust price broadly in the company.</p> <p>P if yes stated, but benchmark used is more than minimum wage, but less than living wage, or evidence shows it isn't yet being delivered across all buying teams.</p> <p>N if no, or no evidence, or standard used is minimum wage.</p> |
| <p>3.2 Does the company make long-term sourcing commitments at a specific volume to its suppliers?</p> | <p>F if yes stated and sourcing commitments are more than 5 years, covering more than 50%+ of supplier base and the company makes commitments on sourcing volume.</p> <p>P if yes stated, but long term sourcing (5+ years) covers 20- 50% of supplier base</p> <p>N if no, or no evidence of significant coverage, length or volume.</p> |
| <p>3.3 Is the company doing work to limit the use of subcontractors and consolidate its supplier base?</p> | <p>F if yes, evidence provided with clear method, and shows more than 10% reduction in supplier numbers over recent years.</p> <p>P if yes, evidence of some proactive work, but evidence of downward trend is less than 10% or isn't clear.</p> <p>N if no.</p> |
| <p>3.4 Is the company doing work to limit the use of outside labour contractors or agencies?</p> | <p>F if company has a policy to limit use, evidence is provided of action on that policy with clear method, and reduction of more than 10% use can be shown over recent years.</p> <p>P if company has a policy, some evidence is provided of action with clear method to reduce use, but no outcome shown.</p> <p>N if no.</p> |

Appendix 2 Methodology & marking

4 Transparency

F = Full credit **P** = Partial credit **N** = No credit

- 4.1** Does the company publish a public list of suppliers, including address, parent company, products and numbers of workers, for tier 1 and its wider supplier network?

F if yes, link supplied, with all aspects listed in question.
P if supplier list is public, but not all aspects covered.
N if no list is published.

- 4.2** Does the company publish information on wages currently paid to workers at its suppliers?

F if yes, link supplied, and wage information is detailed and specific, showing comparison between wages paid and minimum / prevailing wages.
P if yes, link supplied, but wage information is aggregated or general.
N if no, or if information is so general it is not useful.

5 A clear roadmap for implementing a living wage for all workers

- 5.1** Does the company have a public roadmap / strategy for how it will achieve a living wage for all workers across its supplier network?

F if strategy has the potential to achieve a living wage, is public, with a time scale <10 years, with evidence of internal and external buy in, covering the whole supplier network.
P if strategy is public, will significantly increase wages, but either doesn't have a clear enough timescale or is not broad reaching enough.
N if no strategy, or strategy is not credible.

- 5.2** By what date does the company anticipate that a living wage will be paid to all workers at 100% of its suppliers?

F if in the next 10 years
P if there is a date, 10+ years
N if no date given

Appendix 2 Methodology & marking

6 Living wage projects

F = Full credit **P** = Partial credit **N** = No credit

- 6.1** Do any living wage projects the company is participating in have the potential to achieve payment of a living wage?

F if projects could actually achieve a 2-5x increase in the wage, and be scalable across a supplier network.

P if project could reach a living wage but is not scalable.

N if no project, or project will not reach a living wage.

- 6.2** In the last 5 years, as a result of pilot projects to deliver a living wage, by how much have wages increased across this company's supplier network?

F if more than 50% across supplier network, as a result of projects (check wage increases are a result of the project, rather than minimum wage increases)

P if projects show 50%+ wage increases, but this isn't sustained across a supplier network

N if less than 50% or not at all.

7 Advocacy for an increase in the minimum wage

- 7.1** Has the company sent public statements supporting specific demands for increased minimum wages to governments and employers assuring them that production will not be relocated as a result of wage increases?

F if statements supporting minimum wage increases were sent in last 3 years, for every wage increase. Check Bangladesh and Cambodia.

P if statements were only sent once, not for every increase, or were part of a collective letter from an MSI (letter must be public, be about a minimum wage increase, support union demands and provide assurances, and list brands at base)

N if statements were sent over 3 years ago, or not at all.

