Clean Clothes Campaign Living Wage survey responses 2019
Adidas
Clean Clothes Campaign Living Wage Survey

This survey is being carried out on behalf of the Clean Clothes Campaign and will be used to update our study into brand progress towards payment of a living wage (last published as Tailored Wages - www.cleanclothes.org/livingwage/tailoredwages - in 2014). The outcomes of the study will be promoted to consumers across Europe and the US.

We firmly believe that there should be more evidence-backed information available for consumers and the wider public about garment supply chains, and wages in particular. As such, links and upload options are given for providing evidence to back up your answers throughout this survey. Please note that documents uploaded or links provided may be checked for verification reasons, but will not be used as part of the assessment. Please make sure to include any data you want to be read in the main body of your answers.

All the information that you provide to us may become publicly available. If however, in exceptional circumstances, there are sensitive pieces of information that you would like to provide to the assessment process but that can't be made public, please indicate these clearly.

Defining terms
For the purposes of this study, a living wage is defined by the following statement:

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income.

Specifically a living 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 hours
- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a family of four (or 3 consumption units, two adults and two children)
- Includes an additional 10% of the costs for basic needs as discretionary income.
(For more details see: https://cleanclothes.org/livingwage)

The latest Asia Floor Wage benchmark figures, last updated in 2017, can be found here: https://asia.floorwage.org/what
The Clean Clothes Campaign estimates for Living Wage benchmarks in the European production region, based on worker interviews, can be found on p.25 of this report: https://cleanclothes.org/livingwage/europe/europes-sweatshops

Your company

Company name: 

adidas
1. A Living Wage commitment

Our definition of a living wage is as follows:

"Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income."

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- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a family of four (or 3 consumption units, two adults and two children)
- Includes an additional 10% of the costs for basic needs as discretionary income.
1.1 Has your company published a clear commitment to ensure a Living Wage is paid across your supplier network? *

- Yes
- No

If yes, please describe how your company defines a living wage and provide a link to where this commitment is publicly available.

see website: https://www.adidas-group.com/en/sustainability/people/factory-workers/

1.2 How do you monitor supplier compliance with this living wage commitment, both for tier 1 suppliers and across your supplier network? *


Please supply details about your approach to auditing for a living wage. Does your company hire auditors from auditing firms? Are these announced or unannounced visits? Does your company use any external certifiers? How do you remedy non-compliances?

see website referring to corporate human rights benchmark:
https://www.adidas-group.com/media/filer_public/fd/5c/fd5ceea4-0008-4b08-a4f8-03114f8fc88f/adidas_chrb_2018_submission.pdf

2. Benchmarks for a minimum living wage
2.1 Does your company have internal or public figures that it uses to benchmark Living Wages for each sourcing country or region? *

- [ ] Yes
- [ ] No

If yes, please provide details.

See website: https://www.adidas-group.com/media/filer_public/fd/5c/fd5ceea4-0008-4b08-a4f8-03114f8fc88f/adidas_chrb_2018_submission.pdf

During 2016, we continued to work closely with our partners such as the Fair Labor Association, to strengthen our prevention programmes and to close critical gaps in wage fairness identified in our ongoing collection of supply chain wage data. A 2016 outcome of the FLA Fair Compensation Strategy is to publicly compare and report compensation paid at suppliers to FLA affiliated companies with national wage levels as benchmarked by the Legal Minimum, World Bank Poverty line, Asia Floor Wage, national sectoral range, OECD, and others.

See FLA compensation reports: http://www.fairlabor.org/global-issues/fair-compensation/reports
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.

As part of our monitoring program and also through our wage gathering exercises, we monitor available wage benchmarks to ensure we consider the most updated information when verifying legal compliance during our monitoring efforts, and existing fair wage/living wage estimates when conducting wage gathering. Please refer to the FLA’s ‘Toward Fair Compensation in Bangladesh’ report (http://www.fairlabor.org/bangladesh-2018) to understand the wage benchmarks we are using in our wage gathering exercises. In our Workplace Standards, we commit that the suppliers will meet all the legal requirements relating to wages and benefits. This includes the cases where the minimum wages significantly increase in a country. For example, when there was a hike in minimum wages in 2012 in Indonesia, we refused to accept waivers by regional government, and asked all our suppliers to pay the new minimum wages. 2. As part of our monitoring efforts and also through our wage gathering exercises, we monitor available wage benchmarks to ensure we consider the most updated information when verifying legal compliance during our monitoring efforts, and existing fair wage/living wage estimates when conducting wage gathering.

See also: http://www.fairlabor.org/global-issues/fair-compensation/reports

2.3 Please give details of the number of your suppliers (both tier 1 and across your supplier network) that are currently paying your stated living wage benchmark to all workers in their factory. Do supply evidence for this where possible. *


Evidence upload
3.1 Does your company calculate whether FOB prices paid per piece are sufficient to allow for compliance with the living wage standard your company has committed to deliver? *

- Yes
- No

If yes, please supply evidence. If no, how does your company ensure that the FOB prices paid to suppliers are sufficient to allow for compliance with your company’s living wage standard?


Responsible Sourcing Policy:

Upload option.

3.2 Does your company make long-term sourcing commitments at a specific volume to suppliers? *

- Yes
- No

If so, how long are these commitments, and at what volume?

See responsible sourcing policy: [https://www.adidas-group.com/media/filer_public/ca/ba/caba936a-7da7-4710-9d88-d437bac87923/adidas_responsible_sourcing___purchasing_policy_en.pdf](https://www.adidas-group.com/media/filer_public/ca/ba/caba936a-7da7-4710-9d88-d437bac87923/adidas_responsible_sourcing___purchasing_policy_en.pdf)

Also see annual report 2017 page 76: [https://www.adidas-group.com/media/filer_public/6a/69/6a690baa-8430-42c5-841d-d9222a150aff/annual_report_gb-2017_en_secured.pdf](https://www.adidas-group.com/media/filer_public/6a/69/6a690baa-8430-42c5-841d-d9222a150aff/annual_report_gb-2017_en_secured.pdf)
3.3 Is your company doing work to limit the use of subcontractors in your supply chain, and consolidate your supplier factory list? *

- Yes
- No

If yes, can you provide concrete evidence over time that shows how this is working?


Also see annual report 2017 page 76: https://www.adidas-group.com/media/filer_public/6a/69/6a690baa-8430-42c5-841d-d9222a150aff/annual_report_gb-2017_en_secured.pdf

3.4 Is your company doing work to limit the use of labour contractors?

- Yes
- No

If so, can you provide concrete evidence over time that shows how this is working?

See employment Guidelines page 114 ff

4. Ensuring transparency

See https://cleanclothes.org/transparency/transparency-pledge for reference on definitions.
4.1 Does your company publish a public list of suppliers, including address, parent company, products and numbers of workers, for tier 1 and your wider supplier network? *

- Yes
- No

Please supply a link or further information.


4.2 Does your company publish information on wages currently paid to workers at your suppliers? *

- Yes
- No

If yes, please supply a link or further information.

FLA reports: http://www.fairlabor.org/global-issues/fair-compensation/reports

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

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

- Yes
- No
If yes, please supply a link to where this is published.


5.2 By what date does your strategy anticipate that a living wage will be paid to all workers at 100% of your suppliers (both tier 1 and across your supplier network)?


6. Living Wage projects

6.1 What living wage projects are you participating in currently? How do these projects calculate a living wage and how will they achieve this level?

<table>
<thead>
<tr>
<th>Project Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation in FLA Fair Compensation approach</td>
</tr>
</tbody>
</table>

See: http://www.fairlabor.org/global-issues/fair-compensation

Partnerships involved

FLA
6.1 Continued. Opportunity to add additional project.

Project name

FoA Protocol Indonesia

Project description

See: in Indonesia we were a leading party in a multi-stakeholder process with local trade unions, non-government organizations and suppliers to develop an FOA Protocol – a basic framework for the exercise of trade union rights in the workplace. Elsewhere, we have worked with labor officials, trade unions and suppliers to run FOA awareness training sessions, to strengthen workers’ understanding of their associational rights to form and join organizations of their own choosing and their right of access to trade union representation.

Partnerships involved

Multistakeholder
Indonesia

Number of suppliers impacted

40

Timescale

ongoing

By what date will this project achieve a living wage across your supplier network?

6.2 In the last 5 years, as a result of pilot projects to deliver a living wage that you have participated in, by how much have wages increased across your supplier network? Please state increases by country and number of suppliers impacted.

7. Advocacy for an increase in the minimum wage
7.1 Has your company issued and sent any public statements supporting specific demands for increased minimum wages to governments and employers in countries where you suppliers are located, assuring country governments that production will not be relocated as a result of increases? *

- Yes
- No

If yes, please supply a link to where this / these can be found.


8. Freedom of Association

*For the purposes of this question, Freedom of Association is defined as per ILO convention 87 - https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C087. In particular, that 'trade union' means an entity established to represent the interests of workers, without the influence of management or outside forces, and, where allowed by law, an entity that is able to act and bargain on behalf of the workers. Parallel means mechanisms such as management controlled worker committees do not fall under this definition.

8.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to employers and workers in your supplier factories and subcontractors? *


8.2 Do you require suppliers to sign union access agreements? *

- Yes
- No

If yes, please provide details and a copy of any agreement that your suppliers have signed, either by a web link or file upload.

See position Work place Standards
See employment Guidelines pages 25 ff and 93 ff:

Evidence upload

8.3 Do your suppliers provide workers with paid time off for union activities? *

- Yes
- No
- Some

If yes, please state how many suppliers this impacts.

See position Work place Standards
See employment Guidelines pages 25 ff and 93 ff:
8.4 Do your suppliers provide a dedicated space in the workplace for workers to meet and discuss union issues?

- Yes
- No
- Some

If yes, please state how many suppliers this impacts.

See position Work place Standards

8.5 Do you require your suppliers meet and bargain with duly constituted unions? *

- Yes
- No

If yes, how do you verify that they are doing so?

See position Work place Standards

See employment Guidelines pages 25 ff and 93 ff:


8.6 Do your buyers favour suppliers that support the establishment and functioning of genuine, independent trade unions*?

- Yes
- No
If yes, please explain how these suppliers are identified and how preference is given.


8.7 Does your 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

☐ No
If yes, how do you monitor that this can be accessed freely by workers? How do you ensure that workers do not face retaliation when filing complaints? How many complaints have you received in the past year? What is the process for investigating these complaints? How many of those complaints have been resolved?

Grievance/Complaint systems:

We have in place a number of grievance mechanisms which complement our stakeholder engagement and other due diligence processes. For example, we have very mature grievance channel available for workers – through worker hotlines in each country, manned either by internal staff or independent NGOs, who speak the workers’ local language. The hotline services have been the subject of regular reviews and assessments to understand their efficacy and value.

We have been continuously upgrading these reporting channels and have introduced an APPS-based complaint mechanism for adoption by our suppliers. This is being progressively rolled out across our supply chain.

Individuals, worker representatives and worker rights organizations, can also access adidas Third-Party Complaint Process which deals with labour and human rights complaints https://www.adidas-group.com/media/filer_public/47/95/47956de4-7a3b-4559-a449-51ef963c7f9e/adidas_group_complaint_process_november_2016.pdf as well as the independently managed FLA Third Party Complaint Process see: http://www.fairlabor.org/third-party-complaint-process

As part of our engagement with Human Rights Watch we have taken steps to strengthen the protection of whistle-blowers and to encourage the reporting of adverse working conditions within our suppliers’ factories. See ‘Subcontracting and the Role of Brands’ at https://www.hrw.org/report/2015/03/11/work-faster-or-get-out/labor-rights-abuses-cambodias-garment-industry

Evidence upload

8.8 Do you have a policy of terminating relationships with suppliers that fail to pro-actively support Freedom of Association through measures such as the above?

- Yes
- No

Please clarify your answer.

See: enforcement guidelines:

9. Dialogue and negotiation with labour rights organisations

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

- Yes
- No
If yes, how many such CBAs exist within your supplier network and in which countries? Please provide a link to where the text can be viewed or upload an example.


Evidence upload

9.2 Has your 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

☒ No

If yes, please give details and provide a link to the public text.

See: Responsible Sourcing policy: https://www.adidas-group.com/media/filer_public/ca/ba/caba936a-7da7-4710-9d88-d437bac87923/adidas_responsible_sourcing___purchasing_policy_en.pdf

See also endorsement of FoA Protocol and non waiver policy in Indonesia

Evidence upload

10. Further questions about your supplier base

(for context only)
10.1 What are your main production countries? Please state percentage of total production per country and the number of supplier factories.

See 2017 annual Report Pages 75 ff

10.2 What kind of trade partners are part of the sourcing structure? Please indicate an approximate % of volume share of your production:

Production at factories owned by your company

Orders placed directly to supplier factories

Orders placed through agencies or intermediates

less than 5% of international export market volume

Other (please specify)

More than 90% of international export market sourcing comes from direct supplier relationships

See 2017 annual report pages 75ff

10.3 How many sites did you use to produce your goods in 2018?

First tier suppliers

750

Sub contracted suppliers

number above contains sewing subcons
10.4 How many supplier factories do you trade with where you have a regular production share of more than 25%?

approx. 80

Your feedback

Is there anything else you would like to tell us about your work on the living wage in general? Or any feedback you would like to give to CCC?

See other external benchmarks:
Corporate Human Rights Benchmark: https://www.corporatebenchmark.org/
Know the chain benchmark: https://knowthechain.org/benchmarks/comparison_tool/6/

This content is neither created nor endorsed by Google.
Amazon
Dear Anna,

Thank you for inviting Amazon to participate in the Clean Clothes Campaign 2018/19 survey.

Our publicly available Supplier Code of Conduct incorporates internationally recognized human rights standards, which include that suppliers must pay their workers in a timely manner and provide compensation (including overtime pay and benefits) that, at a minimum, satisfy applicable laws. We partner closely with our suppliers and business partners to drive continuous improvement in working conditions; we have dedicated teams that work directly with suppliers in key sourcing regions, track and report performance, and set goals at a senior executive level to improve working conditions.

We appreciate you reaching out about your efforts and shared interest in promoting ethical working conditions globally.

Respectfully,

Mike Mathieu
Head of Responsible Sourcing, Sustainability
Amazon

From: Anna Bryher <anna@labourbehindthelabel.org>
Date: Thursday, January 17, 2019 at 2:55 AM
To: Kara Hurst <karahurs@amazon.com>
Subject: Re: Invitation to Clean Clothes Campaign wage survey 2018/19

Dear Kara,

This is a quick email to follow up on this survey request. To be clear, Clean Clothes Campaign will publish a profile on Amazon’s ethical stance anyway, evaluating against the criteria used in the survey with publicly available data. If you do want to send us anything across to compliment this data then we would gratefully receive this.

We noted that someone from Amazon’s team followed our Twitter so we assume that this has been read, and for now you are choosing not to participate. If however this position changes, please do get in touch.

All the best,

Anna
Dear Kara Hartnett Hurst,

I’m writing to invite Amazon to make a submission to the Clean Clothes Campaign 2018/19 Wage Survey. This survey will provide a definitive resource for consumers in Europe and the US on which brands are doing more and which are doing less to combat the problem of poverty pay in clothing factories supplying to the European and US market. We’re asking you to take part in the survey as a top global company with an influential presence across retail.

Attached is a letter giving you details of the process, and a copy of the survey text. The survey is available to fill in online here: [https://goo.gl/forms/PNu1YIY92dX4GtC13](https://goo.gl/forms/PNu1YIY92dX4GtC13)

We hope that taking part will be a useful evaluation process both for your brand and for consumers we will promote the outcomes to. Do bear in mind that if you do not fill in the survey, a profile will be published about your company using data that is publicly available nonetheless.

Deadline for responses is Friday 11 January, 2019. If you have any questions or concerns, don’t hesitate to get in touch. Please also reply to confirm that you have received this information. I do hope you will be able to take part in this process and share some of the work you have been doing.

All the best,
Anna

On behalf of Clean Clothes Campaign International.

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Anna Bryher (formerly McMullen) | Labour Behind the Label
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E: anna@labourbehindthelabel.org | W: www.labourbehindthelabel.org

Labour Behind the Label works to improve conditions and empower workers in the global garment industry. We are the UK platform of the Clean Clothes Campaign, a coalition of campaigns with 250 organizational members worldwide.

All Labour Behind the Label staff work part-time. I work two days a week. If you need an urgent response, you can reach me on the mobile number above at other times.

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Join the Labour Behind the Label [Facebook](https://www.facebook.com/labourbehindthelabel) group | Follow us on Twitter: @labourlabel

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C&A
CLEAN CLOTHES CAMPAIGN QUESTIONNAIRE ON LIVING WAGES
JANUARY 2019

1. Living wage commitment

1.1 Has your company published a clear commitment to ensure a LW is paid across your supplier network?
Yes

If yes, please describe how your company defines a living wage and provide a link to where this commitment is publicly available.

For C&A, wages in the supply chain is a priority. We want to do it right and in a sustainable manner. C&A’s Code of Conduct defines a living wage as follows: ‘wages and compensation (for standard working hours, i.e. without overtime) must be paid regularly and on time, and be sufficient to meet basic needs and provide some discretionary income for workers and their families’. Link to Our Code of Conduct: http://sustainability.c-and-a.com/sustainable-supply/ This definition is aligned with the one used by many other organizations including Clean Clothes Campaign.

Our Supplier Code of Conduct is guided by the ETI Base Code and the UN Guiding Principles for Business and Human Rights. It provides a set of expectations for suppliers on: a) legal compliance; b) labour practices and; c) environmental performance supported by a comprehensive set of guidelines. The code goes beyond compliance, and supports our aim of building capacity and ownership throughout our supply chain. In addition, C&A is a founding member of the industry-wide initiative Action Collaboration Transformation (ACT). C&A has highlighted its commitment to work towards living wages in our supply chain in the Memorandum of Understanding signed in 2015 with IndustriALL (see it published http://sustainability.c-and-a.com/sustainable-supply/safe-and-fair-labour/)

1.2 How do you monitor supplier compliance with the living wage commitment, both for tier 1 suppliers and across your supplier network?

C&A has a stringent auditing procedure and audits 100% of its supplier base (Tier 1, Tier 2 and part of Tier 3) minimum once a year. Last year, we carried out 3400 audits (see our Global Sustainability Report 2017: http://sustainability.c-and-a.com/sustainable-supply/). Through our auditing procedure, we are monitoring our suppliers on paying wages. A failure by a supplier to pay those can result in seizing our business relationship with them.

We invest substantial efforts and time to on-board new suppliers and factories in the appropriate way so that they can fully understand our requirements, how to live up to them and the consequences of failing to do so. Only in 2018, we have spent more than 200 days in on-boarding training with suppliers and factories. These trainings have a standard content on our Code of Conduct and our expectations on its implementation. The trainings cover three main pillars: a) auditing and Code of Conduct requirements; b) monitoring and capability
building and; c) engagement with our sourcing and buying teams and how we invest in long-term partnerships.

In addition, we classify our suppliers in different categories depending on their level of knowledge and competencies on several issues and we tailor made their training for a better outcome.

Finally, we also pay attention to trends and tendencies in the different sourcing countries so, if needed, we can better address them. For example, when the labor rights situation was deteriorating in Cambodia in 2017, we significantly increase the time during the on-boarding training dedicated to Freedom of Association to ensure that all the factories had a clear understanding on what C&A expectations are.

Please supply details about your approach to auditing for a living wage. Does your company hire auditors from auditing firms? Are these announced or unannounced visits? Does your company use any external certifiers? How do you remedy non-compliances?

What we expect from suppliers is clearly laid out and communicated through our Supplier Code of Conduct and audited by our Sustainable Supply Chain (SSC) team. It comprises over 100 people worldwide, including 42 auditors and 29 development officers.

During 2018, 99% of the audits performed were carried out by our internal teams. They go through a thorough training process and receive third party shadow and verifications audits that assess their performance. Last year, 37 shadow and verification audits took place in 6 different countries.

Our audit protocol allows unannounced and semi-unannounced audits. For the semi-unannounced one, a 3 weeks window notice period is given. If there is a non-compliance, the production unit goes through a remediation plan. Our team of development officers support production units throughout the entire remediation process to make sure that suppliers close their gaps on time and understand what needs to be done in the future to avoid non-compliances.

In terms of wages, 98% of our production units were in compliance with the national legislations.

In order to strengthen the control throughout our supply chain, we also take advantage of the local knowledge and expertise. Hence, we develop solid relations with local stakeholders and unions. They support us in the monitoring and have access to our channels of communication to report allegations in case they witness any. In addition, we have developed our fairness channels that https://secure.ethicspoint.eu/domain/media/en/gui/102463/index.html allow any factory worker to inform us about working conditions at the factory level. All those allegations are escalated to management in an anonymous fashion and addressed them individually.
2. Benchmarks for a minimum living wage

2.1 Does your company have internal or public figures that it uses to benchmark Living Wages for each sourcing country or region?

