

## **A New Strategy for Achieving Living Wages in the Global Garment Industry**

A broad coalition of unions, worker centers, NGOs and other advocates have come together to develop and advance a proposal for a legally binding and enforceable wage agreement, and are seeking your active involvement and support.

The clothing we wear is made by millions of workers around the world, mostly women of color, who earn wages that are woefully insufficient to meet their basic needs. Sub-poverty wages are a defining element of the global garment industry, one that has had dire consequences for workers and their families. Workers are forced to work extremely long hours in desperate efforts to make ends meet. They and their families are often malnourished, and typically cannot afford a proper education for their children or adequate medical care. Many do not have access to decent housing or clean drinking water. Workers often take out loans from informal lenders or stores, at high interest rates, just to purchase basic necessities. Instead of serving as a pathway out of poverty, often cited as one of the main benefits of globalization, garment industry jobs keep workers trapped in a cycle of debt and desperation.

These conditions are not an accident - they are a direct result of the buying practices of brands and retailers at the top of the supply chain and their relentless drive to maximize profit by shrinking cost. Garment corporations outsource production to a vast and ever-changing network of factories and workplaces around the world, pitting suppliers against one another and forcing them to compete on the basis of price and delivery time. To maintain orders, suppliers must find ways to keep prices as low as possible, and they do this by ignoring labor standards and crushing any demand by workers for higher wages. Governments, seeking to attract foreign capital, turn a blind eye to abuses and set the statutory minimum wage far below living wage levels, even though this violates international human and labor rights standards. Through these mechanisms, the brands' sourcing model directly incentivizes abuse, rewarding suppliers and governments that cut corners while punishing any that try to do the right thing.

Governments in virtually all garment producing countries (including those in the EU) have set the minimum wage at levels that are less than one-third of accepted living wage estimates. This means that unions in these countries, if they are able to enter into the bargaining process with their employers at all, have to bargain upwards from a level so low that the incremental wage increases that even very successful bargaining brings still keep them far below a living wage level.

As workers around the world have organized for improvements, consumers and activists have learned about these harsh realities and joined the movement to demand change from brands and retailers. To protect their image, the brands and retailers created so-called Corporate Social Responsibility (CSR) programs, an attempt at corporate self-regulation that has yielded no discernable improvements for workers, serving only to burnish corporate reputations. The labor standards in these CSR programs are routinely ignored. Since the first brands added the right to a living wage to their codes of conduct, an entire generation of workers has remained trapped in poverty. Many corporations have responded to consumer pressure by publicly embracing the rhetoric around living wages – even as they simultaneously press suppliers to lower prices. The effort brands put into these distractions does reveal an important truth: consumers and workers want change, and brands feel compelled to pay lip service to that demand.

Civil society organizations, investors and even governments also increasingly call upon brands to fulfill their responsibility under the United Nations framework for Business and Human Rights to ensure the right to a living wage is respected in their supply chains. This responsibility exists independently of States' abilities and/or willingness to bring the statutory minimum up to living wage levels. It also exists over and above compliance with national laws and regulations protecting human rights. In the last decade, several living wage benchmarks have been developed by scholars and researchers; unions in many countries have set concrete living wage demands, and a regional living wage formulation, the Asia Floor Wage, was developed by trade unions in Asia who demanded that brands pay the gap between the statutory minimum wage and living wage. The proposal outlined here takes this work into account in developing a formulation for closing the gap.

It is time for the brands to put their money where their mouths are. The solution is simple: In order to close the yawning gap between statutory minimum and living wage levels, corporations must be required to pay higher prices to suppliers to enable payment of a living wage. Workers must have the right to organize and bargain, to ensure that these higher prices translate into higher wages. The brands' commitments must be binding, because voluntary promises will not deliver change.

Over the past two years, the Clean Clothes Campaign, Asia Floor Wage Alliance, and the Worker-driven Social Responsibility Network, representing a broad coalition of unions, advocacy groups, NGOs, and other allies, have come together to develop a concrete demand for action:

Brands should pay an additional living wage contribution on every order they place. The living wage contribution will be based on two factors: 1) The average gap between the statutory minimum wage and the estimated living wage in production countries; and 2) The average percentage of the cost of a garment that goes towards labor. The living wage contribution will be paid by the brand to the supplier, and then will be distributed by the supplier, visible on the pay-slip, equally to all its workers. Where an independent union exists, the supplier will be obligated to negotiate a separate agreement directly with the union regarding the disbursement of the living wage contribution. The living wage contribution will apply to every country from which a brand is sourcing, to avoid penalizing any particular country for implementing the agreement before its competitors.

Payment of the living wage contribution by the brand and the pass-through to workers will be monitored by signatories, who can set up an independent third-party organization established specifically for this purpose. Workers will have access to a 24-hour complaint mechanism to report violations.

Unlike voluntary codes of conduct, this program will be enforceable, through a legally-binding agreement between grassroots unions, labor rights groups and brands. The agreement will also include strong protections for the right to organize, a critical component in ensuring that workers are able to speak up. Signatory brands will be required to terminate business with any supplier factory that doesn't pass the living wage contribution to workers or that fails to comply with the remediation plan mandated by the monitoring organization including where this violates the right to organize. The imposition of meaningful consequences means that brands will have to take their commitments seriously – or face legal action.

This approach has been framed increasingly as Enforceable Brand Agreements (EBA) and Worker-driven Social Responsibility (WSR). The success of this approach, as set out by the Accord on Fire and Building Safety in Bangladesh and the Fair Food Program, has dramatically improved the safety and living conditions of workers in the supply chain. Such achievements hold real promise for addressing the problem of poverty wages in the apparel industry.

Grassroots unions will mandate their own representatives to negotiate the agreement, to which they will be signatories, with civil society organizations acting as signed witnesses. and enforcing accountability through monitoring and reporting on progress. The agreement will enable brands to demonstrate they act upon their human rights due diligence obligations to mitigate risks and provide remedy.

This is an ambitious proposal and our coalition is preparing to launch a public website about this new approach. We know that brands and retailers will be deeply reticent to give up even a tiny portion of their profits. Creating such a massive change in the garment industry will not be easy or quick, and there will be hurdles along the way. But if we succeed, this proposal will fundamentally transform an industry, and create a path for millions of workers to lift themselves out of poverty. Workers need a living wage now. We hope you will join us.