Appendix 2 Methodology & marking

8 Freedom of Association

F = Full credit **P** = Partial credit **N** = No credit

8.1	Has the right to Freedom of Association and Collective Bargaining been clearly communicated to employers and workers in supplier factories and subcontractors?	F if communication includes training, posters and other comms, is regular, and includes action across the supplier network. P if only posters or similar, or not regularly reiterated, and not widely applied. N if only code of conduct and audits or less.
8.2	Does the company require suppliers to sign union access agreements?	F if yes, the policy is widely applied and a copy of a signed agreement can be provided P if yes, but no evidence of the scope of the policy. N if no.
8.3	Do suppliers to this company provide workers with paid time off for union activities?	F if yes, and evidence can be provided that paid time off for union activities impacts 30%+ of supplier base. P if has a policy and it is audited, but reach is limited across suppliers. N if no.
8.4	Do suppliers to this company provide a dedicated space in the workplace for workers to meet and discuss union issues? .	F if yes, and evidence can be provided that this impacts 30%+ of supplier base. P if has a policy and it is audited, but reach is limited across suppliers. N if no.
8.5	Does the company require its suppliers meet and bargain with duly constituted unions?	F if yes and there is a verification system to ensure suppliers comply, and evidence of this working. P if has a policy, but no evidence of mechanism to ensure suppliers follow through N if no.
8.6	Do buyers for the company favour suppliers that support the establishment and functioning of genuine trade unions?	F if there is evidence that buyers use a system to give positive preference to unionised suppliers. System must impact across supplier base, and have method for selecting genuine trade unions. P if yes and there is a feature to a scorecard system, where trade union representation gives more credit / incentive for buyers, (n.b. non-compliance resulting in blacklisting does not count) N if no.

Appendix 2 Methodology & marking

8.7 Does the company have an accessible, independent, confidential means by which workers at supplier factories can file and follow up on complaints about violations of freedom of association and collective bargaining rights?	F if mechanism is set up for all supplier countries, it is independent, evidence shows that it is being used regularly, there is a clear process for resolving complaints, complaints have been resolved in the last year, and that there is a process for protecting complainants and ensuring confidentiality. P if yes, but the mechanism is not independent, is underused or not widely promoted, doesn't reach across supplier base, or unclear how it works. N if no.
8.8 Does the company have a policy of terminating relationships with suppliers that fail to pro-actively support Freedom of Association?	F if company has a policy of assessing suppliers who pro-actively support FOA, and evidence shows that this policy has been enacted. P if yes, but no evidence it is used. N if no.
9 Dialogue and negotiation with labour rights organisations	
9.1 Can the company demonstrate the existence of CBAs negotiated with independent trade unions in its supplier factories, which include agreement on paying above the legal minimum?	F if yes, and 100+ CBAs can be evidenced P if yes, and any CBAs can be evidenced. N if no.
9.2 Has the company signed any legally binding agreements with workers in garment exporting countries, concerning prices paid to suppliers, wages above the legal minimum and other conditions?	F if yes, agreement is legally binding with workers in garment exporting countries, about prices paid to suppliers above legal minimum. P if agreement is legally binding, about prices paid to suppliers, but not signed with workers in country. N if no.

Endnotes

Endnotes



- 1 Tailored Wages, 2014, <https://cleanclothes.org/livingwage/tailoredwages/tailored-wage-report-pdf>, last accessed 11.3.19
- 2 <http://www.business-humanrights.org/media/documents/ruggie/ruggie-guiding-principles-21-mar-2011.pdf>, p.13
- 3 48 hours is the standard working week as defined by ILO convention on Hours of Work, 1919 No.1. However the Forty-hour Week Convention, 1934 No. 47, Article 1A, directs states to reduce the standard working week to 40 hours. Where this happens CCC believes the living wage must be earned in the standard 40 hours, in line with ILO's own instructions that 'The introduction of the 40 hour week should not result in a reduction in the standard of living for workers.'
- 4 Wage data for West Java
- 5 Wage data for Guangdong province.
- 6 Minimum wages taken from <https://wageindicator.org>, last accessed 11.3.19
- 7 The revised (2014) tailoring industry basic wage for Tirupur, for unskilled workers is Rs. 5256. Dearness Allowance is Rs. 3353 to make a minimum wage of Rs. 8609 per month. This is for a Helper and other unskilled categories. There is a dispute however about factories in the region using instead the hosiery industry wage, which has a separate much lower legal minimum. Many factories now include knitwear as hosiery - Rs. 1848 (basic wages) + Rs. 3353 (DA) = Rs. 5201 for a helper/sweeper. For more detail see <http://www.indianet.nl/pdf/TowardsALivingWage.pdf>
- 8 Shenzhen minimum wage, WageIndicator 2019 – WageIndicator.org - China Minimum Wage by Region 2018
- 9 <https://www.dailysabah.com/economy/2018/12/25/minimum-wage-in-turkey-rises-to-tl-2020-with-26-percent-increase>
- 10 <https://www.businesstoday.in/top-story/trade-unions-finalise-20-points-charter-demand-rs-18000-minimum-wage-story/305741.html>, last accessed 3.4.19
- 11 <https://finance.detik.com/berita-ekonomi-bisnis/d-4263452/pro-kontra-tuntutan-upah-buruh-naik-25/3%20>
- 12 <http://www.industrial-union.org/bangladeshi-unions-call-for-new-minimum-wage-to-be-doubled>
- 13 <https://www.reuters.com/article/us-cambodia-garment/cambodia-hikes-textile-workers-minimum-wage-falls-short-of-union-demands-idUSKCN1MF18B>, last accessed 3.4.19
- 14 The trade union confederation Türk-iş calculated this figure for a 4 person household, <http://www.turkis.org.tr/SUBAT-2018-ACLİK-ve-YOKSULLUK-SINIRI-d14721>, 15 Feb 2018
- 15 AFW from 2017 calculation, <https://asia.floorwage.org/>
- 16 Based on worker interviews conducted for the Turn Around H&M research, September 2018, <https://turnaroundhm.org/hm-wages-september2018-full-107815e8a7bc3bd4ffbfeca3426f1dcd.pdf>, last accessed 20/05/19
- 17 Inditex were the only brand to publicly make a statement, <https://www.inditex.com/en/our-commitment-to-people/our-suppliers/workers-at-the-center/support-for-wage-negotiations-in-bangladesh>
- 18 The CBA covered 136,000 workers, which is 7% of the industry's workforce. <https://wageindicator.org/documents/publicationslist/publications-2016/van-klaveren-m-2016-wages-in-context-in-the-garment-industry-in-asia-amsterdam-wageindicator-foundation-april-28-2016>. p. 82-83
- 19 <https://www.globallivingwage.org/wp-content/uploads/2018/05/urban-india-living-wage-benchmark-report.pdf>
- 20 <https://indianexpress.com/article/india/india-news-india/tamil-nadu-garment-industry-madras-high-court-minimum-wages-garment-workers-protests-textile-and-clothing-industry-2933874/>
- 21 <https://cleanclothes.org/livingwage/road-map-to-a-living-wage>, July 2013, last accessed 19.3.19
- 22 The CCNL minimum negotiated wage level as a net figure varies depending on region, taxes and family situation. Assuming a family of 3, with 1 wage earner, 1 supporting care giver and one child, the net monthly wage on the lowest band of the CCNL (which Gucci say is paid in Italian suppliers) is 1243.82 euros. Assuming a family of 4, with 1 wage earner, 1 supporting care giver and two children, 0-3 and 4-10, this net wage is 1293.21