YES

At C&A we do not believe that prescribing living wage benchmark figures will have the expected long-term positive impact. We are convinced that employers and workers (together with trade unions being their legitimate representatives) should be able to negotiate the necessary income required for a worker under a collective bargaining agreement. Therefore, C&A actively promotes the fundamental labour right of workers to bargain and negotiate collectively through their democratically elected labour unions. We consider that the rights of workers to better wages will be preserved only through mature industrial relations process and collective bargaining. This will enable the sustainable progress of the garment industry in the long run. An industry wide collective bargaining agreement provides a level playing field for wages and conditions that are enforceable in all factories in a country. This is why, C&A follows as a benchmark the living wage (monetary and non-monetary parts) as defined and agreed by workers and employers in the form of a collective bargaining agreement.

For those reasons, we take into consideration the industry wide collective bargaining agreements (CBA) existing in many of the countries we produce as valid figures to benchmark and we work through ACT in order to increase the number of countries with CBA. 

ACT on living wages:
https://www.google.com/search?q=act+on+living+wage&rlz=1C1GCEB_enDE808DE808&oq=act+on+living+wage&aqs=chrome..69i57j69i60l3j35i39j0.2465j0j1&sourceid=chrome&ie=UTF-8)

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.

As mentioned in the previous question, we believe in mature industrial relations as the way to address many of the challenges that the garment sector faces. Hence, we take into consideration industry wide collective bargaining agreements (CBA) as valid figures to benchmarking, especially because CBA are the result of fair negotiation between entrepreneur associations and democratically elected unions. The best way to realize this objective is continuous and substantial wage growth through minimum wages as a floor complemented by further wage increases negotiated collectively by trade unions and employers at industry level. In the public purchasing practices commitments https://actonlivingwages.com/news-on-global-purchasing-practices-commitments/, we have committed to support the implementation of the collective bargaining process through brand purchasing practices that incorporate the negotiated wages in FOB prices.
Currently, the countries where we produce and it exist a active Industry Collective Bargaining Agreement in place is as follows: Bosnia, Croatia, Czech Republic, France, Germany, Hungary, Italy, Lithuania, Macedonia, Netherlands, Portugal, Slovakia, Spain, Tunisia, United Kingdom, Brazil.

In our commitment to build stable industrial relations in our sourcing countries, C&A was one of the founding brands of ACT for living wages. As part of ACT, the company has made a commitment to work to establish industry-wide, national collective bargaining agreements in those production countries that they still don’t have one. This will allow worker representatives to bargain with the local manufacturers’ associations on the wages they need. This commitment has been embedded throughout the organisation based on a Memorandum of Understanding signed with IndustriALL Global Union.

2.3 Please give details of the number of your suppliers (both tier 1 and across your supplier network) that are currently paying your stated living wage benchmark to all workers in their factory. Do supply evidence for this where possible.

Currently 36% of the factories that supply our goods are covered by an industry collective bargaining agreement which is, under our opinion, the correct approach to address living wages.

3. Purchasing practices that make living wages possible

3.1 Does your company calculate whether FOB prices paid per piece are sufficient to allow for compliance with the living wage standard your company has committed to deliver? Y/If yes, please supply evidence.

YES

Free text box and file upload option

C&A has been using ways to calculate whether FOB prices paid as sufficient to allow for wages to be paid since 2013. When it comes to price negotiations with suppliers, we are using an open costing model. This tool helps us to we separate fabric cost, labour cost, logistics etc. in order to create transparency and to make sure that wages are a separate component so that our buyers and suppliers have full visibility on it. C&A as a company is committed to paying the wages and additional benefits (transportation, lunch, attendance bonus etc.) as set by a country’s government as a starting point or an active industry collective bargaining agreement.

Before we go discuss orders with selected suppliers, we collect information on the current situation with wages and social benefits in our production countries. Our sourcing offices in our production locations are regularly monitoring wage developments /increases and social benefits in order to create transparency for and make the buyer aware of changes of wages and social benefits in a certain country.
However, it is important to stress that, the price of a product is only one of the many criterias we have when we decide to work with a supplier. Other criteria that are as equally important as price are working conditions audit results, supplier reliability, lead times, quality in production, factory productivity etc. A purchasing decision is never based only on one variable and, definitely not on price. Higher wages can make production locations even more attractive for buyers if they come associated with higher productivity ratio or more social peace.

In addition, we acknowledge that our purchasing practices may have a significant impact on wages and working conditions. That is why, in the Memorandum of Understanding with IndustriALL, we have committed to ensure that our purchasing practices will facilitate the payment of living wages. In order to fulfil this commitment, we have done a thorough assessment of the way we buy in order to identify areas for improvement. These improvement areas have been agreed collectively in the form of ACT purchasing practices commitments applicable to all ACT members. Together with our senior sourcing and buying management, C&A is currently implementing a holistic action plan to implement the ACT purchasing practices commitments (https://actonlivingwages.com/news-on-global-purchasing-practices-commitments/). We are committed to fulfil those in the next 3 years.

3.2 Does your company make long-term sourcing commitments at a specific volume to suppliers?
YES

If so, how long are these commitments, and at what volume? Free text box

As a guiding principle, we provide our suppliers with a regular capacity booking of 6 months ahead which enables them to prepare a proper production planning and human resource management.

C&A buyers insert in our PLM tool a product, a country of origin, and the date of arrival. Our sourcing teams obtain this information from the PLM tool and add it in the capacity booking tool. Based on this, the selected supplier receives a six-month forecast.

Additionally, we provide our strategic suppliers with a three-year business plan which secures a long-term business commitment with them based on good performance and trust. This 3-year plan enables the supplier to plan properly and invest in factory upgrading and training of its workforce which builds up a supplier’s competitiveness towards other customers too. Our strategic suppliers cover 40% of C&A’s total yearly production. Our suppliers are our partners and C&A incentivises them when they are striving for excellence. We assess suppliers based on a supplier scorecard and production volumes. The supplier scorecard includes key areas such as quality, on-time delivery, sustainability among others.

We are aware that brands’ purchasing practices and capacity planning are key for suppliers in order for them to plan their production cycles, avoid excessive working hours and ensure on-time and accurate payment to workers. As the countries in Asia do not have a long history and experience with collective bargaining, we acknowledge that for a certain period of time, moving towards a living wage agreed through collective bargaining may carry the risk of an
international competitive disadvantage. In order to help a country’s journey to assure a living wage for its workers through a collective bargaining agreement, we have publicly committed to support these pioneering countries as a preferred destination of sourcing for a certain period of time.

For example, in Cambodia, the ACT brands, including C&A have made a commitment that, once a national collective agreement is in place, they will ensure increased sourcing until the end of 2022. For more information around the country support commitments, click here: https://actonlivingwages.com/economics-of-the-act-approach/

3.3 Is your company doing work to limit the use of subcontractors in your supply chain, and consolidate your supplier factory list?  
YES

If so, can you provide concrete evidence over time that shows how this is working?  
Free text box

C&A’s priority is to invest in long-term relationships with strategic suppliers who live our values. We have been working with 71% of our supplier base for more than 5 years. We acknowledge that reducing our number of factories and suppliers help us in our aim. In the last two years, we have reduced our supply base by 39% and we are continuing to limit the number of suppliers we work with.

3.4 Is your company doing work to limit the use of labour contractors? – YES

If so, can you provide concrete evidence over time that shows how this is working?

Whenever factories are engaging contract workers via labour contractors they shall comply to the national law and should have all necessary documents in place (e.g.: contractor license, agreements etc.). During our audits, we check all these documents & records. If a violation is detected, the factory is being asked to remediate win an immediate manner.

For example, India is a country which allows this type of labour practice as per certain requirements set by the Government. Our local team is checking if factories fulfil these requirements, alongside with our Code of Conduct. In 2018, we detected a total of 23 non-compliances related to contract labour, mainly documentation issues of the contract workers. Together with the factories which had these non-compliances, we created a corrective action plan which they had to fulfil within 3 months with the support of our Development Officers. All of those non-compliances were resolved and all workers received full salaries as per the Indian law.

4. Transparency
4.1 Does your company publish a public list of suppliers, including address, parent company, products and numbers of workers, for tier 1 and your wider supplier network?

YES

If yes, please supply a link


4.2 Does your company publish information on wages currently paid to workers at your suppliers?

No

We consider that making public the wages paid to our suppliers’ workers is not a feasible exercise due to the complexity of the wage schemes in each country and factory. In addition, it is unclear whether we, as a third party, are legally allowed to disclose private information about salaries of workers. Finally, we consider that the relevance of this information in the public domain is low.

4. A clear roadmap for implementing a living wage for all workers

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

YES

If yes, please supply a link to where this is:

There only way on how are we going to address the challenge of wages throughout a supply chain in the garment sector is having a clear strategy and a roadmap. Individual and unaligned actions between the different stakeholders will have no real impact in the sector. We need to have a wide understanding of the challenge and avoid paternalistic and non- sustainable actions.

Therefore, the C&A strategy on living wages is fully aligned with the ACT strategy. C&A abides by the principle that a living wage can best be achieved through collective bargaining at industry level between employers and trade unions. Such agreements are legally binding and enforceable for the signatories. They can be extended to the whole industry within a country, in which case they will cover every worker within the sector. The negotiated wages will differ according to national contexts. A wage floor at industry level also functions as a productivity driver, as it rules out competition based on substandard wages and working conditions and instead rewards quality and efficiency improvements. Substantial and continuous wage increases above inflation and productivity will also ensure that a larger share of the added value stays in the manufacturing country. Standards applicable throughout the industry will create more stable employment and reduce staff turnover. This in turn enables investment in skills training and human resource development, leading to a more skilled and productive workforce.
In addition, C&A together with the ACT member brands will support continuous and substantial wage growth improving its purchasing practices to facilitate the payment of the higher wages as stated in the Memorandum of Understanding signed with IndustriALL.

See the strategy in the public domain here: https://actonlivingwages.com/new-background-brief-on-collective-bargaining-at-industry-level/

C&A is currently working in Cambodia, Myanmar and Turkey, alongside with other ACT brands. Further envisaged countries for the ACT process are Bangladesh and Vietnam. These five initial countries have been selected on the basis of sizable garment production with considerable presence of ACT member brands and the potential for trade unions to engage in collective bargaining at industry level. Our sourcing volumes in these countries is as follows: Cambodia- 7.8%, Bangladesh- 31.9 %, Turkey- 5.8%, Myanmar- 1.4%. Successfully working in these five countries and, summing it up with the ones that currently have collective bargaining agreements in place, will make the vast majority of our supply base covered by Collective Agreements.

In the coming years, ACT will engage with further garment-producing countries

By working in a number of countries simultaneously, the ACT approach will reduce wage competition amongst garment manufacturing countries, which has significantly contributed to the downward pressure on labour costs over the last decades. The ACT member brand commitments will provide significant benefits to countries pioneering the ACT approach.

More information on the programme in Cambodia, see here: https://actonlivingwages.com/country-activities/?lang=km

More information on the programme in Myanmar, see here: https://actonlivingwages.com/%E1%80%90%E1%80%AD%E1%80%AF%E1%80%84%E1%80%BA%E1%80%B8%E1%80%95%E1%80%BC%E1%80%8A%E1%80%BA%E1%80%9C%E1%80%BE%E1%80%AF%E1%80%95%E1%80%BA%E1%80%99%E1%80%BE%E1%80%AC%E1%80%B8%E1%80%99%E1%80%BE%E1%80%AF/?lang=mya

More information on the programme in Turkey, see here: https://actonlivingwages.com/country-activities/?lang=tr

5.2. By what date does your strategy anticipate that a living wage will be paid to all workers at 100% of your suppliers (both tier 1 and across your supplier network)?

C&A’s living wage strategy which is aligned with the ACT approach aims at transforming the whole industry rather than doing pilot projects in selected factories with little or no real impact.
Achieving a living wage is a continuous improvement journey that will only be sustainable over time if it is under a process that both worker representatives and entrepreneurs own. Our end goal is making sure that there is a full freedom of association so that suppliers and workers in our supply chain are empowered and knowledgeable to negotiation, sign and implement a collective bargaining agreement in production countries. When there is full respect of labour rights, workers feel empowered to be in the driving seat and negotiate their living wage (monetary or non-monetary elements) year by year. We believe this is the most sustainable solution which can be ensuring a gradual wage increase over time.

Collective agreements at the national level provide a level playing field for all employers within a sector. To address the challenge of international competition, this approach will be pursued in key sourcing countries simultaneously. Meanwhile, special supportive purchasing practices by C&A and other ACT brands for the first countries signing a collective bargaining agreement at industry level will mean that higher wages will not lead to international competitive disadvantages. We have a global supply chain and we believe that it needs a global approach which will transform the industry together with other peers.

6. Living wage projects
6.1 What living wage projects are you participating in currently? How do these projects calculate a living wage?

At C&A we do not believe that individual projects will have a real and sustainable impact to successfully address the wage challenge. Thus, we have programmes to facilitate the establishment of a collective bargaining agreement supported by improvements in the purchasing practices. A ‘project’ has a start and end date. In addition, it is difficult to scale up projects and have a long-term impact. We believe that achieving living wages is a continuous process which can be supported through the methods of industry bargaining and full freedom of association.

Free text fields covering: N/A
Project name- N/A
wage and how will they achieve this level? Partnerships
Countries- N/A
Number of suppliers involved
Project detail
Timescale
By what date will this project achieve a living wage across your supplier network? Free text box
Option to add an additional project As 6.1 above.

6.2 In the last 5 years, as a result of pilot projects to deliver a living wage that you have participated in, by how much have wages increased across your supplier network? Please state increases by country and number of suppliers impacted.
Free text box

Unfortunately, the limitations of our current data system does not allow us to track wage increase in the past 5 years in our production locations. We are working hard to be able to provide such level of information soon.
7. Advocacy for an increase in the minimum wage

7.1 Has your company issued and sent any public statements supporting specific demands for increased minimum wages to governments and employers in countries where you suppliers are located, assuring country governments that production will not be relocated as a result of increases?

YES

If yes, please supply link to where this / these can be found. Free text box

C&A’s has collaborated together with other industry peers in reaching out to governments on the topic of wages. The company has also issued public statement strongly advocating for setting up an efficient social dialogue system in Bangladesh which would enable local stakeholders to have constructive negotiations on the topic. Link to the letter to the government of Bangladesh-


We were key participants in the two ACT country missions in Cambodia and Turkey, where we joined other brands and IndustriALL and met with different different ministries to address the topic of wages and the opportunities of an industry-wide collective bargaining.

In March 2018 and September 2018, C&A hosted the ACT country consultation in our Yangon, Myanmar offices. We also conducted several meetings on wages and collective bargaining with the Ministry of Labour, Ministry of Commerce and Ministry of Industry.

For more information, see here: http://sustainability.c-and-a.com/sustainable-supply/safe-and-fair-labour/

8. Freedom of Association

8.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to employers and workers in your supplier factories and subcontractors?

Free text box

Freedom of association and collective bargaining is fundamental to improving labour conditions across the apparel supply chain and in our sourcing countries. Freedom of association remains an important focus of our strategy to amplify workers’ voices, encourage a dialogue with management, and advance the overall performance of our suppliers’ factories. Our requirements of Freedom of Association and Collective Bargaining are clearly laid out in our Code of Conduct which is signed by our suppliers. We have designed a special onboarding training for new suppliers which includes capacity building and ensuring full understanding of our requirements in C&A’s Code of Conduct. In addition to that, we require
from our suppliers to add posters in factories with a simplified version of our code of conduct in the local language so that workers can see and alert us through our Fairness Channel, if there is a non-compliance in place.

Some countries such as China restrict collective bargaining by law. In these cases, we expect our suppliers to help workers establish alternative forms of worker representation and negotiation. We also expect our suppliers to establish, implement and communicate a grievance mechanism that is accessible, predictable, equitable, transparent, rights-compatible, and confidential and based on engagement and dialogue to resolve internal disputes and employee complaints. Freedom of association is tested as part of our auditing process and violations are considered a severe non-compliance with our Supplier Code of Conduct. It is also a key aspect of our Fairness Channel compliance hotlines, implemented with the support of Ethicspoint incident management software.

Last but not least, we consider our suppliers as a partners with whom we share know-how and learnings on how to improve (mutually). For the past 3 years, we have been operating our Supplier Ownership Programme. The programme contains seven key interactive modules – from an overview on management systems to worker communication and the environment. Freedom of Association is a key component of the programme. Each module includes a one- or two-day workshop, home assignments and joint on-site visits by the C&A Development Officer and the responsible supplier representative:

See our Supplier Ownership Programme


8.2 Do you require suppliers to sign union access agreements?
No

If yes, please provide details and a copy of any agreement that your suppliers have signed, either by a web link or file upload. Free text box and file upload option

N/A

8.3 Do your suppliers provide workers with paid time off for union activities?
Yes

If yes, please state how many suppliers this impacts. Free text box

During our audits, we are checking if workers are provided with paid time off for union activities. Our auditors check if the production unit refrain from interfering with, obstructing or preventing legitimate activities of worker association, including providing the workers with paid time off for union activities and space for that. Another way that our auditors use to verify this information is through conducting interviews with randomly selected union members, including the union leaders.
8.4 Do your suppliers provide a dedicated space in the workplace for workers to meet and discuss union issues?
Yes.

See the response to question 8.3

8.5 Do you require your suppliers meet and bargain with duly constituted unions?
Yes
If yes, how do you verify that they are doing so? Free text box

We verify this through our regular audits and the work of our development officers. If there is a formally recognised union in the factory, our audit includes a designated interview with the union leader and randomly selected union member. We aim to verify if the union is enabled by the factory management to perform its duties.

8.6 Do your buyers favour suppliers that support the establishment and functioning of genuine trade unions? Y/N – Yes

If yes, please explain how these suppliers are determined and how preference is given.

According to our requirements which are laid in our Code of Conduct for which suppliers sign up, C&A does not accept ‘yellow unions’ or similar kind of fraudulent union representation. If a supplier fails to support the establishment of a genuine trade union as per the National Labour Law and C&A requirements, this may lead to suspension of this supplier from our registry and future orders.

8.7 Does your 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

If yes, how do you monitor that this can be accessed freely by workers? How do you ensure that workers do not face retaliation when filing complaints? How many complaints have you received in the past year? What is the process for investigating these complaints? How many of those complaints have been resolved?

We work in a fair and transparent manner, and expect the same of our suppliers. For 10 years, our compliance hotlines, which we call Fairness Channels, have enabled us to deal with any issues that arise about situations in our offices, stores, or supply chain. In 2015, we updated our Fairness Channels to accommodate our more rigorous Supplier Code of Conduct and Employee Code of Ethics.

To ensure that the workers in our supplier's factories understand our requirements, we require our suppliers to train all workers and to prominently post our Code of Conduct and the contact our Fairness Channels in local language.
We deal with any issues rapidly, seeking the best solutions for all parties. Our process of filing the complaints is the following- we have a team of experts who are reviewing the complaints received, assessing their nature and undertaking additional investigation with the factory, if needed. The expert assigned to each complaint is responsible for resolving it as soon as possible, making sure that the whistle-blower does not face retaliation. The whole process is executed in an anonymous manner so that we can guarantee the confidentiality of the information we receive.

When it comes to complaints related to Freedom of Association and collective bargaining, we did not receive any in 2018 in our supply chain. There was one case related to payment issues for a white-collar staff. This has been resolved and local SSC team is still monitoring the supplier and the relevant factory every month.

Last but not least, we have a good relationship with IndustriALL who are using also bringing workers’ complaints, in any, to us in a confidential manner. We have received 3 allegations related to workers’ rights in 2018 from them.

8.8 Do you have a policy of terminating relationships with suppliers that fail to pro-actively support Freedom of Association through measures such as the above?

YES

Please clarify your answer. Free text box

At C&A we do not cut and run. In cases where suppliers and their factories are non-compliant with our Code of Conduct, including Freedom of Association, we seek to work with the supplier, factory management, workers and our internal teams to improve. Unless the non-compliances are serious and of a zero tolerance nature, we maintain our business relationship to avoid unintended consequences to workers.

If a supplier maintains a non-compliant factory and does not solve the issues related to Freedom of Association as per the agreed timeline, the relationship with the supplier and associated factories is suspended. Because every situation is unique, potential exit strategies must be tailored to each situation. In all cases, we ensure that the workers are not adversely impacted by a potential termination of our business relationship – at a minimum, by following the local laws.

9. Dialogue and negotiation with labour rights organisations

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

YES
If yes, how many such CBAs exist within your supplier network and in which countries? Please provide a link to where the text can be viewed or upload an example.

36% of our production units are covered by an industry collective bargaining agreement. It is important to mention that we support our suppliers in promoting Freedom of Association and working towards factory bargaining agreements. However, we believe that the establishment of an industry-wide collective bargaining agreement will level the playing field and be the real enabler for a gradual wage increase at national level.

Free text box and file upload option

9.2 Has your 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?
No

If yes, please give details and provide a link to the public text. Free text box

C&A does not own any factory. We believe that the social dialogue should take place between workers and manufacturers and not including the retailers. Our task is to facilitate the process as well as provide incentives for the social dialogue to occur.

