Tailored Wages UK 2019

The state of pay in the global garment industry

LABOUR BEHIND THE LABEL

Executive summary

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

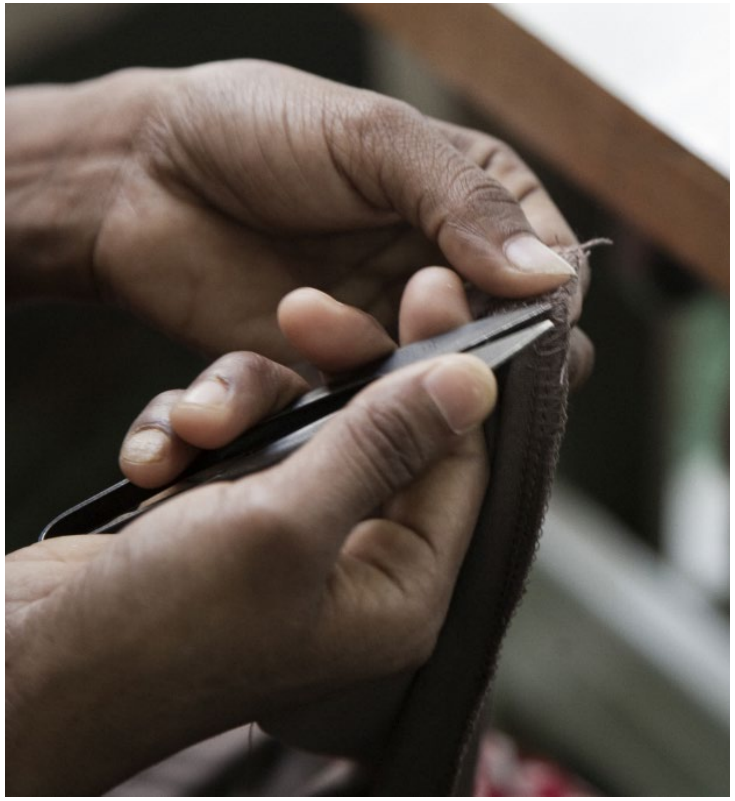
Since the beginning of this century, global brands sourcing clothing from low wage countries around the world have acknowledged on paper that wages paid to workers should be enough to meet their basic needs. Yet, two decades on, workers and their families remain in stark poverty. The garment industry 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.



Labour Behind the Label last carried out a similar study in 2014 – *Tailored Wages UK: 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 we, once again, asked brands what they were doing to ensure that a workers' right to a living wage was met. We contacted 32 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.

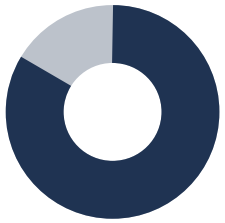
5 years on from 'Tailored Wages UK' we had hoped to find more to report back. Our message to brands is that workers can't wait any longer. Human rights are pressing and vital. We need a living wage now.

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

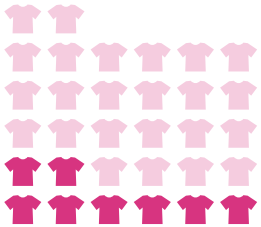
Executive summary In numbers

32 companies assessed

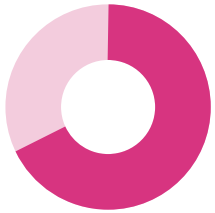
84% of brands made a commitment to a living wage



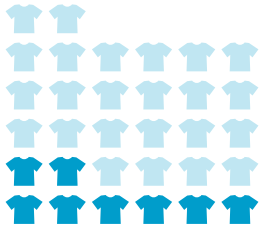
Active support for Freedom of Association remained a low scoring issue with brands performing poorly in this area



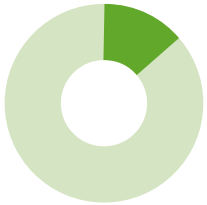
8 brands are calculating whether the prices they pay to suppliers are sufficient to allow for workers to be paid a living wage



69% of brands disclosed some if not all of their supplier list



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



12% 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

E 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 (84% 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 acheiving grade
A	**100%** of workers in the brand's supply chain earn a Living Wage	No brand	0
B	**50%** or more of workers in the brand's supply chain earn a Living Wage	No brand	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	No brand	0
E	The brand can show no evidence of a Living Wage being paid to any workers	Adidas, Amazon, Arcadia, Asda, Asos, Boohoo, C&A, Decathlon, Fruit of the Loom, Gap, G-Star RAW, H&M, Hugo Boss, Inditex, Levi's, M&S, Missguided, Monsoon, New Look, NEXT, Nike, Pentland, Primark, Puma, PVH, Sainsbury's, Tchibo, Tesco, Under Armour, Uniqlo (Fast retailing), Zalando	31

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 Wage[30].
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.

Clean Clothes Campaign