Average family size in Italy is 2.58, so we will look at both cases. Istat has monthly absolute poverty thresholds for different household types, geographical area and municipality type. Year 2017 (euros) (https://www.istat.it/it/files//2018/06/Poverty-in-Italy_2017.pdf, table 8)

Absolute poverty thresholds for a family of 2 adults 18-59, 1 child 4-10:

South and Islands

City	1087.63;	Town	1060.16;	Rural	1013.33
North					
City	1390.92;	Town`	1336.28;	Rural	1275.18
Centre					
City	1315.10;	Town	1258.04;	Rural	1194.25

B = regions where CCNL does cover a living wage

Absolute poverty thresholds for a family of 2 adults 18-59, 2 children 4-10:

South and Islands

City	1203.98;	Town	1171.42;	Rural	1116.72
North					
City	1553.81;	Town`	1486.27;	Rural	1412.33
Centre					
City	1471.11;	Town	1400.58;	Rural	1323.38

B = regions where CCNL does cover a living wage

Additionally, Wage Indicator Foundation has living wage estimates for Italy. For a family of 2 adults and 2 children, based on one wage, their living wage estimates are 1540 – 2210 euros per month

For a family of 2 adults and 1.4 children, based on one wage, their living wage estimates are 1447 – 2160

Endnotes



(<https://wageindicator.org/salary/living-wage/italy-living-wage-series-january-2018-country-overview-1>) In both these cases, the CCNL does not cover a living wage.

Conclusion: Net CCNL is enough to take a family over the absolute poverty threshold in some cases, if factories are based in the south and the islands. In the North, where many factories are, it is only enough in rural areas for a small family. In no case does it meet the Wage Indicator Foundation living wage estimates. As the location of Gucci suppliers is not available further assessment is not possible. It is likely that some Gucci workers are receiving a living wage, but not 95% of them.

- 23** See earlier case study: India wage negotiations limited by price concerns, and associated comment
- 24** See Figure 1: Minimum wages vs living wage estimates
- 25** H&M's reporting approach, using take home pay rather than basic pay before bonuses and overtime, does mean that wage increases reported can be as a result of increased overtime or high production targets. Driving wages in this way can be exhausting for workers. Average wages vs minimum wages were also reported, excluding overtime, but this reporting approach, again, may mask low lying wages at some factories. Lowest wages should be included as a data set to make the extent of the approach clear.
- 26** <https://cleanclothes.org/resources/recommended-reading/freedom-of-association-protocol-indonesia/view> , last accessed 11.3.19
- 27** <https://www.businessinsider.com/amazon-private-label-brands-list-2018-4?r=US&IR=T>, last accessed 11.03.19
- 28** <https://www.retailgazette.co.uk/blog/2019/03/zalando-ends-private-business-zlabels/>, last accessed April 2019.
- 29** <https://cleanclothes.org/livingwage/road-map-to-a-living-wage>, July 2013, last accessed 19.3.19

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