10. Further questions about your supplier base
10.1. What are your main production countries? Please state percentage of total production per country and the number of supplier factories. Free text box

Garment sourcing countries by % share of volume of product made- 2017

Bangladesh- 31.9%
China- 16.2%
Brazil-14.2%
India- 7.2%
Cambodia- 7.8%
Turkey- 5.8%
Indonesia- 3.1%
Pakistan – 3%
Mexico-2.5%
Myanmar- 1.4%
Europe- 3.5%
Others- 2.8%

10.2. What kind of trade partners are part of the sourcing structure? Please indicate an approximate % of volume share of your production:
Free text fields showing:
• Production at factories owned by your company- 0

• Orders placed directly to supplier factories- 71%

• Orders placed through agencies or intermediates- 29%

• Other (please specify)

10.3 How many sites did you use to produce your goods in 2018? Free text fields showing:
• First tier suppliers
• Sub contracted suppliers
Please, find our recently updated supplier list here: http://sustainability.c-and-a.com/supplier-list/

10.4 How many supplier factories do you trade with where you have a regular production share of more than 25%? Free text box.

We do not have this information

11. Your feedback
11.1 Is there anything else you would like to tell us about your work on the living wage in general? Or any feedback you would like to give to CCC?

Firstly, we would like to underline that for C&A, wages in the supply chain is a priority. We want to do it right and in a sustainable manner. We are glad to see that CCC shares this priority and wants to ask the brands and retailers about it. A benchmark and comparison among brands is always an interesting exercise because it helps all stakeholders to learn from the others and show what actions or activities have worked and what’s the way forward.

What would help us the most would be fair comparison among all of us brands based on quantitative elements which can enable a proper benchmark. We do not see many quantitative elements in the survey acknowledging that sometimes this is not easy specially in those topics. In addition, we have not received a detailed overview of the methodology and the approach you will use to assess brands’ progress.

In order to build up the credibility of the survey and the subsequent report, it will be good if you can have a better transparency on the methodology, how you assess brands and how the final scoring is made. The methodology should include a wide range of approaches in tackling living wages, rather than granting more points to one approach and less to another. If the assessment is done in this way, brands should be informed about it in advance.
Hi Anna,

thanks for the mail,

Here it goes the answers, let me know if you need further info:

1- Basic needs: It is very different to isolate basic needs concept, as the rest of the concepts included in the wage structure. If that would be the case, we could end up by having different wage structures depending on where the factory is located in the same region since price of good fluctuates quite importantly from one place to another even in the same region. This approach would create a pretty difficult situation in order to be able to compare results from factory to factory. That's why, when we are speaking about living wages we advocate for industry wide collective bargaining cause it is the only one who levels the playing field.

2- No, we have not included this information yet. Honestly, this information practically only applies for Bangladesh where you have the "sister concern" type of structure. The problem we are facing is from the legal perspective, Since some of these groups are very extensive, we would be publishing information from suppliers that do not work with us and that could not be legal. However, we are studying possibilities to be able to share this information soon.

3- The Fairness channel is been promoted by several ways. Training to our suppliers, information publicly posted in the factory, auditors and developer offices informing about it in their visits to the factory and when they speak with workers and TU leaders, our website... I don't really understand why you're stating that they have had no use, the Channel is not only for factory workers' use, it is also a tool for C&A employees or supplier to report any type of misconduct that occurs in the activities where C&A is involved.

4- Yes, the CBA are always above minimum wage figures. On top of that, the CBA can also include other type of benefits that have positive repercussion both in wages and workers' lives such as free meal, free transportation, other monetary benefits, limitation of working hours etc. The CBA's at country level are usually publicly available.

Best,

Aleix Busquets Gonzalez
Head of External Stakeholder Engagement - Global Sustainability

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Please consider the environmental impact of needlessly printing this e-mail.
Dear Aleix,

Thanks for your submission to the CCC wage survey. I just have a few quick clarification questions if you have a minute to answer these.

1. We see that you include basic needs of a family in your supplier code, which is great. Through your standard auditing process, do you monitor if these basic needs are being met? Are basic needs assessments carried out each time? Are CAPs issued if audits find that basic needs are not being met? How does the follow up on this happen with suppliers?
2. Is information about the ownership structure and parent companies of your supplier published anywhere publicly? I couldn’t see it, although the CCC have you complying with the pledge. I’m probably just being shortsighted - let me know.
3. Could you clarify a bit more about how your 'Fairness Channels' are promoted, given that they have had no use?
4. Do all of the CBAs cited covering 36% of production units include above minimum wage negotiated figures? Is there any more information about this we could highlight?

Many thanks,
Anna

--- On Fri, 18 Jan 2019 20:32:12 +0000 Aleix Gonzalez Busquets <aleixgb@canda.com> wrote ----

Dear Anna,

Hope you are doing well. Due to latest personal problems I had to travel during the last two days and I haven't been able to finish the Wage Survey that I promised to send you today. I will send it by next Monday the 21st January EOB. Hope that's ok with you. There's some latest data that I want to double check before send it over.

Best,

Aleix Busquets Gonzalez
Head of External Stakeholder Engagement - Global Sustainability

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Please consider the environmental impact of needlessly printing this e-mail.

From: Anna Bryher <anna@labourbehindthelabel.org>
To: "Aleix Gonzalez Busquets" <aleixgb@canda.com>
Date: 03/01/2019 18:05
Subject: {SUSPICIOUS MESSAGE} Re: Invitation to Clean Clothes Campaign wage survey 2018/19

Hi Aleix,
We've put it back to the 16th for other brands. Could you get it to us by then?
Many thanks,
Anna
Dear Anna,
Happy new year and thanks for the message.

Yes we have received the previous mail but I’ve been out of the office until today. We will definitely participate although the time provided is not ideal specially taken into account the dates we are in. Not sure if there’s any option to delay the response few days. Let me know your thoughts.

Best,

Aleix

El 3 gen 2019, a les 12:11, Anna Bryher <anna@labourbehindthelabel.org> va escriure:

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Informatie omtrent de verwerking van uw persoonsgegevens vindt u op: www.c-a.com/GDPR.

Dear Aleix,
Happy New Year. I hope you had a good break. This is a quick email to check that you received this survey. If you could acknowledge receipt that would be great.

All the best,

Anna
Labour Behind the Label works to improve conditions and empower workers in the global garment industry. We are the UK platform of the Clean Clothes Campaign, a coalition of campaigns with 250 organizational members worldwide.

All Labour Behind the Label staff work part-time. I work two days a week. If you need an urgent response, you can reach me on the mobile number above at other times.

--
Anna Bryher (formerly McMullen) | Labour Behind the Label
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E: anna@labourbehindthelabel.org | W: www.labourbehindthelabel.org

Join the Labour Behind the Label Facebook group | Follow us on Twitter: @labourlabel

Labour Behind the Label works to improve conditions and empower workers in the global garment industry. We are the UK platform of the Clean Clothes Campaign, a coalition of campaigns in 15 European countries with a network of 250 organizations worldwide.

All Labour Behind the Label staff work part-time. I work two days a week. If you need an urgent response, you can reach me on the mobile number above at other times.

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Vous trouverez des informations relatives au traitement de vos données personnelles sur: www.c-a.com/GDPR.

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E: anna@labourbehindthelabel.org | W: www.labourbehindthelabel.org

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Labour Behind the Label works to improve conditions and empower workers in the global garment industry. We are the UK member of the Clean Clothes Campaign, a coalition of over 250 organizations worldwide.

All Labour Behind the Label staff work part-time. If you need an urgent response, you can reach me on the
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Decathlon
Clean Clothes Campaign Living Wage Survey

This survey is being carried out on behalf of the Clean Clothes Campaign and will be used to update our study into brand progress towards payment of a living wage (last published as Tailored Wages - www.cleanclothes.org/livingwage/tailoredwages - in 2014). The outcomes of the study will be promoted to consumers across Europe and the US.

We firmly believe that there should be more evidence-backed information available for consumers and the wider public about garment supply chains, and wages in particular. As such, links and upload options are given for providing evidence to back up your answers throughout this survey. Please note that documents uploaded or links provided may be checked for verification reasons, but will not be used as part of the assessment. Please make sure to include any data you want to be read in the main body of your answers.

All the information that you provide to us may become publicly available. If however, in exceptional circumstances, there are sensitive pieces of information that you would like to provide to the assessment process but that can't be made public, please indicate these clearly.

Defining terms

For the purposes of this study, a living wage is defined by the following statement:

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income.

Specifically a living 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 hours
- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a family of four (or 3 consumption units, two adults and two children)
- Includes an additional 10% of the costs for basic needs as discretionary income.
(For more details see: https://cleanclothes.org/livingwage)

The latest Asia Floor Wage benchmark figures, last updated in 2017, can be found here: https://asia.floorwage.org/what
The Clean Clothes Campaign estimates for Living Wage benchmarks in the European production region, based on worker interviews, can be found on p.25 of this report: https://cleanclothes.org/livingwage/europe/europes-sweatshops

Your company

Company name: *

Decathlon SA
1. A Living Wage commitment

Our definition of a living wage is as follows:

"Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income."

Specifically a living 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 hours
- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a family of four (or 3 consumption units, two adults and two children)
- Includes an additional 10% of the costs for basic needs as discretionary income.
1.1 Has your company published a clear commitment to ensure a Living Wage is paid across your supplier network? *

- Yes
- No

If yes, please describe how your company defines a living wage and provide a link to where this commitment is publicly available.

Living Wage: 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. The wage payment must be done directly to the workers, regularly and on time. Any deduction from salary as a disciplinary practice is forbidden. It must also take into account benefits such as paid leave, insurance, bonus etc. (cf. Decathlon Code of Conduct for suppliers: http://sustainability.decathlon.com/media-reports/documents/).
In Decathlon we categorized our suppliers as per the below:

- A Rank 1 supplier is one that has a contractual agreement with a Decathlon group company to produce or assemble finished/semi-finished products (manufacturing contract), or to supply raw materials/components (purchasing contract) who receives purchase orders from and submits invoices directly to that Company.

- A Rank 2 supplier is one that contributes to the Decathlon product value chain through a direct commercial relationship with a rank 1 supplier, with whom they manage all purchase orders and invoices. The Decathlon group reserves the right to participate in the selection or approval of a rank 2 supplier, while not intervening in the commercial and legal relationship between the rank 1 and rank 2 suppliers.

To monitor the compliance of our suppliers with all requirements mentioned in our Code of Conduct, we regularly assess all our Rank 1 suppliers (1,090 end of 2017) and some identified Rank 2 (314 end of 2017) using our internal grid.

Our assessment grid for Human Responsibility in Production, has been regularly updated since 2003. This continuous improvement approach takes into consideration all internal and external stakes.

As a matter of fact, in 2017 (the last update of our grid) we used a collaborative approach based on external benchmarking, while consulting our internal stakeholders (Sustainability team and production teams).

This assessment grid allows to monitor the level of our suppliers on social risks management.

Assessment results and action plans, with other information on our Rank 1 & 2 suppliers, are capitalized in our “Supplier DataBase”. This tool allows us to monitor and manage the global performance of our supply chain on the workers compensation topic.

For Wages the level can go from A to E:

A Exemplary: The production site implemented profit sharing based on the net margin with employees.
B Target is met and risks are managed: The compensation system is efficient, and ensures the payment of a Living Wage (as per our definition 1.1). It also ensures a good understanding and monitoring by the workers of their compensation including basic salary, bonus and benefits, and based on their skills and participation in the company project.

C Consolidation: The compensation system is being constructed.

D Elementary: Risks on social benefits (social insurance/bonus) for the workers have been identified and must be solved with a durable solution at the latest of 1 year after the assessment.

E Unacceptable: Situation where paid wages are lower than the minimum national level, industry level or collective bargaining one. Decathlon suspends production and requests an immediate action plan. Production would resume only after a complete new assessment.
Please supply details about your approach to auditing for a living wage. Does your company hire auditors from auditing firms? Are these announced or unannounced visits? Does your company use any external certifiers? How do you remedy non-compliances?

In 2017 we conducted 1,018 assessments around the world, with 67% of them completed by our internal team of assessors.

Since 2010 we have recruited locally 25 collaborators that speak the supplier’s language, and that understand the cultural codes from the countries they operate. Thanks to their background, they understand the industrial sector and convey strong convictions about the Human Rights topics.

Those persons are continuously trained and their assessing skills are validated through a process based on SA 8000 (cf. Social Accountability International). Supported by 37 other collaborators from our production teams that followed the same training and validation process, and are missioned 10% of their time on this subject.

We continue to collaborate with SGS, an SA 8000 certified organisation who conducted up to 33% of our assessments in 2017. This collaboration allows us to calibrate and improve our methodologies.

In case of non compliance following an assessment, action plans are implemented by our suppliers to durably solve the situation. Our local production teams (43 offices & 1,943 persons responsible to manage suppliers) check the coherence of those plans to guarantee that the root causes are well treated, and ensure a sustainable risk management system.

2. Benchmarks for a minimum living wage
2.1 Does your company have internal or public figures that it uses to benchmark Living Wages for each sourcing country or region? *

☐ Yes

☐ No

If yes, please provide details.

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.

2.3 Please give details of the number of your suppliers (both tier 1 and across your supplier network) that are currently paying your stated living wage benchmark to all workers in their factory. Do supply evidence for this where possible. *

At the end of 2017, 69% of our rank 1 suppliers complied with our Living Wages requirements stated in our Code of Conduct (respect the minimum national level, industry level or collective bargaining one (take into account benefits such as paid leave, insurance, bonus). In December 2018, this result increased up to 86% of our rank 1 suppliers.

Evidence upload
3. Purchasing practices that make living wages possible

3.1 Does your company calculate whether FOB prices paid per piece are sufficient to allow for compliance with the living wage standard your company has committed to deliver? *

☐ Yes

☒ No

If yes, please supply evidence. If no, how does your company ensure that the FOB prices paid to suppliers are sufficient to allow for compliance with your company’s living wage standard?

For every partnership project with a supplier, we implement workers upskilling approach and a bonus system (planned leaves, productivity, attendance).

Upload option.

3.2 Does your company make long-term sourcing commitments at a specific volume to suppliers? *

☐ Yes

☐ No
If so, how long are these commitments, and at what volume?

Decathlon entrusts a supplier panel for the production of its sport goods, it is organized by industrial process and managed locally by our production teams.

Due to the diversity of articles in our range, thus, the diversity of industrial processes, we have decided to strengthen our partnership strategy with our suppliers. As a matter of facts, we have been working for more than 9 years with the top 100 suppliers by purchasing volume.

At the end of 2017, we totalled 35 partners where we purchased 28% of our total volume. Our target is to reach 80% of our total purchasing volume with 150 partners suppliers by 2026.

3.3 Is your company doing work to limit the use of subcontractors in your supply chain, and consolidate your supplier factory list? *

- Yes
- No

If yes, can you provide concrete evidence over time that shows how this is working?

Since 2012, Decathlon launched a massification strategy to limit the use of suppliers. After 6 years, in 2018 we have reduced up to 15% of the total number of rank 1 suppliers, while our purchasing volume has increased to 48%.

3.4 Is your company doing work to limit the use of labour contractors?

- Yes
- No

If so, can you provide concrete evidence over time that shows how this is working?
4. Ensuring transparency

See https://cleanclothes.org/transparency/transparency-pledge for reference on definitions.

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

- Yes
- No

Please supply a link or further information.

4.2 Does your company publish information on wages currently paid to workers at your suppliers? *

- Yes
- No

If yes, please supply a link or further information.

5. A clear roadmap for implementing a living wage for all workers
5.1 Does your company have a public roadmap / strategy for how it will achieve a living wage for all workers across your supplier network? *

- Yes
- No

If yes, please supply a link to where this is published.

5.2 By what date does your strategy anticipate that a living wage will be paid to all workers at 100% of your suppliers (both tier 1 and across your supplier network)?

6. Living Wage projects

6.1 What living wage projects are you participating in currently? How do these projects calculate a living wage and how will they achieve this level?

Project Name

- Together for Sustainable Business

Project description

- Increasing salary by workers upskilling.
Partnerships involved

Countries covered by the project

Bangladesh

Number of suppliers impacted

4

Timescale

On-going since 2015

By what date will this project achieve a living wage across your supplier network?

6.1 Continued. Opportunity to add additional project.

Project name

Project description

Partnerships involved
6.2 In the last 5 years, as a result of pilot projects to deliver a living wage that you have participated in, by how much have wages increased across your supplier network? Please state increases by country and number of suppliers impacted.

In AJ.Super supplier, in 2017, salaries for up-skilled workers have been increased up to 10%.

7. Advocacy for an increase in the minimum wage
7.1 Has your company issued and sent any public statements supporting specific demands for increased minimum wages to governments and employers in countries where you suppliers are located, assuring country governments that production will not be relocated as a result of increases? *

○ Yes

○ No

If yes, please supply a link to where this / these can be found.

8. Freedom of Association

*For the purposes of this question, Freedom of Association is defined as per ILO convention 87 - https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C087. In particular, that 'trade union' means an entity established to represent the interests of workers, without the influence of management or outside forces, and, where allowed by law, an entity that is able to act and bargain on behalf of the workers. Parallel means mechanisms such as management controlled worker committees do not fall under this definition.

8.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to employers and workers in your supplier factories and subcontractors? *

The right to Freedom of Association and Collective Bargaining is mentioned in our Code of Conduct, which all our rank 1 suppliers signed and must communicate to their workers:

Decathlon Suppliers must respect the right of the workers for freedom of association and collective bargaining. They should not prevent or discriminate any worker to involve in any association. Workers representatives or unionized workers are not discriminated and can carry out their functions in the workplace.
8.2 Do you require suppliers to sign union access agreements? *

- Yes
- No

If yes, please provide details and a copy of any agreement that your suppliers have signed, either by a web link or file upload.

Evidence upload

8.3 Do your suppliers provide workers with paid time off for union activities? *

- Yes
- No
- Some

If yes, please state how many suppliers this impacts.

All suppliers located in countries where it is requested by local law.

8.4 Do your suppliers provide a dedicated space in the workplace for workers to meet and discuss union issues?

- Yes
- No
- Some
If yes, please state how many suppliers this impacts.

All suppliers located in countries where local requests a dedicated space in the workplace for workers to meet and discuss union issues.

8.5 Do you require your suppliers meet and bargain with duly constituted unions? *

- [ ] Yes
- [x] No

If yes, how do you verify that they are doing so?

8.6 Do your buyers favour suppliers that support the establishment and functioning of genuine, independent trade unions*? *

- [ ] Yes
- [x] No

If yes, please explain how these suppliers are identified and how preference is given.

Our buyers supports suppliers that respects freedom of association as stated in our Code of Conduct. Any form of association is compliant as far as it respects the law and gives opportunity to workers to raise grievance and negotiate the remediation.
8.7 Does your 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
- No

If yes, how do you monitor that this can be accessed freely by workers? How do you ensure that workers do not face retaliation when filing complaints? How many complaints have you received in the past year? What is the process for investigating these complaints? How many of those complaints have been resolved?

We are already receiving alerts and grievances through our corporate website, social media and direct emails. In January 2019, we are launching a whistleblowing system that is neutral, confidential, on a digital format, plus physical poster in 10 partners suppliers.

Evidence upload

8.8 Do you have a policy of terminating relationships with suppliers that fail to pro-actively support Freedom of Association through measures such as the above?

- Yes
- No

Please clarify your answer.

Our goal is not to terminate our relationship with suppliers but to make them progress.
9. Dialogue and negotiation with labour rights organisations

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

- Yes
- No

If yes, how many such CBAs exist within your supplier network and in which countries? Please provide a link to where the text can be viewed or upload an example.

Evidence upload

9.2 Has your 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
- No

If yes, please give details and provide a link to the public text.

Evidence upload
10. Further questions about your supplier base

(For context only)

10.1 What are your main production countries? Please state percentage of total production per country and the number of supplier factories.

End of 2017, and 314 rank 2 production sites.

North Asia: 49.8%
South East Asia: 16.9%
Europe: 16.2%
South West Asia: 14.3%
Africa: 2.5%
Independent states (CIS): 0.3%
America: 0.1%

10.2 What kind of trade partners are part of the sourcing structure? Please indicate an approximate % of volume share of your production:

Production at factories owned by your company

<1%

Orders placed directly to supplier factories

>99%

Orders placed through agencies or intermediates

0%

Other (please specify)

Decathlon purchasing policy does not use traders, agencies and intermediates.
10.3 How many sites did you use to produce your goods in 2018?

First tier suppliers

We are still consolidating data for 2018, find below data end of 2017:
1,090 rank 1

Sub contracted suppliers

We are still consolidating data for 2018, find below data end of 2017:
314 rank 2

10.4 How many supplier factories do you trade with where you have a regular production share of more than 25%?

We do not calculate this information.

Your feedback

Is there anything else you would like to tell us about your work on the living wage in general? Or any feedback you would like to give to CCC?
Fruit of the Loom
RE: [EXTERNAL] Invitation to Clean Clothes Campaign wage survey 2018/19

Dear Anna:

Thank you for the follow-up. As part of the FLA’s Fair Compensation Workplan, the audits now include the Wage Data Collection Tool which provides a clearer picture of how much workers are making, and then compares the data to available living wage benchmarks for the particular country where audits take place. We have adopted this tool and methodology into our own monitoring, and have started mapping wages in our supply chain, work that will continue throughout 2019.

