

Brands' Enabling Principles on Wages in Supply Chains

Introduction

Brands and retailers have long recognised the importance of ensuring decent conditions for workers in their global supply chains. While significant progress has been made in a number of areas, the realisation of a 'living wage' remains largely unfulfilled.

Recognising the benefits of a coordinated and holistic approach, retailers and brands have come together to develop a set of enabling principles to help guide and support effective approaches in relation to a 'living wage'. The enabling principles aim to provide clarity on concepts, roles and responsibilities of all parties to achieve a wage that meets workers' basic needs, includes some discretionary income, and is negotiated through a fair process.

Enabling Principles

- A 'living wage' is the minimum income necessary for a worker to meet the basic needs of himself/herself and his/her family¹, including some discretionary income. This should be earned during legal working hour limits (i.e. without overtime).
- Agreement on a 'living wage' should be reached through good-faith negotiations between the employer, employees and their legitimate representatives, preferably through collective bargaining at both industry and national levels. It is not the role of brands to decide the specific amount that should constitute a 'living wage'.
- A joint approach is needed where stakeholders including, but not limited to, brands, retailers, suppliers, manufacturers, business associations, trade unions, governments, international organisations, NGOs and multi-stakeholder supply chain initiatives, work together and assume their respective responsibilities.
- Achieving a 'living wage' requires the involvement of several actors in the respective country/industry:
 - *Employers* should employ workers under legally recognised and secure contracts, and provide access to work-related education, skills enhancement and promotion opportunities.
 - *Employers* should adopt an open attitude to collective bargaining and act in good faith. They should ensure the development of efficient operations, which include human resource and wage systems that compensate workers based on their skill and productivity.
 - *Employees* should be free and able to exercise their right to organise and bargain collectively in the workplace and at industry and national levels.
 - *Governments* should engage in a tripartite process (government, employers, trade unions), to identify a 'living wage' in order to set legal minimum wage levels accordingly.

¹ As stated in the UN Declaration of Human Rights, Article 23:(3) Everyone who works has the right to just and

Thereafter annual wage reviews should reflect cost of living increases, taking into consideration the country's economic development and need for job security². This should be underpinned by an adequately resourced regulatory, inspection and legal system that ensures legal minimum wages are paid.

- *Brands and suppliers* should ensure that their purchasing practices support long term partnerships with manufacturers which enable and reward their progress to paying a 'living wage'.

As signatories to these principles, we agree to work transparently, collaboratively and in good faith to ensure that the mutual obligations and enabling principles set out in this document are met.

Dated:

Signed for (Company Name):..... (Job Position)

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² ILO annual wage report 12/13