Let me know if you have additional questions.

Best regards,
Mercedes Lopez
VP Corporate Social Responsibility
Fruit of the Loom, Inc.
Mercedes.Lopez@fotlinc.com
http://www.fotlinc.com

---

From: Anna Bryher <anna@labourbehindthelabel.org>
Sent: Thursday, February 28, 2019 8:35 AM
To: Mercedes Lopez <Mercedes.Lopez@fotlinc.com>
Subject: RE: [EXTERNAL] Invitation to Clean Clothes Campaign wage survey 2018/19

Dear Mercedes,

Thanks for this information. I’ve now had a chance to read everything and I have just one clarification question if you have time.

Do audits conducted under the FLA fair compensation programme include monitoring of basic needs as standard? Then where basic needs are found not to be met, are CAPs issued? How are these followed through?

If you could let me know a little more about how basic needs monitoring is built into your audits that would be great.
All the best,
Anna

---

--- On Fri, 25 Jan 2019 14:54:48 +0000 Mercedes Lopez <Mercedes.Lopez@fotlinc.com> wrote
Thank you for your response and the opportunity to provide links to the information that is public which I hope is helpful for you and your work. Below is the link that will take you to information related to Social Sustainability:

**Social Sustainability**

Within this link you will find information related to:

1. Code of Conduct
2. Our Supply Chain – definitions of different components of our supply chain and factory disclosure information per country
3. Responsible Sourcing – overview of our Supply Chain Compliance and Sustainability processes, Pledge against Forced Labor and Commitment to Responsible Recruitment. CTSCA and UKMSA disclosure.
4. Sustainability partners we work with to advance our CSR efforts
5. Resources for Suppliers that include:
   a. Code of Conduct in different languages
   b. Factory Safety Policy
   c. Code of Conduct Benchmarks
   d. Suppliers Guidelines

I am also providing the link to our Environmental Sustainability in the event that is something you would like to see:

**Environmental Sustainability**

Please let me know if you have any questions after looking at the information. I am always available to jump on a call if needed.

Best regards,

Mercedes Lopez
VP Corporate Social Responsibility
Fruit of the Loom, Inc.
Mercedes.Lopez@fotlinc.com
http://www.fotlinc.com

---

From: Anna Bryher <anna@labourbehindthelabel.org>
Sent: Tuesday, January 22, 2019 9:36 AM
To: Mercedes Lopez <Mercedes.Lopez@fotlinc.com>
Subject: RE: [EXTERNAL] Invitation to Clean Clothes Campaign wage survey 2018/19

Hi Mercedes,

Okay, thanks for letting us know. We will profile Fruit of the Loom anyway, based on public information. If you want to send us any quick links to information you would like to highlight, do go ahead.

All the best,
Anna

----- On Tue, 15 Jan 2019 20:23:31 +0000 Mercedes Lopez <Mercedes.Lopez@fotlinc.com> wrote -----

Dear Anna:

I apologize for the late reply but as I mentioned in my previous response we had many activities and travel plans already scheduled right after the beginning of the year. Thank you for offering an
extension for the timeline, however it would be probably April before we could pull resources for this process.

I would definitely like to connect further with you so please let me know if you would be available for a call. I am in the Central Standard Time zone in the US.

Looking forward to hearing back from you.

Best regards,

Mercedes Lopez
VP Corporate Social Responsibility
Fruit of the Loom, Inc.
Mercedes.Lopez@fotlinc.com
http://www.fotlinc.com

From: Anna Bryher <anna@labourbehindthelabel.org>
Sent: Thursday, January 3, 2019 5:27 AM
To: Mercedes Lopez <Mercedes.Lopez@fotlinc.com>
Cc: Penny Woronoff <Penny.Woronoff@fotlinc.com>; Veronica Timlin <veronica.timlin@fotlinc.com>; Carl Smith <Carl.Smith@fotlinc.com>
Subject: RE: [EXTERNAL] Invitation to Clean Clothes Campaign wage survey 2018/19

Dear Mercedes,

Thanks for getting back to us. If we were to extend the timeline of the process, would that mean that FOTL would be able to participate? Do let us know how much extra time you would need to accommodate your travel plans and time to prepare answers. Some other brands have also responded saying they need some additional time.

Very best,

Anna

---- On Wed, 02 Jan 2019 14:27:17 +0000 Mercedes Lopez <Mercedes.Lopez@fotlinc.com> wrote ----

Dear Anna:

Thank you for inviting Fruit of the Loom’s submission to the Clean Clothes Campaign 2018/19 Wage Survey and recognizing our presence across retail. Regrettably, due to several days being out of the office due to the Holiday season we are just coming out of and the new year’s early travel plans already in place, we will not be able to participate this time, since we won’t be able to prepare the information required to adequately answer the survey.

We hope to have another opportunity in the future, and stay connected meanwhile.

Best regards,

Mercedes Lopez
VP Corporate Social Responsibility
Fruit of the Loom, Inc.
Mercedes.Lopez@fotlinc.com
http://www.fotlinc.com

From: Anna Bryher <anna@labourbehindthelabel.org>
Sent: Thursday, December 20, 2018 6:08 AM
To: Mercedes Lopez <Mercedes.Lopez@fotlinc.com>; mlopez <mlopez@fruit.com>
Cc: Penny Woronoff <Penny.Woronoff@fotlinc.com>; Veronica Timlin <veronica.timlin@fotlinc.com>; Carl Smith <Carl.Smith@fotlinc.com>
Subject: [EXTERNAL] Invitation to Clean Clothes Campaign wage survey 2018/19

Dear Mercedes,
I'm writing to invite Fruit of the Loom's submission to the Clean Clothes Campaign 2018/19 Wage Survey. This survey aims to provide a definitive resource for consumers in Europe and the US on which brands are doing more and which are doing less to combat the problem of poverty pay in clothing factories supplying to the European and US market. We're asking you to take part in the survey as a top global company with an influential presence across retail.

Attached is a letter giving you details of the process, and a copy of the survey text. The survey is available to fill in online here: https://goo.gl/forms/PNu1Y1Y92dX4GtC13

We hope that taking part will be a useful evaluation process both for your brand and for consumers we will promote the outcomes to. Do bear in mind that if you do not fill in the survey, a profile will be published about your company using data that is publicly available nonetheless.

Deadline for responses is Friday 11 January, 2019. If you have any questions or concerns, don't hesitate to get in touch. Please also reply to confirm that you have received this information. I do hope you will be able to take part in this process and share some of the work you have been doing.

All the best,
Anna

On behalf of Clean Clothes Campaign International.

--
Anna Bryher (formerly McMullen) | Labour Behind the Label
A: Easton Business Centre, Felix Road, Bristol BS50HE | Tel: +44 (0) 117 954 8011 | Mob: +44 (0)7786 832 035
E: anna@labourbehindthelabel.org | W: www.labourbehindthelabel.org

Labour Behind the Label works to improve conditions and empower workers in the global garment industry. We are the UK platform of the Clean Clothes Campaign, a coalition of campaigns with 250 organizational members worldwide.

All Labour Behind the Label staff work part-time. I work two days a week. If you need an urgent response, you can reach me on the mobile number above at other times.

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Anna Bryher (formerly McMullen) | Labour Behind the Label
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All Labour Behind the Label staff work part-time. If you need an urgent response, you can reach me on the mobile number above.
GAP
Hi Anna,

We have updated our public disclosure on wages and benefits, available here - https://www.gapincsustainability.com/wages-benefits.

Please consider this our response to the survey, as it covers Gap Inc.’s public disclosure on the issues you are inquiring about.

Once you have had a chance to review, I would be happy to get on the phone to discuss.

Dan

--- On Wed, 02 Jan 2019 20:01:27 +0000 Daniel Fibiger <Daniel_Fibiger@gap.com> wrote ----

Hi Anna,

I am not back in the office until the week of January 14, as we were closed over the holiday break and I am now embarking on an international work trip.

Given the short notice, we would greatly appreciate an extension to the deadline, as we are only seeing this email now.

Please advise and Happy New Year,

Dan

--- On Thu, 03 Jan 2019 02:21:00 +0000 Anna Bryher <anna@labourbehindthelabel.org> wrote ----

Dear Daniel,

I’m writing to invite GAP’s submission to the Clean Clothes Campaign 2018/19 Wage Survey. This survey aims to provide a definitive resource for consumers in Europe and the US on which brands are doing more and which are doing less to combat the problem of poverty pay in clothing factories
supplying to the European and US market. We're asking you to take part in the survey as a top
global company with an influential presence across retail.

Attached is a letter giving you details of the process, and a copy of the survey text. The survey is
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we will promote the outcomes to. Do bear in mind that if you do not fill in the survey, a profile will
be published about your company using data that is publicly available nonetheless.

Deadline for responses is Friday 11 January, 2019. If you have any questions or concerns, don't
hesitate to get in touch. Please also reply to confirm that you have received this information. I do
hope you will be able to take part in this process and share some of the work you have been doing.

All the best,
Anna

On behalf of Clean Clothes Campaign International.

--
Anna Bryher (formerly McMullen) | Labour Behind the Label
A: Easton Business Centre, Felix Road, Bristol BS50HE | Tel: +44 (0) 117 954 8011 | Mob: +44
(0)7786 832 035
E: anna@labourbehindthelabel.org | W: www.labourbehindthelabel.org

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G-Star RAW
Clean Clothes Campaign Living Wage Survey

This survey is being carried out on behalf of the Clean Clothes Campaign and will be used to update our study into brand progress towards payment of a living wage (last published as Tailored Wages - [www.cleanclothes.org/livingwage/tailoredwages](http://www.cleanclothes.org/livingwage/tailoredwages) - in 2014). The outcomes of the study will be promoted to consumers across Europe and the US.

We firmly believe that there should be more evidence-backed information available for consumers and the wider public about garment supply chains, and wages in particular. As such, links and upload options are given for providing evidence to back up your answers throughout this survey. Please note that documents uploaded or links provided may be checked for verification reasons, but will not be used as part of the assessment. Please make sure to include any data you want to be read in the main body of your answers.

All the information that you provide to us may become publicly available. If however, in exceptional circumstances, there are sensitive pieces of information that you would like to provide to the assessment process but that can't be made public, please indicate these clearly.

Defining terms

For the purposes of this study, a living wage is defined by the following statement:

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income.

Specifically a living 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 hours
- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a family of four (or 3 consumption units, two adults and two children)
- Includes an additional 10% of the costs for basic needs as discretionary income.

(For more details see: [https://cleanclothes.org/livingwage](https://cleanclothes.org/livingwage))

The latest Asia Floor Wage benchmark figures, last updated in 2017, can be found here: [https://asia.floorwage.org/what](https://asia.floorwage.org/what)

The Clean Clothes Campaign estimates for Living Wage benchmarks in the European production region, based on worker interviews, can be found on p.25 of this report: [https://cleanclothes.org/livingwage/europe/europes-sweatshops](https://cleanclothes.org/livingwage/europe/europes-sweatshops)

Your company
1. A Living Wage commitment

Our definition of a living wage is as follows:
"Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income."

Specifically a living 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 hours
- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a family of four (or 3 consumption units, two adults and two children)
- Includes an additional 10% of the costs for basic needs as discretionary income.

1.1 Has your company published a clear commitment to ensure a Living Wage is paid across your supplier network? *

- Yes
- No

If yes, please describe how your company defines a living wage and provide a link to where this commitment is publicly available.

In G-Star's Code of Conduct we outline the following definition:

"5.1 Suppliers must pay employees at least the minimum wage required by local law or the prevailing local industry wage (whichever is higher) based on the work performed. Wages should always be enough to meet basic needs and to provide some discretionary income."

In G-Star’s Social & Labour Guideline, in which each article of G-Star’s Code of Conduct is explained, we give suppliers further explanation on how a fair wage is set:

“The first step towards a fair wage is calculating what wage level can cover a worker’s basic needs. Fair wage calculations must take into account some common factors including the number of family members to be supported, the basic nutritional needs of a worker and other basic needs including housing, healthcare, education and some basic savings.

G-Star defines this as follows: a fair wage should be earned during a standard working week (maximum of 48 hours per week) and should provide for the basic needs of the family and for some discretionary income.”


G-Star’s public commitment on a Fair Wage:

Wage development is primarily a role for the government, however, we also believe that we have the ability to contribute to a positive change. That is why our G-Star Supplier Code includes this aspect. Since 2014 we have worked to understand and implement Fair Wages in our supply chain for the long term. Between 2015 and 2017 G-Star engaged in a Living Wage pilot in collaboration with Solidaridad. The short-term objective of this pilot was to carry out a baseline assessment of the wage levels in the G-Star supply chain with a focus on supplier compliance with local law and the G-Star Code of Conduct. The long-term objective is to determine our approach and roadmap to work towards payment of Fair Wages for factory workers in our supply chain. Core activities we carried out focus on assessment of the wage systems in our supply chain and assessment of our purchasing practices. The key learnings of the pilot are shared publically on our website: https://www.g-star.com/nl_nl/about-us/responsibility/responsible-supply-chain
1.2 How do you monitor supplier compliance with this living wage commitment, both for tier 1 suppliers and across your supplier network? *

To verify whether our suppliers comply with our Code of Conduct including Fair Wages, we have set up a compliance process using a combination of tools. As part of this process all our suppliers are assessed on a regular basis by recognized, independent organizations and our internal teams on their social and environmental performance. We also partner with our suppliers on worker well-being via coaching & training and tailored development projects. We refer to 2018 as our ‘year of transition’, since we changed our monitoring and management system to focus on impact instead of compliance. Adoption of the Higg Index also provides an additional step to our assessment process, since suppliers fill in self-assessment. By adopting the Higg Index modules, the Social and Labor Convergence Project and verification approach as our standardized assessment tools, we shift our capacity from auditing to issue/solution based collaboration with our suppliers. 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.

Please supply details about your approach to auditing for a living wage. Does your company hire auditors from auditing firms? Are these announced or unannounced visits? Does your company use any external certifiers? How do you remedy non-compliances?

We have published G-Star supplier and monitoring development process on our website, in which we describe our audit methodology, monitoring and improvement process, frequency and scope in more detail. We kindly refer you to this document via this link: https://img2.g-star.com/image/upload/v02/CSR/PDF/G Star_Supplier_Monitoring_Development_process_explained.pdf
2. Benchmarks for a minimum living wage

2.1 Does your company have internal or public figures that it uses to benchmark Living Wages for each sourcing country or region? *

☐ Yes

☐ No

If yes, please provide details.

We benchmark different wage levels in our production countries (see manufacturer map for an overview of our production countries: https://www.g-star.com/nl_nl/about-us/responsibility/manufacturing-map). We carry out an annual country analysis for all our production countries in collaboration with an external partner. Each country analysis includes specified wage information. At the moment we do not benchmark these figures against your Asian Floor Wage data.

In 2014 we updated our Code of Conduct to endorse a Fair Wage standard under the article of Wages & Benefits. In this same year we also started using internal overviews of wages of suppliers in comparison to the different wage levels.

In 2015, we decided to take a next step in addition to monitoring wage data. We started to explore how we can make an actual impact at supplier level. From 2015 till 2017 we worked with Solidaridad and the Fair Wage Network in the Fair Wage pilot at one of our Chinese suppliers. Wage assessment was part of the pilot. Please find the Fair Wage evaluation report here: https://img2.gstar.com/image/upload/v1508923816/CSR/Fair_Wage_pilot_evaluation_report_-_sept_2017.pdf

Based on the pilot we decided not to continue or expand the collaboration with the Fair Wage Network for three key reasons. First, the implementation of Fair Wage took us three years instead of one year, which is not scalable. Second, the pilot did not lead to significant improvement after one year. In addition the Fair Wage methodology was not yet final and ready for full implementation at the time of the pilot.

In order to move forward we should focus on collaboration and knowledge sharing with...
other brands, manufacturers and stakeholders. This would enable us to learn from each other and to collectively develop and implement a scalable approach. Such a collaboration at scale is needed to expand our focus towards social dialogue and involve workers better in the wage negotiations.

At a local level we participate in the Living Wage working group of the Dutch Textile Agreement since 2016. The Agreement: “combines activities at three levels: within the businesses that have signed the Agreement, at their suppliers (factories), and at the national level in the production countries. The Signatories to the Agreement are integrating support for a living wage into their Due Diligence process, procurement practices and dialogues with their suppliers/factories. The project is also working to raise awareness among and build the knowledge and capacity of suppliers in production countries. In addition, it also aims to help create a level playing field in production countries, with an increase in the minimum wage and collective bargaining at sector level leading to a vast improvement in workers’ wages throughout the entire garment and textile sector. Sustainable procurement practices in the sector must support these wage increases”(Source: https://www.imvoconvenanten.nl/garments-textile/news/2018/11/leefbaar-loon-start?sc_lang=en).

Finding a suitable partner to roll out our own approach and collaborate on a global scale is one of our core priorities in 2019, preferably by Q2 2019. We are therefore currently assessing and benchmarking various Fair Wage initiatives – such as ACT, Fair Wear Foundation and Solidaridad. At the same time, we are expanding our own work on social dialogue that will include the topic of wage negotiations for workers as part of our supplier development program.

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.

N/A – see explanation question 2.1.
2.3 Please give details of the number of your suppliers (both tier 1 and across your supplier network) that are currently paying your stated living wage benchmark to all workers in their factory. Do supply evidence for this where possible. *

N/A – see explanation question 2.1.

Evidence upload

3. Purchasing practices that make living wages possible

3.1 Does your company calculate whether FOB prices paid per piece are sufficient to allow for compliance with the living wage standard your company has committed to deliver? *

- Yes
- No
If yes, please supply evidence. If no, how does your company ensure that the FOB prices paid to suppliers are sufficient to allow for compliance with your company’s living wage standard?

We moved to working with open costing sheets with our suppliers that enables transparent communication on price build-up. These open costing sheets include material and non-material costs and specific reference to CMT cost. This gives both parties insights and is a necessary step to be able to implement Fair Wages into our supply chain.

Upload option.

3.2 Does your company make long-term sourcing commitments at a specific volume to suppliers? *

- Yes
- No

If so, how long are these commitments, and at what volume?

We have built a trust-based and long-term relationship with our suppliers. Even though volumes differ per season, we start to provide long-term buying commitments linked – amongst other things - to supplier volume. For example: we allocate our big programs on a three year basis to strategic suppliers to secure business for both sides. In addition we provide capacity planning to suppliers, as pointed out in our Better Buying Report) 2017, which we are currently discussing internally. To date, over 50% of our production volume is produced by suppliers whom we have worked with for over 10 years.
3.3 Is your company doing work to limit the use of subcontractors in your supply chain, and consolidate your supplier factory list? *

- Yes
- No

If yes, can you provide concrete evidence over time that shows how this is working?

Our supplier base has proven to be very stable and we work with our long-term partners. (Link to Manufacturing Map: https://www.g-star.com/nl_nl/about-us/responsibility/manufacturing-map)

G-Star has a strict policy on subcontractors which is communicated to our suppliers as well as checked by our local teams. We work with different tools, such as allocation lists, processes/output checks of production, and visits by our local technical teams as well as our local CR team.

We strive towards direct relationships with our factories.

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3.4 Is your company doing work to limit the use of labour contractors?

- Yes
- No
If so, can you provide concrete evidence over time that shows how this is working?

As part of our supplier compliance and monitoring process we check if our suppliers work with labour contractors. We therefore know that in general labour contractors are not frequently hired by our suppliers. The suppliers that do work with labour contractors, do this for security worker positions or for positions in countries where there are migrant workers. These workers are in scope of our supplier compliance and monitoring process. We regularly check if the conditions outlined in our Code of Conduct are applied to these workers. The long-term relationships provide a solid bases for transparency, which is key in the process, as we need full transparency on the details of our suppliers’ business partners.

For countries/areas where we know labour contractors are hired occasionally (e.g. migrant workers in India and Mauritius), we increase the compliance and monitoring checks. During our visits we explain why we prefer our suppliers not to work with labour contractors. We also ensure we have full transparency on the agreements that are made with these contractors and the conditions that apply for these workers.

4. Ensuring transparency

See [https://cleanclothes.org/transparency/transparency-pledge](https://cleanclothes.org/transparency/transparency-pledge) for reference on definitions.

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

- [ ] Yes
- [ ] No
Please supply a link or further information.

Please find the link to our Manufacturing List version 3.0:  https://img2.g-star.com/image/upload/v01/CSR/PDF/G-Star_Manufacturing_List_online_version_3.0_-_Dec_18.pdf This Manufacturing List is in line with the Transparency Pledge which we signed in March 2017:  https://img2.g-star.com/image/upload/v1508930348/CSR/transparency_pledge_1_pager.pdf

4.2 Does your company publish information on wages currently paid to workers at your suppliers? *

☐ Yes

☐ No

If yes, please supply a link or further information.

This an interesting question however. It would be helpful to better understand how and to whom we can add value by sharing such data. Great if you can provide more insights and impacts of such efforts. If we have more clarity on this we can consider/explore if and how such information can be included in our future sustainability reporting efforts.

5. A clear roadmap for implementing a living wage for all workers
5.1 Does your company have a public roadmap / strategy for how it will achieve a living wage for all workers across your supplier network? *

- Yes
- No

If yes, please supply a link to where this is published.

We have a Fair Wage strategy in place, however this is not public yet. Based on the learnings from our Fair Wage pilot project we are currently looking for a partner to support us in this further roll-out with the aim to make it scalable and collective. Preferably we find such a partner by Q2 2019. When we have found a suitable partner we plan to finalize and publish our Roadmap. The aim is to share our Roadmap by the end of this year (2019).

We believe that we can contribute to a positive change of the wage development in our supply chain. Therefore this is an important focus of the G-Star social strategy and our aim is to roll-out a Fair Wage methodology. In this methodology we focus on some key elements that includes:

- Improving G-Star Purchasing Practices
- Contributing to systematic changes in the wage-setting mechanism at our suppliers
- Enabling social dialogues that can contribute to wage negotiations.

Other relevant activities:

- Participated in the Better Buying initiative. With these results of the individual report we are planning internal trainings to engage the relevant teams on improving their purchasing practices.

5.2 By what date does your strategy anticipate that a living wage will be paid to all workers at 100% of your suppliers (both tier 1 and across your supplier network)?

N/A. see answer and explanation under 5.1

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6. Living Wage projects

6.1 What living wage projects are you participating in currently? How do these projects calculate a living wage and how will they achieve this level?

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<thead>
<tr>
<th>Project Name</th>
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<tbody>
<tr>
<td>Collective Project Living Wage</td>
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Project description

Activities focus on three levels: Business, Suppliers (factories), National level in the production countries.

We are participating in the working group of the collective Living Wage project of the Dutch Textile Agreement. See also answer 2.1 for more information. Our participation in this working group enables us to collaborate with Dutch SME’s on key topics such as due diligence, capacity building and awareness raising. Participation in the Living Wage working group is a step in shaping our fair wage strategy and policy. In order to scale our efforts we also want to engage at the global industry level, through participation in a collective approach towards living wages. Finding a suitable partner to roll out our own approach and collaborate at global scale, is one of our core priorities in 2019.
Partnerships involved

Dutch Textile Agreement

Countries covered by the project

TBD

Number of suppliers impacted

TBD

Timescale

ongoing

By what date will this project achieve a living wage across your supplier network?

ongoing

6.1 Continued. Opportunity to add additional project.

Project name

Project description
Partnerships involved

Countries covered by the project

Number of suppliers impacted

Timescale

By what date will this project achieve a living wage across your supplier network?

6.2 In the last 5 years, as a result of pilot projects to deliver a living wage that you have participated in, by how much have wages increased across your supplier network? Please state increases by country and number of suppliers impacted.

From 2015 till 2017 we worked with Solidaridad and the Fair Wage Network in the Fair Wage pilot at one of our Chinese suppliers. See question 2.1 for more information on this pilot. Please find the Fair Wage evaluation report here: https://img2.g-star.com/image/upload/v1508923816/CSR/Fair_Wage_pilot_evaluation_report_-_sept_2017.pdf
7. Advocacy for an increase in the minimum wage

7.1 Has your company issued and sent any public statements supporting specific demands for increased minimum wages to governments and employers in countries where you suppliers are located, assuring country governments that production will not be relocated as a result of increases? *

- Yes
- No

If yes, please supply a link to where this / these can be found.

Along with 10 other Dutch fashion brands and 3 Dutch Associations, G-Star sent a letter to Prime Minister Sheikh Hasina, asking to support an increase of the minimum wage for Bangladeshi garment workers. The Dutch Textile agreement (which G-Star signed) send a similar letter:


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8. Freedom of Association

*For the purposes of this question, Freedom of Association is defined as per ILO convention 87 - https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C087. In particular, that ‘trade union’ means an entity established to represent the interests of workers, without the influence of management or outside forces, and, where allowed by law, an entity that is able to act
and bargain on behalf of the workers. Parallel means mechanisms such as management controlled worker committees do not fall under this definition.

8.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to employers and workers in your supplier factories and subcontractors? *

The right to Freedom of Association and collective bargaining has been incorporated in the G-Star Code of Conduct:

2.1 In order for employees to be able to voice their comments/concerns, suppliers should encourage open communication between workers and management, while respecting the right of employees to associate, organise and bargain collectively.

2.2 Suppliers must not threaten, penalize, restrict or interfere with employees’ lawful efforts to join associations.

2.3 Workers representatives should not be discriminated against and should be able to carry out their representative functions in the workplace.

2.4 Where the right of freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

The Code of Conduct is shared with the suppliers and explained during factory visits and supplier trainings. During supplier trainings the importance of Freedom of Association and Collective Bargaining, f.e. the importance of worker committees (set up by election), are discussed and best practices at other suppliers are shared.

In addition, G-Star is a buying partner of Better Work program Vietnam. In conferences, supplier trainings and supplier assessments key topics such as Freedom of Association and Collective Bargaining are actively addressed, discussed and acted upon. For more information, see: www.betterwork.org
8.2 Do you require suppliers to sign union access agreements? *

- Yes
- No

If yes, please provide details and a copy of any agreement that your suppliers have signed, either by a web link or file upload.

Evidence upload

8.3 Do your suppliers provide workers with paid time off for union activities? *

- Yes
- No
- Some

If yes, please state how many suppliers this impacts.

Unknown
8.4 Do your suppliers provide a dedicated space in the workplace for workers to meet and discuss union issues?

- Yes
- No
- Some

If yes, please state how many suppliers this impacts.

We are not aware of such practices at our suppliers, that there are dedicated rooms to discuss issues. Though an interesting suggestion to include it in our policies.

8.5 Do you require your suppliers meet and bargain with duly constituted unions? *

- Yes
- No

If yes, how do you verify that they are doing so?

As part of our Code of Conduct.

Please see our answer under 8.1

In practice our enforcing activities are more focused on functional workers committees and effectivity & impact of those.
8.6 Do your buyers favour suppliers that support the establishment and functioning of genuine, independent trade unions*? *

- Yes
- No

If yes, please explain how these suppliers are identified and how preference is given.

We don’t see these kind of requirements as a standalone topic. We consider this one of the important elements alongside all the other requirements that are included in our Code of conduct.
We have a vendor rating in place of which Corporate Responsibility requirements are part of and that is considered as an important element.

8.7 Does your 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
- No
If yes, how do you monitor that this can be accessed freely by workers? How do you ensure that workers do not face retaliation when filing complaints? How many complaints have you received in the past year? What is the process for investigating these complaints? How many of those complaints have been resolved?

G-Star suppliers have accessible and confidential means by which workers can file and follow up on complaints about violations of freedom of association and collective bargaining. Examples are established worker committees and worker trade unions at suppliers G-Star works with, suggestion and complaint boxes, floor helpdesks at work floors where confidant(e)s of a committee are working and are available for discussion and help, as well as easy outreach to our local CR supply chain managers in Bangladesh and China. This is being monitored by onsite visits at the factories by our G-Star CR team and/or 3rd party audits of independent audit companies. In addition, a functional workers committee and grievance systems is one of the key focus points of our supplier development trainings programs.

In addition to the monitoring and training of our suppliers we are focusing on the next step to improve this further. We are looking for a partner/system that can offer one functional, accessible, independent and confidential grievance system in all our production countries. This system should be an addition to existing mechanisms, and provide easy-to-use solutions to all workers.

Evidence upload

8.8 Do you have a policy of terminating relationships with suppliers that fail to pro-actively support Freedom of Association through measures such as the above?

- Yes
- No
Please clarify your answer.

Our main focus is first to work with the supplier on the necessary improvements that are needed and to remediate the issues that are found against the G-Star Code of Conduct.

However, if this has proven to be very difficult or impossible we have to reconsider the business relationship and if necessary exit the factory with an exit strategy. Before we consider starting an exit procedure we will engage the supplier in an extensive dialogue with all relevant departments and senior management. More details on our Supplier Monitoring Development process can be found in the below public document:

https://img2.g-star.com/image/upload/v02/CSR/PDF/G-Star_Supplier_Monitoring_Development_process_explained.pdf

9. Dialogue and negotiation with labour rights organisations

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

☐ Yes

☒ No
If yes, how many such CBAs exist within your supplier network and in which countries? Please provide a link to where the text can be viewed or upload an example.

Evidence upload

9.2 Has your 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

☒ No

If yes, please give details and provide a link to the public text.

Evidence upload

10. Further questions about your supplier base

(for context only)
10.1 What are your main production countries? Please state percentage of total production per country and the number of supplier factories.

Please see the details on our Manufacturing Map, which includes 9 countries, 24 suppliers and 32 factories operating from Bangladesh, China, India, Indonesia, Italy, Morocco, Turkey, Vietnam and United Arab Emirates (UAE). For more information, visit: https://www.g-star.com/nl_nl/about-us/responsibility/manufacturing-map

10.2 What kind of trade partners are part of the sourcing structure?
Please indicate an approximate % of volume share of your production:

Production at factories owned by your company

Production volume based on average in 2018 collections:

0

Orders placed directly to supplier factories

100%

Orders placed through agencies or intermediates

0

Other (please specify)
10.3 How many sites did you use to produce your goods in 2018?
First tier suppliers

Please see the details in our published Manufacturing List version 3.0 Dec 2018:
https://img2.g-star.com/image/upload/v01/CSR/PDF/G-Star_Manufacturing_List_online_version_3.0--Dec_18.pdf

This Manufacturing List is in line with the Transparency Pledge which we signed in March 2017:
https://img2.g-star.com/image/upload/v1508930348/CSR/transparency_pledge_1_pager.pdf

Sub contracted suppliers

Please see the details in our published Manufacturing List version 3.0 Dec 2018:
https://img2.g-star.com/image/upload/v01/CSR/PDF/G-Star_Manufacturing_List_online_version_3.0--Dec_18.pdf

This Manufacturing List is in line with the Transparency Pledge which we signed in March 2017:
https://img2.g-star.com/image/upload/v1508930348/CSR/transparency_pledge_1_pager.pdf

10.4 How many supplier factories do you trade with where you have a regular production share of more than 25%?

We don’t have a supplier at which we place a regular production volume of more than 25%
Your feedback

Is there anything else you would like to tell us about your work on the living wage in general? Or any feedback you would like to give to CCC?

We have Fair Wage strategy in place however this is not public yet. Following our Fair Wage pilot project, we are currently looking for a partner to support us, with the aim to make our effort scalable and collective. When we have found a suitable partner (preferably by Q2 2019) we plan to finalize and publish our Roadmap. The aim is to share this Roadmap by the end of this year (2019).

We believe that we can contribute to a positive change of the wage development in our supply chain. Therefore this is an important focus of the G-Star social strategy. Our approach focuses on:

- Improving G-Star Purchasing Practices.
- Contributing to systematic changes in the wage-setting mechanisms at our suppliers.
- Enabling social dialogue that can contribute to wage negotiations.

Other relevant activities:

- Ongoing participation in the Better Buying initiative. We are sharing and discussing the results of our first Better Buying Report internally. The main goal of these trainings is to engage the relevant teams and collaborate on improving our purchasing practices.


This content is neither created nor endorsed by Google.
Gucci
### About Your Company

**Company name:** Gucci  
**Brands owned by company:** Gucci  
**Main contact person:** Rossella Ravagli  
**Name:** Rossella Ravagli  
**Email:** rossella.ravagli@gucci.com  
**Contact phone number:** +393355966347

### 1. Living wage commitment

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<th></th>
<th>Has your company published a clear commitment to ensure a LW is paid across your supplier network?</th>
<th>Yes</th>
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|   | If yes, please describe how your company defines a living wage and provide a link to where this commitment is publicly available. | Our public declaration is included in our Gucci Sustainability Principles  
**FAIR WAGE**  
The manufacturer and its sub-contractors must respect employees’ rights to a living wage that guarantees that the salary paid for a standard working week meets or exceeds legal standards or minimum wage standards relevant to the sector and that is sufficient to satisfy the employee’s basic needs as well as providing a discretionary Income.  
“Salary withholdings due to disciplinary purposes are not allowed. Any exceptions to this rule will only be applicable upon the occurrence of both of the following conditions:  
a) Salary withheld for disciplinary reasons permitted by national laws. |
b) Existence of an effective collective bargaining agreement: the company must ensure that employees' salaries and wage structures are clearly and duly specified in writing for each wage period. Moreover, the company must make sure that payment of salaries and wages conform to applicable laws. “


Under SA8000 Gucci are certified (through independent third party audit) against the clause 9.10.1 which states: The organization shall conduct due diligence on its suppliers/sub-contractors, private employment agencies and sub-contractors’ compliance with the SA8000 Standard. The same due diligence approach shall be applied when selecting new suppliers/sub-contractors, private employment agencies and sub-contractors.

### 1.2 How do you monitor supplier compliance with the living wage commitment, both for tier 1 suppliers and across your supplier network?

Given the shortage in the next generation of local artisans, the brand welcomes skilled craftsmen and women of different nationalities. The origin of these professionals does not represent a barrier per se at Gucci, given the brand’s stance on inclusivity and cultural diversity, provided that they comply with the law and the stringent requirements of the Gucci Sustainability Principles, which are a set of guidelines that include oversight of sustainable sourcing, legal compliance, collective agreements, supplementary agreements, International Conventions and Declarations in relation to human and worker rights.

All of these manufacturers are required to pass a series of checks and controls.
Firstly, their financial solvency is verified. Secondly, Gucci ensures that they are compliant with the relevant laws and regulations and with the Company’s Sustainability Principles and Code of Ethics.

As part of the contractual agreement with each manufacturer, Gucci ensures the sign off by the manufacturer of 2 key documents: the Code of Ethics (which includes a Suppliers’ Charter) and the Sustainability Principles, which include policy commitments on wages, relating to the supply chain.


In addition, manufacturers undergo activation audits and follow-up audits, which are controlled and verified based on a single and comprehensive audit methodology, including not only the key chapters relating to social compliance, but also the essential components relating to health and safety, and environmental management.

The comprehensive audit questionnaire contains 88 questions and is divided into 13 categories (child labour, forced labour, health and safety, freedom of association and right to collective bargaining, discrimination, environment, etc.) and aligned with the best standards in the field, in particular the SA8000 and SMETA standards. The results are naturally pooled between the brands in order to avoid any overlap in the audits. Follow-up audits with a smaller scope focus on the area(s) in which breaches of compliance were identified or observations were made during the first comprehensive audit.


Fair wages are one of the 13 categories checked by the social audit.
Additionally for our leather goods and shoe business, we created a portal (https://www.diventaforitore.gucci/) for any potential manufacturers who would like to work with Gucci to submit their application / candidature. In order for an application to be considered, the manufacturer must declare they acknowledge and respect the Gucci Sustainability Principles and the Code of Ethics. Supporting evidence must be provided with reference to financial documentation, such as records of social security contributions for the employees. Should Gucci wish to take forward an application, an audit is conducted to ensure the Gucci Sustainability Principles and the Code of Ethics are met and evidence can be provided, including financial documentation.


Under SA8000 Gucci are certified (through independent third party audit) against the clause 9.10.1 which states: The organization shall conduct due diligence on its manufacturers/sub-contractors, private employment agencies and sub-contractors’ compliance with the SA8000 Standard. The same due diligence approach shall be applied when selecting new manufacturers/sub-contractors, private employment agencies and sub-contractors.

<table>
<thead>
<tr>
<th>Please supply details about your approach to auditing for a living wage.</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Please keep this answer confidential.</em></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Does your company hire auditors from auditing firms? Are these announced or unannounced visits? Does your company use any external certifiers? How do you remedy non-compliances?</th>
</tr>
</thead>
<tbody>
<tr>
<td>---</td>
</tr>
</tbody>
</table>
Since 2015, Gucci performed over 4,100 audits to ensure that legal requirements as well as the company’s Sustainability Principles are always respected. On top of the regular and planned audits, Gucci also performs random checks.

In the last few years, around 70 suppliers have been blacklisted from Gucci’s industrial network. If a supplier fails to meet the required performance standards, Gucci will terminate the relationship with such suppliers.

In 2017 alone, 59% of all Gucci suppliers were subject to at least one full audit or a follow-up audit. In total, 1,604 audits were carried out across our supply chain. We ended our relationship with 75 suppliers who did not meet our required standards after being issued with and supported through corrective actions.

We have 22 audits pending, and should the corrective actions required not have been successfully achieved, Gucci will terminate the relationship with such suppliers.

To support manufacturers in meeting Gucci’s Sustainability Principles, we provide training seminars for each category product in order to share best-practice information relating to our sustainability strategy and key sustainability impacts in our supply chain.

Training sessions focus on different parts of production. In 2017, we engaged with our manufacturers from our ready-to-wear supply chain and our leather goods supply chain, and with manufacturers from the Shoe Business Unit.

Kering provides central management through a team of 16 people (12 auditors specialised in conducting supply chain audits and monitoring anomalies, and 4 people dedicated to risk management, control of procedures, and management of information support systems).
depending on needs (locations, workload etc.), this team can be assisted by an external service provider selected in 2016.

For each of the 13 categories of the comprehensive audit questionnaire, a detailed description of what constitutes zero-tolerance breaches, serious breaches of compliance, moderate breaches of compliance and observations has been prepared.

a) Breaches subject to zero tolerance (relating to the most serious situations liable to be detected, specifically children’s vulnerability, sexual abuse and exploitation, child labor, forced labor, discrimination, serious breaches of regulations, serious breaches related to wages and payments, etc.).

Ideally, the failure of the relationship with the manufacturer is immediately followed by the establishment of a crisis unit bringing together the Kering audit team and the relevant brand(s) to decide on the future of the relationship with the manufacturer: immediate shutdown of the approval process if the manufacturer is in the process of being activated but has not started working, discuss the possibility of remediation and support for the manufacturer or about the need to terminate the contractual relationship if the manufacturer is working on one or more orders.

b) Serious breaches of compliance. The manufacturer is given one month to resolve the serious breach of compliance, and a follow-up audit is scheduled to verify that the issue has been resolved.

c) Moderate breaches of compliance. The manufacturer is given three months to resolve the moderate breach of compliance, and a follow-up audit is scheduled to verify that the issue has been resolved.

d) Observations give rise to a corrective action plan and are the subject of a dedicated checklist at the next audit. The manufacturer has six months to remedy the observation.
## 2. Benchmarks for a minimum living wage

<table>
<thead>
<tr>
<th>2.1</th>
<th>Does your company have internal or public figures that it uses to benchmark Living Wages for each sourcing country or region?</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>If yes, please provide details.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Working with Gucci, Kering has created an internal Living Wage Working Group which has developed an internal multi-country methodology for Fair Wage in line with the definition in our Sustainability Principles. This methodology has been validated by BSR. <a href="https://www.bsr.org/en/">https://www.bsr.org/en/</a></td>
<td></td>
</tr>
<tr>
<td></td>
<td>As far as Italy is concerned, where around 95% of our manufacturers are based (we use a small percentage of manufacturers outside of Italy for specific phases of component production), Italian Law (Article 36 of Constitution) states that:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>“Employee has the right to receive a sufficient and proportionate salary taking into account the quantity and quality of his work and in every case to assure a free and dignified existence to himself and his family.”</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CCNL (National Collective Contract Agreement) bargained every 3 years by the Main Trade Unions (CGIL, CISL and UIL etc) for any main sector of activities, assuring better working conditions higher than the ones stated by law and salary levels that are as a minimum in compliance with the fair wage principle stated by art. 36 of Constitution, also in relation with the sector of the activity and the employees’ duties, tasks and skills as well as company seniority.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Please note that in Italy applying a CCNL is not a legal requirement.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>So that, we reference and ensure through audits that manufacturer and sub-contractors applied the relevant National Collective Agreements (CCNL) bargained by the Main Trade Unions in order to grant employees to be paid based on living wage and working conditions better that the ones stated by law.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Therefore, demonstrated through the Gucci official commitment bargained in July 2017 with the Main Fashion Trade Unions to formally require the manufacturer (through the Hercules Agreement) and they in turn to require to their sub-contractors, to apply the CCNL to their workers (related to the business</td>
<td></td>
</tr>
</tbody>
</table>
sector in which they are working for) bargained by the Main employees and employers Trade Unions’ and, additionally, any other better unions agreement bargained at local or company level. This represents the methodology to assure and verify that fair wage (as per Art. 36 of C.) and fair working conditions are mandated for the whole Gucci supply chain in Italy.

To ensure effective monitoring, Hercules Agreement (please see section 3.2 for the meaning of Hercules Agreement/Hercules Project) states also the right for Gucci (respecting the commitment bargained with the Main Fashion Trade Unions in July 2017) to carry out at any time and without prior notice routine checks on manufacturers and sub-contractors to audit compliance with the salary levels and working conditions stated by the relevant CCNL bargained by the main Trade Unions (CGIL, CISL and UIL).

This is stated in the Gucci company collective agreement signed in July 2017 (available in Italian on request).

<table>
<thead>
<tr>
<th>2.2</th>
<th>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.</th>
</tr>
</thead>
</table>

Kering and Gucci calculate Fair wage per country according to an internal methodology which is constructed with input from and validated by the BSR [https://www.bsr.org/en/](https://www.bsr.org/en/) and with input from the Fair Wage Network: [http://www.fair-wage.com/](http://www.fair-wage.com/) incorporating the findings of benchmarking tools including the Anker methodology: [https://www.globallivingwage.org/about/anker-methodology/](https://www.globallivingwage.org/about/anker-methodology/)

As far as Italy is concerned, where around 95% of our manufacturers are based (we use a small percentage of manufacturers outside of Italy for specific phases of component production), Italian Law (Article 36 of Constitution) states that:

“Employee has the right to receive a sufficient and proportionate salary taking into account the quantity and quality of his work and in every case to assure a free and dignified existence to himself and his family.”

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stated by art. 36 of Constitution, also in relation with the sector of the activity and the employees’ duties, tasks and skills as well as company seniority.

Please note that in Italy applying a CCNL is not a legal requirement.

So that, we reference and ensure through audits that manufacturer and sub-contractors applied the relevant National Collective Agreements (CCNL) bargained by the Main Trade Unions in order to grant employees to be paid based on living wage and working conditions better that the ones stated by law.

Therefore, demonstrated through the Gucci official commitment bargained in July 2017 with the Main Fashion Trade Unions to formally require the manufacturer (through the Hercules Agreement) and they in turn require their sub-contractors, to apply the CCNL to their workers (related to the business sector in which they are working for) bargained by the Main employees and employers Trade Unions’ and, additionally, any other better unions agreement bargained at local or company level. This represents the methodology to assure and verify that fair wage (as per Art. 36 of C.) and fair working conditions are mandated for the whole Gucci supply chain in Italy.

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This is stated in the Gucci company collective agreement signed in July 2017 (available in Italian on request).

<table>
<thead>
<tr>
<th>2.3</th>
<th>Please give details of the number of your suppliers (both tier 1 and across your suppliers network) that are currently paying your stated living wage benchmark to all workers in their factory. Do supply evidence for this where possible.</th>
</tr>
</thead>
<tbody>
<tr>
<td>As far as Italy is concerned, where around 95% of our manufacturers are based (we use a small percentage of manufacturers outside of Italy for specific phases of component production), Italian Law (Article 36 of Constitution) states that:</td>
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</tr>
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This is stated in the Gucci company collective agreement signed in July 2017 (available in Italian on request).

Working with Gucci, Kering has created an internal Living Wage Working Group which has developed an internal multi-country methodology for Fair Wage in line with the definition in our Sustainability
Principles. This methodology has been validated by BSR. [https://www.bsr.org/en/](https://www.bsr.org/en/) but a full auditing programme against this methodology outside of Italy has only begun to be rolled out in 2018.
### 3. Purchasing practices that make living wages possible

<table>
<thead>
<tr>
<th>3.1</th>
<th>Does your company calculate whether FOB prices paid per piece are sufficient to allow for compliance with the living wage standard your company has committed to deliver?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td><strong>If yes, please supply evidence. If no, how does your company ensure that the FOB prices paid to suppliers are sufficient to allow for compliance with your company’s living wage standard?</strong></td>
</tr>
<tr>
<td></td>
<td>Gucci’s Finance department carry out a due diligence during the vendor selection from which each manufacturer receives a vendor rating evaluation. All financial reports of all manufacturers (first tier) are analyzed. This type of evaluation is finalized to check the financial stability of the manufacturers also to ensure they are able to comply with the Sustainability Principles.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3.2</th>
<th>Does your company make long-term sourcing commitments at a specific volume to suppliers?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td><strong>If so, how long are these commitments, and at what volume?</strong></td>
</tr>
<tr>
<td></td>
<td>The average duration of our framework sub-supply agreement is 2 years. Our standards sub-supply agreements usually do not provide for any minimum guaranteed volume.</td>
</tr>
</tbody>
</table>

**Internal vertical integration:**

Also as described in Kering’s Reference Document 2017, p. 375:  

The Hercules project is a compliance management system created in 2015 at the initiative of Kering Top 30. Its purpose is to create best practices, monitor risk assessments, and provide supply chain analysis for the production processes of Kering’s Luxury activities. In 2016, the Group also created a set of uniform procedures to be implemented by the brands. These procedures outlined the management and monitoring of interactions between the Group and brands’ manufacturers. Specifically, Group-wide procedures were put in place for its
relationship to manufacturers regarding selection and on boarding as well as rating and termination. Kering also redrafted contracts based on a Group template to be signed by its direct manufacturers. These newly formulated contracts ensure a higher level of protection against corruption and extend the Group’s Code of Ethics and Sustainability Principles to its entire supply chain. In addition, the Group’s standards and methodologies for security and social audits were defined and clarified. These standards and methodologies support the monitoring of the Group’s supply chain and assist Kering’s Supply Chain Audit and Supply Chain Security teams in their duties. Finally, a database on multi brand manufacturers has been set up to gather all information related to Kering’s manufacturers. These databases are used to support assessments of the supply chain and track audit activities. The Hercules process will now be rolled out with a target to cover all brands. As a consequence, the Group’s set of procedures and sustainability requirements will be further streamlined across its supply chain.

External vertical integration:

As described in Kering’s Reference Document 2017, p. 236:

The Group has forged special partnerships with key manufacturers, and pursues a policy of actively seeking new partners.

<table>
<thead>
<tr>
<th>3.3</th>
<th>Is your company doing work to limit the use of subcontractors in your supply chain, and consolidate your suppliers factory list?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Gucci only works with contracted manufacturers or approved sub-contractors. Hercules Agreement clearly states that sub-contracting without prior authorization is not permitted. As part of the contractual agreement with each manufacturer, Gucci ensures the sign off by the manufacturer of 2 key documents: the Code of Ethics (which includes a Suppliers’ Charter) and the Sustainability Principles, which include policy commitments on wages, relating to the supply chain.</td>
</tr>
</tbody>
</table>
Additionally for our leather goods and shoe business, we created a portal (https://www.diventaforntore.gucci/) for any potential manufacturers who would like to work with Gucci to submit their application / candidature. In order for an application to be considered, the manufacturer must declare they acknowledge and respect the Gucci Sustainability Principles and the Code of Ethics. Supporting evidence must be provided with reference to financial documentation, such as records of social security contributions for the employees. Should Gucci wish to take forward an application, an audit is conducted to ensure the Gucci Sustainability Principles and the Code of Ethics are met and evidence can be provided, including financial documentation.

We work with our manufacturers continually to ensure compliance with the Gucci Sustainability Principles and all sub-contractors are bounded by the same Gucci Sustainability Principles.

We train all first tier manufacturers at least annually on the Gucci Sustainability Principles and Social Responsibility Policy and we regularly audit them in order to verify the level of compliance in respect of: applicable laws, Gucci Sustainability Principles and Code of Ethics.


The Hercules project is a compliance management system created in 2015 at the initiative of Kering Top 30. Its purpose is to create best practices, monitor risk assessments, and provide supply chain analysis for the production processes of Kering’s Luxury activities. In 2016, the Group also created a set of uniform procedures to be implemented by the brands. These procedures outlined the management and monitoring of interactions between the Group and brands’ manufacturers. Specifically, Group wide procedures were put in place for its relationship to manufacturers regarding selection and on boarding as well as rating and termination. Kering also re-drafted contracts based on a Group template to be signed by its direct manufacturers. These newly formulated contracts ensure a higher level of protection against corruption and extend the Group’s Code of Ethics and Sustainability Principles to its entire supply chain. In
addition, the Group’s standards and methodologies for security and social audits were defined and clarified. These standards and methodologies support the monitoring of the Group’s supply chain and assist Kering’s Supply Chain Audit and Supply Chain Security teams in their duties. Finally, a database on multi brand manufacturers has been set up to gather all information related to Kering’s manufacturers. These databases are used to support assessments of the supply chain and track audit activities. The Hercules process will now be rolled out with a target to cover all brands. As a consequence, the Group’s set of procedures and sustainability requirements will be further streamlined across its supply chain.

The Group has forged special partnerships with key manufacturers and pursues a policy of actively seeking new partners.

<table>
<thead>
<tr>
<th>3.4</th>
<th>Is your company doing work to limit the use of labour contractors?</th>
<th>Yes</th>
</tr>
</thead>
</table>
|     | If so, can you provide concrete evidence over time that shows how this is working? | As per the contractually required Gucci Sustainability Principles:

“All workers, including those on part-time, temporary or agency contracts, must have formal contracts of employment that meet local legislation. Contracts must include wages, payment frequency, deductions, benefits, working hours, holidays, notice periods, sick pay, maternity pay and any other locally required aspects of employment.

Every effort possible should be made to provide regular, secure employment. The use of temporary contracts or agency labour must not be used as a mean of denying workers their rights or benefits under employment law. Apprenticeships and training contracts are allowed, but must be legally compensated and provide adequate levels of training or development”

This requirement is audited as per question 1.2 |
### 4. Transparency

<table>
<thead>
<tr>
<th></th>
<th>Does your company publish a public list of suppliers, including address, parent company, products and numbers of workers, for tier 1 and your wider suppliers’ network?</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>If yes, please supply a link.</td>
<td>N/A</td>
</tr>
<tr>
<td>4.1</td>
<td>Does your company publish information on wages currently paid to workers at your suppliers?</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>If yes, please supply a link or further information.</td>
<td>N/A</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Does your company have a public roadmap / strategy for how it will achieve a living wage for all workers across your suppliers network?</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>If yes, please supply a link to where this is published.</td>
<td>Kering / Gucci Sustainability Principles is our reference and our Kering Group 2025 strategy is our roadmap</td>
</tr>
<tr>
<td>5.1</td>
<td></td>
<td>The Principles can be accessed through a hyperlink on Gucci Equilibrium: <a href="http://equilibrium.gucci.com/people/developing-our-supply-chain/sustainability-guidelines-and-principles/">http://equilibrium.gucci.com/people/developing-our-supply-chain/sustainability-guidelines-and-principles/</a></td>
</tr>
</tbody>
</table>
The Kering Group Strategy has been distilled by all brands (including Gucci) into a bespoke internal strategy which demonstrates internally our plan on wages/monitoring/supply chain management.

We are also following the programme to achieve a calculable Living Wage established by the SAI of which we are a member, the “GLOBAL LIVING WAGE COALITION”; [http://www.saintl.org/index.cfm?fuseaction=Page.ViewPage&pageId=1800](http://www.saintl.org/index.cfm?fuseaction=Page.ViewPage&pageId=1800)

5.2 By what date does your strategy anticipate that a living wage will be paid to all workers at 100% of your suppliers (both tier 1 and across your supplier network)?

Kering / Gucci Sustainability Principles is our reference and our Kering Group 2025 strategy is our roadmap


The Kering Group Strategy has been embedded in all brands (including Gucci) into a bespoke internal strategy which demonstrates internally our plan on wages/monitoring/supply chain management.

### 6. Living wage projects

6.1 What living wage projects are you participating in currently? How do these projects calculate a living wage and how will they achieve this level?

Internal living wage working group with BSR and Fair Wage Network to develop full scale database for all key countries and regions within each country applying the same methodology.

Kering engages with manufacturers on numerous high-profile initiatives that have a direct or indirect impact on living wages of the workers in the supply chain:
- through the Kering Standards, an industry leading sharing initiative comprising a comprehensive set of sustainability guidelines on raw material production and manufacturing for its suppliers, Kering supports its manufacturers in sustainable practices and certifications that improve social conditions for workers, such as the banning of hazardous chemicals, the use of sustainable farming practices through the adoption of e.g. GOTS standards, fairtrade certifications, etc. For more detail, please see: http://www.kering.com/sites/default/files/kering_standards.pdf

- BSR (Business for Social Responsibility): Kering takes part in joint initiatives as a member of this international network of more than 300 companies, including the Business Action for Women initiative, formed by 18 companies in the consumer goods sector alongside the Win-W in Strategies NGO with the aim of improving conditions for women in society. Kering’s involvement here focuses primarily on the issues of women in the supply chain, the role of women in combating climate change, and the eradication of violence against women,

- Kering purchases artisanal gold certified by Fairtrade, which supports implementation of best mining practices and contributes to developing standards of living among local communities

- 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.

- members of SAI that is member of “GLOBAL LIVING WAGE COALITION” ; http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&pageld=1800

- Gucci has worked with the Lawyers Circle on a global report into the implementation of a global living wage with a Gucci Senior Management member now sitting on the board of the working group. The Lawyers Circle has been leading The Circle’s work in pushing
for a living wage to be recognised as a human right in the fast fashion industry. The argument was debated at the European Parliament in February 2018 and was made possible thanks to the foundational work done in producing The Living Wage report. The report on the living wage in the garment industry is a true collaboration of key stakeholders and was launched at the Copenhagen Fashion Summit in 2017, in partnership with TrustLaw and the Clean Clothes Campaign.

| By what date will this project achieve a living wage across your suppliers network? | **Internal Living Wage Group:** Internal living wage working group working group with BSR and Fair Wage Network to develop full scale database for all key countries and regions within each country applying the same methodology. This will allow us to audit against a set (but continually reviewed) methodology for each of the countries in which we produce (although the vast majority is Italy).

SAI Global Living Wage coalition:
SAI is a member of the Global Living Wage Coalition that brings together six of the world’s most influential sustainability standards to improve wage levels in certified supply chains. The other members of the coalition include Fairtrade International, Forest Stewardship Council (FSC), GoodWeave International, the Rainforest Alliance and the Sustainable Agriculture Network (SAN). In partnership with the ISEAL Alliance and Dr. Richard and Martha Anker, the coalition has developed a state-of-the-art methodology for calculating living wage, developing a set of country-specific living wage estimates, and testing them in various sectors and countries. |

| Option to add an additional project | (Use one of the above) |

| 6.2 In the last 5 years, as a result of pilot projects to deliver a living wage that you have participated in, by how much have wages increased across your suppliers network? Please state | We have an Internal Living Wage Working Group working on the impact assessment of our work on Living Wages to date. |
| increases by country and number of suppliers impacted. |  |
## 7. Advocacy for an increase in the minimum wage

<table>
<thead>
<tr>
<th>7.1</th>
<th>Has your company issued and sent any public statements supporting specific demands for increased minimum wages to governments and employers in countries where you suppliers are located, assuring country governments that production will not be relocated as a result of increases?</th>
<th>Yes</th>
</tr>
</thead>
</table>

If yes, please supply link to where this / these can be found.

We continue to discuss minimum wage (advocating an increase) issues with the Italian government, looking address core issues in attracting a talented workforce in the face of declining production workers in Italy and Europe in general.

As a member of the SAI we support lobbying for living wages across the globe:

SAI is a member of the Global Living Wage Coalition that brings together six of the world’s most influential sustainability standards to improve wage levels in certified supply chains. The other members of the coalition include Fairtrade International, Forest Stewardship Council (FSC), GoodWeave International, the Rainforest Alliance and the Sustainable Agriculture Network (SAN). In partnership with the ISEAL Alliance and Dr. Richard and Martha Anker, the coalition has developed a state-of-the-art methodology for calculating living wage, developing a set of country-specific living wage estimates, and testing them in various sectors and countries.

Gucci has worked with the Lawyers Circle on a global report into the implementation of a global living wage with a Gucci Senior Management member now sitting on the board of the working group. The Lawyers Circle has been leading The Circle’s work in pushing for a living wage to be recognised as a human right in the fast fashion industry. The argument was debated at the European Parliament in February 2018 and was made possible thanks to the foundational work done in producing The Living Wage report. [The report on the living wage in the garment industry](https://www.livingwage.org/) is a true collaboration of key stakeholders and was launched at the
Copenhagen Fashion Summit in 2017, in partnership with TrustLaw and the Clean Clothes Campaign.
### 8. Freedom of association

#### 8.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to employers and workers in your suppliers factories and subcontractors?

The Right to Freedom of Association and Collective Bargaining is clearly communicated through our supply chain with the Principles of Sustainability (derived from our Social Responsibility Policy) on which we require the following commitment of all our manufacturers.

This is clearly stated in our Gucci Sustainability Principles: “freedom of association. The supplier and its sub-suppliers shall guarantee the employees’ rights to establish, participate in and organise trade unions according to their own will and their right to bargain collectively through the trade unions. In the event that freedom of association and the right to bargain collectively become limited by law, the company shall allow its workers to freely elect their own representatives. The supplier and its sub-suppliers shall ensure that workers’ representatives and any personnel engaged in organising workers are not exposed to discrimination, harassment, intimidation or retaliation. Where the right of association and collective bargaining is restricted under law, the suppliers and its sub-suppliers will facilitate, and not hinder, the development of parallel means for independent and free association and bargaining.”

Also through Kering the Code of Ethics including Suppliers’ charter:


p.2 : “the group’s rules of business conduct reflect several international standards, including: (...) Various International Labour Organisation conventions, notably conventions (...) 87 and 98 (freedom of association and protection of the right to organise and collective bargaining);”

p.8 : “Suppliers’ Charter: Kering and its brands require their suppliers to commit themselves to the following basic principles which, taken as a whole, constitute Kering’s Suppliers’ (...) To respect employees’ directly applicable right of representation and expression; (...) To take appropriate measures for the effective application of the principles of the Charter to its own suppliers;”
The Code of Ethics which include the Suppliers’ Charter and Gucci Sustainability Principles are extensions of the Hercules Agreement we entered into with our manufacturers and the compliance of their content is screened (i) through social audits at manufacturer’s activation and (ii) through regular audits during the lifecycle of the contract.

All manufacturers have a contractual obligation to ensure they and their sub-contractors apply and respect the Code of Ethics, Gucci Sustainability Principles as well as all the others applicable laws. Any breach of this contractual obligation gives Gucci a series of remedies, including the immediate termination of the agreement, depending on the classification of the gravity of the breach as resulting from the audit.

<table>
<thead>
<tr>
<th>8.2</th>
<th>Do you require suppliers to sign union access agreements?</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>If yes, please provide details and a copy of any agreement that your suppliers have signed, either by a web link or file upload.</td>
<td>All Manufacturers and sub-contractors are required to sign, as part of their contractual agreement, the Gucci Sustainability Principles which state: “freedom of association. The supplier and its sub-suppliers shall guarantee the employees’ rights to establish, participate in and organise trade unions according to their own will and their right to bargain collectively through the trade unions. In the event that freedom of association and the right to bargain collectively become limited by law, the company shall allow its workers to freely elect their own representatives. The supplier and its sub-suppliers shall ensure that workers’ representatives and any personnel engaged in organising workers are not exposed to discrimination, harassment, intimidation or retaliation. Where the right of association and collective bargaining is restricted under law, the supplier and its sub-suppliers will facilitate, and not hinder, the development of parallel means for independent and free association and bargaining.”</td>
</tr>
<tr>
<td>8.3</td>
<td>Do your suppliers provide workers with paid time off for union activities?</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>If yes, please state how many suppliers this impacts.</td>
<td>As far as Italy is concerned, where around 95% of our manufacturers are based (we use a small percentage of manufacturers outside of Italy for specific phases of component production), we reference and ensure through audit that the National Collective Agreements (CCNL) which contains a clause on paid time off for union activities is duly applied by our manufacturers.</td>
</tr>
<tr>
<td>8.4</td>
<td>Do your suppliers provide a dedicated space in the workplace for workers to meet and discuss union issues?</td>
<td>Yes</td>
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<tr>
<td></td>
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</tr>
<tr>
<td>8.5</td>
<td>Do you require your suppliers meet and bargain with duly constituted unions?</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>If yes, how do you verify that they are doing so?</td>
<td>As far as Italy is concerned, where around 95% of our manufacturers are based (we use a small percentage of manufacturers outside of Italy for specific phases of component production), we reference and ensure through audit that the National Collective Agreements (CCNL) which contains a clause on paid time off for union activities is duly applied by our manufacturers.</td>
</tr>
<tr>
<td>8.6</td>
<td>Do your buyers favour suppliers that support the establishment and functioning of genuine trade unions?</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>If yes, please explain how these suppliers are determined and how preference is given.</td>
<td>Freedom of Association and Collective bargaining are requirements of our Sustainability Principles that all our manufacturers need to sign and demonstrate their compliance with.</td>
</tr>
<tr>
<td>8.7</td>
<td>Does your company have an accessible, independent, confidential means by which workers at suppliers factories can file and follow up on complaints about violations of freedom of association and collective bargaining rights?</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>If yes, how do you monitor that this can be accessed freely by workers? How do you ensure that workers do</td>
<td>The Ethics hotline is open to external collaborators of the Group.</td>
</tr>
<tr>
<td><strong>Question</strong></td>
<td><strong>Answer</strong></td>
<td></td>
</tr>
<tr>
<td>--------------</td>
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<td></td>
</tr>
<tr>
<td>Do you have a policy of terminating relationships with suppliers that fail to pro-actively support Freedom of Association through measures such as the above?</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

a) Breaches subject to zero tolerance (relating to the most serious situations liable to be encountered, specifically child labour, forced labour, irregular work, undeclared subcontractors, threats, discrimination, serious breaches of regulations, serious breaches related to wages and payments, counterfeit, etc.). Identification of a zero tolerance breach triggers the immediate establishment of a crisis unit bringing together the Kering audit team and the relevant brand(s) to decide on the future of the relationship with the manufacturer: immediate shutdown of the approval process if the manufacturer is in the process of being activated but has not started working; and discussions about the possibility of remediation and support for the manufacturer or about the need to terminate the contractual relationship if the manufacturer is working on one or more orders. |
All manufacturers must comply with our Sustainability Principles which they must be open to being audited against, and as per the Principles:

“We therefore ask your company to commit to the following:

- to comply with Sustainability Principles by signing and dating this document;
- to provide, at our request, detailed information on programmes, actions and progress regarding the actual application of Gucci’s Sustainability Principles;
- to accept Audits, whether or not pre-announced, which our company is entitled to conduct directly or cause to be conducted in order to ensure that the Principles are being respected;
- to implement any corrective steps and actions for improvement requested;
- to provide up-to-date information regarding new suppliers or sub-suppliers used in the production process and sourcing;
- to keep, and make available to the people instructed to conduct the audit, appropriate records to prove compliance with the Principles subscribed to;
- to communicate these Sustainability Principles to your sub-suppliers involved in the production, processing or/and procurement of materials, raw materials and services and ensure that they sign a document where they acknowledge and accept these Sustainability Principles, or create and sign an equivalent statement of compliance.
- to require your sub-suppliers to undertake your company’s obligations, including their willingness to accept inspection audits, checks and information requests from our company and/or from our representatives.

We wish to point out that compliance with Sustainability Principles is an important assessment parameter in selecting our suppliers. Therefore, your failure to cooperate in determining and adopting corrective actions may result in the termination of our business relationship.”
9. **Dialogue and negotiation with labour rights organisations**

<table>
<thead>
<tr>
<th>9.1</th>
<th>Can your company demonstrate the existence of CBAs negotiated with independent trade unions in your suppliers factories, which include agreement on paying above the legal minimum?</th>
<th>Yes</th>
</tr>
</thead>
</table>
| | If yes, how many such CBAs exist within your suppliers network and in which countries? Please provide a link to where the text can be viewed or upload an example. | As far as Italy is concerned, where around 95% of our manufacturers are based (we use a small percentage of manufacturers outside of Italy for specific phases of component production), Italian Law (Article 36 of Constitution) states that:  
  “Employee has the right to receive a sufficient and proportionate salary taking into account the quantity and quality of his work and in every case to assure a free and dignified existence to himself and his family.”  
  CCNL (National Collective Contract Agreement) bargained every 3 years by the Main Trade Unions (CGIL, CISL and UIL etc) for any main sector of activities, assuring better working conditions higher than the ones stated by law and salary levels that are as a minimum in compliance with the fair wage principle stated by art. 36 of Constitution, also in relation with the sector of the activity and the employees’ duties, tasks and skills as well as company seniority.  
  Please note that in Italy applying a CCNL is not a legal requirement.  
  So that, we reference and ensure through audits that manufacturer and sub-contractors applied the relevant National Collective Agreements (CCNL) bargained by the Main Trade Unions in order to grant employees to be paid based on living wage and working conditions better that the ones stated by law.  
  Therefore, demonstrated through the Gucci official commitment bargained in July 2017 with the Main Fashion Trade Unions to formally require the manufacturer (through the Hercules Agreement) and they in turn require to their sub-contractors, to apply the CCNL to their workers (related to the business sector in which they are working for) bargained by the Main employees and employers Trade Unions’ and, additionally, any other better unions agreement bargained at local or company level. |
| 9.2 | Has your 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 |

All manufacturers must abide by the signed Sustainability Principles as part of their contractual agreement with Gucci which state:

**FAIR WAGE**

The manufacturer and its sub-contractors must respect employees’ rights to a living wage that guarantees that the salary paid for a standard working week meets or exceeds legal standards or minimum wage standards relevant to the sector and that is sufficient to satisfy the employee's basic needs as well as providing a discretionary Income.

“Salary withholdings due to disciplinary purposes are not allowed. Any exceptions to this rule will only be applicable upon the occurrence of both of the following conditions:

a) Salary withheld for disciplinary reasons permitted by national laws.
b) Existence of an effective collective bargaining agreement: the company must ensure that employees' salaries and wage structures are clearly and duly specified in writing for each
wage period. Moreover, the company must make sure that payment of salaries and wages conform to applicable laws.”


## 10. Further questions about your supplier base

| 10.1 | What are your main production countries? Please state percentage of total production per country and the number of suppliers factories. | Kering’s supply chain structure contains a manufacturers’ portfolio composed of thousands of mostly small manufacturers in a highly fragmented market with a high level of craftsmanship. The average number of employees by manufacturers is fewer than 50. The geographical location for Kering’s manufacturers is spread as following: More than 90% are in Europe, predominantly in Italy (88.5%), 4.3% in Western Europe (except Italy), 2.3% in Eastern Europe, 4.4% in Asia and 0.5% for the remaining part. This supply chain is characterized by strong government presence, comprehensive and mature labor law, highly developed social dialogue. Please refer to Kering’s Reference Document 2017 p.120: [http://www.kering.com/sites/default/files/document/kering-ddr_va_vdef-290317-miseenligne.pdf](http://www.kering.com/sites/default/files/document/kering-ddr_va_vdef-290317-miseenligne.pdf) Specifically, for Gucci around 95% of our manufacturers are based in Italy and we use a small percentage of manufacturers outside of Italy for specific phases of component production. |
| 10.2 | What kind of trade partners are part of the sourcing structure? Please indicate an approximate % of volume share of your production: | Free text fields showing: • Production at factories owned by your company: 31% • Orders placed directly to manufacturer Factories: 69% • Orders placed through agencies or Intermediates 0% • Other (please specify) 0% |
• it does not yet include all suppliers, though 2017 did see a sharp rise in the number of suppliers managed, with the inclusion of all production suppliers and the first raw materials suppliers. Inclusion of suppliers of jewelry and watchmaking brands will extend over the next two years;
• it covered 3,438 suppliers in 2017 (32% more than in 2016), with the following breakdown: - 28% direct suppliers (i.e., with no subcontractor), - 13% contractors (direct suppliers working for one or more brands and which subcontract part of their production), - 59% subcontractors. Subcontracting without prior authorization is not permitted.

Gucci prioritizes the well-being of its employees and partners and is dedicated to enhancing the lives of all those involved in making its products through the responsible and innovative management of its supply chain.

Gucci now makes a large part (over 50%) of its leather goods and shoes at its own production facilities in Italy.

When the services of our selective network of external manufacturers are called upon (many of these manufacturers are second or third generation family-run companies, passing on the unique artisanal expertise and know-how) it is only for certain phases of the production. The company in fact carries out all activities relating to R&D, product development and prototyping for all of its product categories internally.

<table>
<thead>
<tr>
<th>10.4</th>
<th>How many suppliers factories do you trade with where you have a regular production share of more than 25%?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>We have a +25% production share at 65% of our manufacturer factories.</td>
</tr>
</tbody>
</table>

11. Your feedback

<table>
<thead>
<tr>
<th>11.1</th>
<th>Is there anything else you would like to tell us about your work on the living wage in general? Or</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>It would be interesting to have a meeting with you at some point after the report to discuss your methodology and future plans.</td>
</tr>
<tr>
<td>any feedback you would like to give to CCC?</td>
<td></td>
</tr>
</tbody>
</table>
H&M
Clean Clothes Campaign Living Wage Survey

This survey is being carried out on behalf of the Clean Clothes Campaign and will be used to update our study into brand progress towards payment of a living wage (last published as Tailored Wages - www.cleanclothes.org/livingwage/tailoredwages - in 2014). The outcomes of the study will be promoted to consumers across Europe and the US.

We firmly believe that there should be more evidence-backed information available for consumers and the wider public about garment supply chains, and wages in particular. As such, links and upload options are given for providing evidence to back up your answers throughout this survey. Please note that documents uploaded or links provided may be checked for verification reasons, but will not be used as part of the assessment. Please make sure to include any data you want to be read in the main body of your answers.

All the information that you provide to us may become publicly available. If however, in exceptional circumstances, there are sensitive pieces of information that you would like to provide to the assessment process but that can't be made public, please indicate these clearly.

Defining terms
For the purposes of this study, a living wage is defined by the following statement:

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income.

Specifically a living 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 hours
- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a family of four (or 3 consumption units, two adults and two children)
- Includes an additional 10% of the costs for basic needs as discretionary income.
(For more details see: https://cleanclothes.org/livingwage )

The latest Asia Floor Wage benchmark figures, last updated in 2017, can be found here: https://asia.floorwage.org/what
The Clean Clothes Campaign estimates for Living Wage benchmarks in the European production region, based on worker interviews, can be found on p.25 of this report: https://cleanclothes.org/livingwage/europe/europes-sweatshops

Your company
Company name: *

H&M group

Brands owned by company: *

H&M, COS, Weekday, Monki, &other stories, Arket, Afound, H&M Home

Main contact person: *

Luisa Book

Contact email: *

luisa.book@hm.com

Contact phone number: *

+46728808127

1. A Living Wage commitment

Our definition of a living wage is as follows:
"Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income."

Specifically a living 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 hours
- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a family of four (or 3 consumption units, two adults and two children)
- Includes an additional 10% of the costs for basic needs as discretionary income.

1.1 Has your company published a clear commitment to ensure a Living Wage is paid across your supplier network? *

- Yes
- No

If yes, please describe how your company defines a living wage and provide a link to where this commitment is publicly available.

Every garment worker should earn a wage that is sufficient to live on. It should satisfy the basic needs of workers and their families as well as provide some discretionary income. It should be earned under legal normal working hours and be revised annually and negotiated regularly. SEE: https://about.hm.com/en/media/news/general-news-2018/hm-group-fair-living-wage-summit.html
1.2 How do you monitor supplier compliance with this living wage commitment, both for tier 1 suppliers and across your supplier network? *

In our Sustainability Commitment (previously named Code of Conduct) we have a number of minimum requirements which all business partners must pass to before working with H&M group. Amongst those are components affecting the wage levels, such as working hours and legal minimum wage for all regular hours worked. H&M group measures our business partners’ (suppliers’) sustainability performance, including wage level data, through our Sustainable Impact Partnership Programme (SIPP). Our SIPP includes minimum requirements, self-assessment, validation, capacity building and case handling. We do both unannounced and announced visits by our developers in the various production markets. By working together closely with our business partners, we can drive positive impact in the value chain. Therefore we also conduct capacity building workshops and meetings to enable our business partners to understand better how to achieve fair living wages. You’ll find more information about SIPP here: https://about.hm.com/content/dam/hmgroup/groupsite/documents/masterlanguage/CSR/reports/2017%20Sustainability%20report/HM_group_SustainabilityReport_2017_FullReport.pdf (page 83 & 84)
Please supply details about your approach to auditing for a living wage. Does your company hire auditors from auditing firms? Are these announced or unannounced visits? Does your company use any external certifiers? How do you remedy non-compliances?

H&M group uses both announced and unannounced visits as a part of our SIPP. We do not hire auditors from auditing firms, since we have one of the biggest sustainability organisations in the industry. We believe in presence and genuine partnership, we have own offices in our production countries (in Bangladesh we are about 600 people in the local production office there, working with business partners locally). However, we consider partnership with external agencies and organisations essential to create positive impact in an efficient way and are members of numerous networks and organisations within sustainability. Relevant to fair living wages and the work we conduct, we are members of SAC- Sustainable Apparel Coalition, working with the HIGG index. We are also of member SLCP. If H&M group receives input that a problem or incident linked to a supplier has occurred, our sustainability team will log the case and investigate.

In such cases, a corrective action plan must be submitted and approved by H&M group before any further business is conducted. The underlying idea is to apply a long-term strategy where we evaluate if the business partner involved is the right type of partner for H&M group. If not, we exclude them from our business partner list permanently. We follow the UN Guiding Principles on Business and Human Rights in this process.

2. Benchmarks for a minimum living wage
2.1 Does your company have internal or public figures that it uses to benchmark Living Wages for each sourcing country or region? *

- Yes
- No

If yes, please provide details.

Yes we have public wage data figures. However, we do not use a living wage benchmark in our work with achieving fair living wages in the industry. We share the same view as ILO and many other experts that the only way to achieve substantial and sufficient increases in wages for all workers is through fair negotiations between workers, trade unions and employers. Please see our wage data: https://about.hm.com/en/sustainability/sustainable-fashion/wages/key-impacts-and-learnings.html

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.

According to the ILO and global trade unions there is no universal benchmark on how to calculate a living wage. Instead they stress the importance of promoting freedom of association and collective bargaining as necessary for workers and employers to negotiate wages and working conditions.
2.3 Please give details of the number of your suppliers (both tier 1 and across your supplier network) that are currently paying your stated living wage benchmark to all workers in their factory. Do supply evidence for this where possible. *


Evidence upload

3. Purchasing practices that make living wages possible

3.1 Does your company calculate whether FOB prices paid per piece are sufficient to allow for compliance with the living wage standard your company has committed to deliver? *

☐ Yes

☐ No
If yes, please supply evidence. If no, how does your company ensure that the FOB prices paid to suppliers are sufficient to allow for compliance with your company's living wage standard?

We have developed a ‘scientific pricing method’. This involves suppliers sharing with us all the major cost components that contribute to a product’s price, including the labour cost component. This means merchandisers can and will negotiate the price of a garment with our suppliers around all component costs except one: labour. This takes garment workers’ wages out of the equation for price negotiations. We believe this systematic isolation of the labour cost is important as an enabler to an industry-wide collective bargaining agreement, ultimately higher wages for workers regardless where you are employed. If wages increase as a result of a collective bargaining agreement, our method ensures the money needed to pay for these wages is accounted for. Together with the other brands within the ACT collaboration (ACTION, COLLABORATION, TRANSFORMATION) we are committed to ensure that higher wages are covered by our purchasing price.

Upload option.

3.2 Does your company make long-term sourcing commitments at a specific volume to suppliers? *

- Yes
- No

If so, how long are these commitments, and at what volume?

Sustainability- including wage components- is one of the categories a supplier of H&M group receives a score on when we evaluate our business partners' performance. The higher score a supplier gets, the bigger volume and longer contracts are offered.
3.3 Is your company doing work to limit the use of subcontractors in your supply chain, and consolidate your supplier factory list? *

- Yes
- No

If yes, can you provide concrete evidence over time that shows how this is working?

We have clear policies and checks to regulate the use of sub-contracting, and we have strict regulations for avoiding undeclared subcontracting (a severe breach of our partnership). This is a central part of our Sustainability Commitment: https://sustainability.hm.com/content/dam/hm/about/documents/en/CSR/Sustainability%20Commitment/Sustainability%20Commitment_en.pdf and it is also a part of our Modern Slavery Statement (page 7): https://sustainability.hm.com/content/dam/hm/about/documents/masterlanguage/CSR/2017%20Sustainability%20report/HM_GROUP_Modern_Slavery_Statement_2017.pdf However, every year we also consolidate our supply chain, following our annual sustainability reports from year and year, you can clearly see the tendency of reduced number of suppliers and factory base:

3.4 Is your company doing work to limit the use of labour contractors?

- Yes
- No
If so, can you provide concrete evidence over time that shows how this is working?

We have worked with this topic for more than 20 years, by encouraging our suppliers to hire directly rather than through agencies. However, for example in Dehli area, India, we have worked in a context-based manner to limit the use of labour contractors. Today we see a global trend of labour shortage in certain areas which increases the need for an employer to use labour contractors for recruiting.

4. Ensuring transparency

See [https://cleanclothes.org/transparency/transparency-pledge](https://cleanclothes.org/transparency/transparency-pledge) for reference on definitions.

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

- Yes
- No

Please supply a link or further information.

4.2 Does your company publish information on wages currently paid to workers at your suppliers? *

- Yes
- No

If yes, please supply a link or further information.


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

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

- Yes
- No

If yes, please supply a link to where this is published.

5. By what date does your strategy anticipate that a living wage will be paid to all workers at 100% of your suppliers (both tier 1 and across your supplier network)?

We have now shared the results, learnings and impact from the first five years of our Fair Living Wage strategy (Summit held in Phnom Penh December 2018) Hence we are now developing the next phase of this work. We also believe that this work needs to be continuous together with other relevant partners. To review key impacts and learnings see more here: https://about.hm.com/en/sustainability/sustainable-fashion/wages/key-impacts-and-learnings.html ETI has also evaluated our fair living wage strategy over the first five years, the full report can be found here: https://www.ethicaltrade.org/resources/review-hm-groups-roadmap-to-fair-living-wage

6. Living Wage projects

6.1 What living wage projects are you participating in currently? How do these projects calculate a living wage and how will they achieve this level?

Project Name

Fair Living Wage Strategy and Collaboration
Project description

H&M group was groundbreaking back in the ‘70s with production offices in the production markets — a key strategy and a great asset for engaging with national governments, local trade unions and NGOs. Today, H&M group employs over 700 people in the markets where our suppliers manufacture, giving us a unique opportunity to initiate and support close relationships with our suppliers. We engage with factory owners, enabling them to embrace the importance of well-functioning industrial relations as well as implementing sound wage-management systems. Improved wage management systems and workplace dialogue are implemented at an increasing number of factories and countries. We train workers about their rights, management about their responsibilities and assist the democratic elections of employee representatives through trade unions or worker committees. For example, in 2017, 100% of the garment-manufacturer units in Bangladesh producing for H&M group conducted democratic elections of worker representatives. In total, 2,882 persons were elected of which 40% of were women.

We ensure that we maintain good purchasing practices by being a long-term and stable business partner who helps enable the factories to pay a fair living wage. A business parter that does well in their sustainability work will also be rewarded with more and larger orders.

Partnerships involved

ACT, IndustriALL, IF Metall, ILO, Better Work

Countries covered by the project

Bangladesh, China, Cambodia, Turkey, Myanmar, Vietnam, Pakistan, Ethiopia, Indonesia, India

Number of suppliers impacted

655 factories, 930 000 workers to date (growing, ongoing work)
Timescale

Continuous

By what date will this project achieve a living wage across your supplier network?

New strategy development is ongoing, first 5 years produced higher wage levels for all enrolled factories (see https://about.hm.com/en/sustainability/sustainable-fashion/wages/key-impacts-and-learnings.html) In order to achieve fair living wages in the whole industry, we believe that collective bargaining needs to be in place as well as collaboration among the key parties in the industry. To read more about suggestions from ETI on how to achieve fair living wages, read: https://www.ethicaltrade.org/resources/review-hm-groups-roadmap-to-fair-living-wage

6.1 Continued. Opportunity to add additional project.

Project name

Project description

Partnerships involved

Countries covered by the project
6.2 In the last 5 years, as a result of pilot projects to deliver a living wage that you have participated in, by how much have wages increased across your supplier network? Please state increases by country and number of suppliers impacted.


7. Advocacy for an increase in the minimum wage
7.1 Has your company issued and sent any public statements supporting specific demands for increased minimum wages to governments and employers in countries where you suppliers are located, assuring country governments that production will not be relocated as a result of increases? *

- Yes
- No

If yes, please supply a link to where this / these can be found.

We work with advocacy through ACT, Action, Collaboration and Transformation, together with other brands and IndustriALL to promote freedom of association and collective bargaining agreements on an industry-level to achieve fair living wages. H&M group CEO, Karl-Johan Persson, has also met with government officials in both Bangladesh and Cambodia to explicitly explain the importance of a fair living wage and urge them to provide a positive impact. Read for example: https://www.thelocal.se/20130516/47924 and more on ACT: https://actonlivingwages.com/

8. Freedom of Association

*For the purposes of this question, Freedom of Association is defined as per ILO convention 87 - https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C087. In particular, that 'trade union' means an entity established to represent the interests of workers, without the influence of management or outside forces, and, where allowed by law, an entity that is able to act and bargain on behalf of the workers. Parallel means mechanisms such as management controlled worker committees do not fall under this definition.
8.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to employers and workers in your supplier factories and subcontractors? *

Through ACT, which has a close relationship with suppliers, they are informed about the right to freedom of association and bargaining. In addition, we have a Global Framework Agreement (GFA) with IndustriALL and IF Metall, and one of the main components of the GFA is the National Monitoring Committees (NMCs), which consist of representatives from IndustriALL-affiliated trade unions and H&M group staff. The NMCs work to inform the suppliers about the right to freedom of association and collective bargaining. The committees support employers and worker organisations to negotiate and to solve conflicts peacefully and in good faith at the factory level. They contribute to functioning labour markets in the countries where H&M group source its products.

8.2 Do you require suppliers to sign union access agreements? *

- [ ] Yes

- [x] No

If yes, please provide details and a copy of any agreement that your suppliers have signed, either by a web link or file upload.

Evidence upload
8.3 Do your suppliers provide workers with paid time off for union activities? *

- Yes
- No
- Some

If yes, please state how many suppliers this impacts.

8.4 Do your suppliers provide a dedicated space in the workplace for workers to meet and discuss union issues?

- Yes
- No
- Some

If yes, please state how many suppliers this impacts.

8.5 Do you require your suppliers meet and bargain with duly constituted unions? *

- Yes
- No
If yes, how do you verify that they are doing so?

We require all suppliers to respect freedom of association. This is verified through our partnership in GFA.

8.6 Do your buyers favour suppliers that support the establishment and functioning of genuine, independent trade unions*?

- Yes
- No

If yes, please explain how these suppliers are identified and how preference is given.

Suppliers with trade union representatives gain higher sustainability score which impacts favourably on business agreements in the form of more volume and long-term business commitment.

8.7 Does your 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
- No
If yes, how do you monitor that this can be accessed freely by workers? How do you ensure that workers do not face retaliation when filing complaints? How many complaints have you received in the past year? What is the process for investigating these complaints? How many of those complaints have been resolved?

Complaints and grievances from workers at our supplier factories are channeled to our NMCs and handled. The NMCs are reporting to the GFA Steering group every year. Several cases have been handled and solved thanks to the collaboration within the GFA. To see an example, read: https://about.hm.com/en/media/news/general-2016/hm-permanently-collaborates-with-industriall-and-ifmetall.html

Evidence upload

8.8 Do you have a policy of terminating relationships with suppliers that fail to pro-actively support Freedom of Association through measures such as the above?

- Yes
- No

Please clarify your answer.

Yes, we have this in our sustainability commitment and guidelines

9. Dialogue and negotiation with labour rights organisations

https://docs.google.com/forms/u/0/d/15qI-v0VXtxMQho4gFPUeX...CYDBNjOPkgKblQhONfbMcps8S1b7zjimLaznXbN3I81JDatc7GF8svL8Kk
9.1 Can your company demonstrate the existence of CBAs negotiated with independent trade unions in your supplier factories, which include agreement on paying above the legal minimum? *

- Yes
- No

If yes, how many such CBAs exist within your supplier network and in which countries? Please provide a link to where the text can be viewed or upload an example.

Evidence upload

9.2 Has your 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
- No

If yes, please give details and provide a link to the public text.

As a part of the ACT initiative all brands have common commitments on purchasing practices, https://actonlivingwages.com/purchasing-practices/

Evidence upload
10. Further questions about your supplier base

(for context only)

10.1 What are your main production countries? Please state percentage of total production per country and the number of supplier factories.


10.2 What kind of trade partners are part of the sourcing structure? Please indicate an approximate % of volume share of your production:

- Production at factories owned by your company
  None- 0

- Orders placed directly to supplier factories
  All- 100%

- Orders placed through agencies or intermediates
  None- 0
TO QUESTION UNDER (WE COULDN'T WRITE THERE): There are 751 suppliers and 1668 factories

10.3 How many sites did you use to produce your goods in 2018?

First tier suppliers

751

Sub contracted suppliers

10.4 How many supplier factories do you trade with where you have a regular production share of more than 25%?

Confidential

Your feedback

Is there anything else you would like to tell us about your work on the living wage in general? Or any feedback you would like to give to CCC?

See separate email
This content is neither created nor endorsed by Google.
Hugo Boss
Dear Anna,

Thanks for your messages and the gentle reminder. In the course of Solveig Steinbrenner leaving the company and a new person stepping in a couple of things obviously ran not as smoothly as one would have hoped for. Apologies for that. We will dive into the matter and come back to you duly.

My best
Andreas

--- On Thu, 03 Jan 2019 11:10:05 +0000 Anna Bryher <anna@labourbehindthelabel.org> wrote ---

Dear Andreas,

Could you kindly get back to us about whether Hugo Boss is able or not able to take part in the Clean Clothes Campaign wage survey - see invitation below? A number of brands asked for a two week extension (so by the end of next week), if this timeline could also work for you. Would you be able to send us any update about your company's work to ensuring living wages are paid to workers in your suppliers?

Looking forward to hearing back from you.

All the best,
Anna
I’m writing to invite Hugo Boss’s submission to the Clean Clothes Campaign 2018/19 Wage Survey. This survey aims to provide a definitive resource for consumers in Europe and the US on which brands are doing more and which are doing less to combat the problem of poverty pay in clothing factories supplying to the European and US market. We’re asking you to take part in the survey as a top global company with an influential presence across retail.

Attached is a letter giving you details of the process, and a copy of the survey text. The survey is available to fill in online here: https://goo.gl/forms/PUv1YIY92dX4GlC13

We hope that taking part will be a useful evaluation process both for your brand and for consumers we will promote the outcomes to. Do bear in mind that if you do not fill in the survey, a profile will be published about your company using data that is publicly available nonetheless.

Deadline for responses is Friday 11 January, 2019. If you have any questions or concerns, don’t hesitate to get in touch. Please also reply to confirm that you have received this information. I do hope you will be able to take part in this process and share some of the work you have been doing.

All the best,
Anna

On behalf of Clean Clothes Campaign International.

--
Anna Bryher (formerly McMullen) | Labour Behind the Label
A: Easton Business Centre, Felix Road, Bristol BS50HE | Tel: +44 (0) 117 954 8011 | Mob: +44 (0) 7786 832 035
E: anna@labourbehindthelabel.org | W: www.labourbehindthelabel.org

Labour Behind the Label works to improve conditions and empower workers in the global garment industry. We are the UK platform of the Clean Clothes Campaign, a coalition of campaigns with 250 organizational members worldwide.

All Labour Behind the Label staff work part-time. I work two days a week. If you need an urgent response, you can reach me on the mobile number above at other times.

--
Anna Bryher (formerly McMullen) | Labour Behind the Label
A: Easton Business Centre, Felix Road, Bristol BS50HE | Tel: +44 (0) 117 954 8011 | Mob: +44 (0) 7786 832 035
E: anna@labourbehindthelabel.org | W: www.labourbehindthelabel.org

Join the Labour Behind the Label Facebook group | Follow us on Twitter: @labourlabel

Labour Behind the Label works to improve conditions and empower workers in the global garment industry. We are the UK member of the Clean Clothes Campaign, a coalition of over 250 organizations worldwide.

All Labour Behind the Label staff work part-time. If you need an urgent response, you can reach me on the mobile number above.
Inditex
1. Living wage commitment

1.1 Has your company published a clear commitment to ensure a LW is paid across your supplier network? Y/N

If yes, please describe how your company defines a living wage and provide a link to where this commitment is publicly available.

Inditex has committed to paying living wages and this commitment is available to view on the corporate website: “As an ethical business, we are committed to supporting a living wage that reasonably meets the basic needs of our supply chain workers and their families.”

Inditex defines a living wage as an adequate remuneration that allows workers to cover their basic needs and the needs of their families. This concept is present in our Code of Conduct for Manufacturers and Suppliers, compliance with which is mandatory for all suppliers and manufacturers by virtue of Inditex’s Minimum Requirements, which they sign as a condition of joining the Inditex supply chain. Specifically, the Code states that "In any event, wages should always be enough to meet at least the basic needs of workers and their families and any other which might be considered as reasonable additional needs."

In 2007, Inditex signed a Global Framework Agreement (GFA) with IndustriALL Global Union. This GFA, first of its kind in the sector, aims at ensuring respect of Human Rights within the labour and social environment, by promoting decent work within Inditex’s supply chain. In more than a decade of collaboration, Inditex and IndustriALL have jointly worked to strengthen the central role of Freedom of Association and the Right to Bargain Collectively as enabling rights, facilitating the negotiation of living wages.

Furthermore, ensuring a living wage under conditions of global competition cannot be tackled on a company-by-company basis. It requires cooperation among companies as well as between employers and trade unions, to arrive at workable, achievable solutions. In this sense, Inditex is an active member of ACT Initiative for Living Wages - ACT is a joint initiative of global brands and the Global Union Federation IndustriALL. Its goal is the payment of living wages in the garment, textile and footwear sector.

Inditex adheres to ACT’s definition of living wages: “A living wage is the minimum income necessary for a worker to meet the basic needs of himself/herself and his/her family, including some discretionary income. This should be earned during legal working hour limits (i.e. without overtime).”

As an ACT member, Inditex has signed a Memorandum of Understanding with IndustriALL Global Union committing to ensure that purchasing practices facilitate the payment of a living wage. Furthermore, Inditex has signed up to six commitments to support countries where collective bargaining agreements have been signed between independent employers’ organisations and trade unions at country level that meets the following basic requirements.

The commitments (which can be found on ACT’s website) are:

- Preferred destination of sourcing.
• Support of and compliance with collective bargaining agreement
• Improve purchasing practices
• Strengthen long-term partnerships
• Incorporate higher wages into purchasing price calculations.
• Engage with governments

The last public communication of Inditex, expressing its commitment for a living wage, took place last autumn during the process of negotiation for the minimum wage in Bangladesh:

“We believe in the right of workers to a living wage, in Bangladesh and in all the markets from which we source. Therefore we expect the collective demands of workers, expressed through their legitimate unions including IndustriALL Bangladesh Council, to be taken into account, and the current negotiations used to reach agreement for a fair increase in the minimum wage that preserves the right of workers to a living wage.”

References:
Code of Conduct for Manufacturers and Suppliers: https://www.inditex.com/documents/10279/241035/Inditex+Code+of+Conduct+for+Manufacturers+and+Suppliers/e23dde6a-4b0e-4e16-a2aa-68911d3032e7
GFA with IndustriALL: http://www.industriall-union.org/inditex
ACT on Living Wages: https://actonlivingwages.com/

1.2 How do you monitor supplier compliance with the living wage commitment, both for tier 1 suppliers and across your supplier network?

Inditex adopts a number of different tools to monitor supplier compliance living wages:

a) Workers at the Centre. Living wage strategy.

By means of due diligence processes, Inditex has identified seven priority areas of work with the focus on fostering sustainable production environments while simultaneously monitoring compliance across the entire supply chain. Inditex does not differentiate between tiers in the supply chain as part of its sustainability approach. Living Wages is one of these priority areas and different programmes and projects are developed to monitor and promote a living wage. In this sense, Inditex’s living wage strategy is based on five pillars – further explained in question 5.1 (Promoting collective bargaining, Responsible purchasing practices, Improved working methods and systems, Collaboration with other stakeholders, Support campaigns).

Within the framework of the living wage strategy, Inditex develops different programmes and projects that focus on improving working methods and systems as a way for improving working conditions. One of the areas of impact of these programmes is the wages of the workers, as those should increase as
a consequence of the improvement on the factory’s productivity. Therefore, an important part of assessing the outcome of this initiative is the monitoring of wages (more information about these projects in question 6)

More details on these programmes can be found in pages 87 to 89 of Inditex 2017 Annual Report. (https://www.inditex.com/en/investors/investor-relations/annual-reports)

b) Global Framework Agreement with IndustriALL

Inditex has, since 2007, had a Global Framework Agreement (GFA) with IndustriALL which encompasses the entire supply chain and involves local unions. The implementation of the GFA includes a myriad of activities on the ground such as training, programmes and joint interventions that allow Inditex and IndustriALL to monitor compliance and facilitate improvements in working conditions including wages. (more information on collective bargaining in questions 8 and 9)

More details on GFA can be found in pages 84 to 86 of Inditex 2017 Annual Report. (https://www.inditex.com/en/investors/investor-relations/annual-reports)

c) Collaboration with ILO – Better Work

Inditex is one of the signatories to ILO Better Work programme, which is a comprehensive programme bringing together all levels of the garment industry to improve working conditions and respect of labour rights for workers, and boost the competitiveness of garment factories. Through its unique and comprehensive monitoring programme, the Better Work team in 7 countries, works on identifying key issues in the supply chain, including issues related to wages, piece rate wages and overtime compensation. These issues and subsequent improvements are analysed on a yearly basis for each factory undergoing the monitoring process and combined with the expert advisory services and support of Inditex’s local/regional teams.

More details of the programmes and its constituent parts can be found here (https://betterwork.org)

d) Compliance Programme

The Inditex Compliance Programme of the Code of Conduct for Manufacturers ensures that all suppliers of the Inditex Group observe the referred Code of Conduct, which includes living wages (section 7 of the Code).

The programme employs different tools (including due diligence tools in the shape of different assessment procedures) that allow full analysis to be made of the supply chain. Some of these tools are pre-assessment and social audits, which are followed up by the application of Corrective Action Plans and monitoring programmes. Audits are applied to all tiers of the supply chain and all include a specific review of living wages. In 2017, more than 11,000 audits were performed, and in particular:

- Pre-assessment audits: consist of a preliminary evaluation of potential suppliers and factories performed without prior notice. Only those meeting the requirements established by Inditex in its Code of Conduct can enter the supply chain. Pre-assessment audits include informal interviews with workers and document reviews.

- Social audits: to verify the degree of compliance with the Code of Conduct and to establish Corrective Action Plans (CAPs) intended to ensure respect for fundamental labour rights. Social audits can take the form of initial or follow-up audits. Based on the results of the audit, the supplier or manufacturer is assigned a rating depending on its level of compliance with the various sections of the
Code of Conduct. Supplier or factory with the highest rating is always subject to an audit at least once every 24 months. Social audits are unannounced and include extensive document reviews. Confidential interviews with workers (one to one or in group) are an essential part of social audits.

- Special audits: involve visits and inspections related to specific issues such as worker health and safety, and competence visits to ensure compliance with the Corrective Action Plans. These audits include, for instance, the inspection of laundry processes to ensure that the sandblasting process, which is prohibited by Inditex, is not in use. Depending on the specific issues covered could be announced or unannounced and may include interviews with workers.

In 2017, Inditex performed 2,252 pre-assessment audits, 4,215 social audits and 2,159 special audits.

Detailed information about the Compliance Programme can be found at Inditex Annual Report 2017 (pages 108 to 113): https://www.inditex.com/en/investors/investor-relations/annual-reports

(Please note that Inditex’s fiscal year ends 31/01 and hence information related to FY2018 is not yet available. Hence, all data – unless otherwise stated- refers to FY2017)

Please supply details about your approach to auditing for a living wage. Does your company hire auditors from auditing firms? Are these announced or unannounced visits? Does your company use any external certifiers? How do you remedy noncompliances?

Audits

All suppliers and factories in Inditex's supply chain are periodically audited.

Inditex’s audit methodology was designed in 2006 by Inditex in collaboration with IndustriALL, the Centre for Business and Public Sector Ethics of Cambridge (UK) and Ethical Trading Initiative, among others. Its objective is to guarantee the sustainability of Inditex’s supply chain as well as to implement the Inditex Code of Conduct for Manufacturers and Suppliers and the Principles and Conventions of the ILO and United Nations at Inditex's suppliers.

Audits are not announced. Audits include document reviews, facility visits, a meeting with management, interviews with workers and worker representatives.

Audits are performed both by internal and external auditors. In 2017, Inditex worked with more than 500 external auditors to ensure that all suppliers and manufacturers in the supply chain comply with the Code of Conduct. These auditors belong to renowned independent third-party auditing companies.

The experts that carry out audits for Inditex belong to prestigious, specialist companies with a vast experience in the field of social auditing. Moreover, in 2017 the methodology of social auditing was updated, incorporating best practice and taking another step towards the integration of this kind of assessment into corporate purchasing systems. As a result of this, some 121 external auditors received training last year on the updates incorporated on the social audit questionnaire.

The members of Inditex’s internal auditor team are accredited by Social Accountability International (SAI) as auditors able to verify compliance with the SA8000 standard, which is based on standards such as those established in the Conventions of the International Labour Organization, the United Nations Universal Declaration of Human Rights, and UN Convention on the Rights of the Child.
Remediation
The assessments conducted at the factories may result in different mechanisms for remediation:

a) Global Framework Agreement with IndustriALL

As part of remediation, Inditex along with IndustriALL and their local affiliates carry out joint interventions to reinforce social dialogue structures at factory level. This fact implies the establishment of the Collective Bargaining pre-conditions to ensure the empowerment of workers in negotiation with factory management.

More details on GFA can be found in pages 84 to 86 of Inditex 2017 Annual Report. ([https://www.inditex.com/en/investors/investor-relations/annual-reports](https://www.inditex.com/en/investors/investor-relations/annual-reports))

b) ACT

Under the umbrella of its commitment with ACT, Inditex advocates that lasting improvement of wages and working conditions can be best achieved through national collective bargaining at industry level supported by international purchasing practices.

More information on ACT in [https://actonlivingwages.com/](https://actonlivingwages.com/)

c) Corrective Action Plans

Besides social auditing, Inditex establishes Corrective Action Plans (CAPs) for each factory, regardless of the ranking they have obtained in the social audit.

Discovery of a compliance breach, including payment related breaches, during an audit triggers the immediate rollout of a corrective action plan that imposes stringent targets and timelines. If a supplier wants to preserve its business relationship with Inditex it must carry out these corrective plans, to which end it can count on the full support and engagement of Inditex’s Sustainability and commercial teams.

CAPs are monitored by local sustainability teams, who provide support and assistance to suppliers and manufacturers so that they can remedy the breaches detected during the audit, implementing the measures detailed in the plan. Other parties such as trade unions and NGOs may support or oversee the improvement measures. Inditex considers continual improvement to be a fundamental aspect of achieving a stable and sustainable supply chain because we believe that this delivers the best outcome for workers; with this in mind, the CAPs are designed to give suppliers and manufacturers the chance to make improvements.

In 2017, external collaboration on the development of plans involved entities including IndustriALL and its local affiliates as well as different organizations from civil society, the Association for Supporting Contemporary Life (Çağdaş Yaşamı Destekleme Derneği - ÇYDD) in Turkey or the NGO Pratham in India, among others.
Furthermore, Inditex’s Sustainability teams carry out various capacity building initiatives with suppliers in order to create awareness about the Code of Conduct for Manufacturers and Suppliers and all its provisions, including equal pay and non-discrimination.


(Please note that Inditex’s fiscal year ends 31/01 and hence information related to FY2018 is not yet available. Hence, all data – unless otherwise stated- refers to FY2017)

2. Benchmarks for a minimum living wage

2.1 Does your company have internal or public figures that it uses to benchmark Living Wages for each sourcing country or region? Y/N

Assuring a living wage for all workers is one of the pillars of the management of Inditex’s supply chain.

Inditex believes that collective bargaining is the most sustainable approach within the industry to achieve wage levels deemed suitable by workers and employers for each individual market. Collective bargaining at industry level gives employers and workers the freedom to negotiate bespoke solutions and ensures that commonly agreed standards become binding for everyone.

This approach is also shared with ACT. Both in the work with ACT and as an individual company, Inditex understands that living wages can best be achieved through collective bargaining at industry level between employers and trade unions.

Such agreements are legally binding and enforceable for the signatories. They can be extended to the whole industry within a country, in which case they will cover every worker within the sector.

Linkage between international purchasing practices and national collective bargaining is the mechanism that gives national bargaining partners the economic leeway and the institutional framework they need in order to agree on continuous, substantial improvements in working conditions and wages.

In this sense, the company focus is based on facilitating the participation of all parties involved in the process of bargaining and empowering workers to be able to freely negotiate for fair wages that could be included in collective agreements.

Inditex’s living wage strategy is based on five pillars that encourage and promote the fair negotiation of wages (more information on the strategy on question 5.1):

- Promoting collective bargaining
- Responsible purchasing practices
- Improved working methods and systems
- Collaboration with other stakeholders
- Support campaigns
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.

Collective bargaining at industry level allows a competitive wage setting process where productivity gains can be fairly shared between employers and workers. It also enables the bargaining parties to agree on a continuous process of upgrading the industry and improving wages and working conditions.

Collective bargaining agreements can provide for agreed wage scales to be introduced that set the wage for specific jobs or skill categories that are common across the sector. A pay system based on wage scales helps to retain qualified and experienced staff and offers new recruits a career path.

In particular through the work with ACT, Cambodia and Turkey are the two countries in which brands and IndustriALL are currently particularly focused in taking steps towards industry level collective bargaining.

More information on ACT in https://actonlivingwages.com/

2.3 Please give details of the number of your suppliers (both tier 1 and across your supplier network) that are currently paying your stated living wage benchmark to all workers in their factory. Do supply evidence for this where possible.

Free text box and file upload option

As reflected in the results of social audits carried out according to new methodology updated in April 2017, 3,532 factories are paying a living wage to workers out of the 5,038 factories currently in our supply chain that have been audited according to new methodology.

(Please note that Inditex audit methodology was updated in April 2017, increasing the objectivity of the result and incorporating the very latest best practices. The living wages section of the audit questionnaire has been extended and includes new questions in order to better assess a factory’s compliance. This new methodology facilitates the analysis of the information and hence data from previous methodology is not comparable)

3. Purchasing practices that make living wages possible

3.1 Does your company calculate whether FOB prices paid per piece are sufficient to allow for compliance with the living wage standard your company has committed to deliver? Y/N

If yes, please supply evidence.
If no, how does your company ensure that the FOB prices paid to suppliers are sufficient to allow for compliance with your company’s living wage standard?
Inditex acknowledges that a responsible approach to purchasing practices is a vital part of achieving a more sustainable supply chain, including living wages for workers. As a member of ACT, Inditex commits to ensure that purchasing practices facilitate the payment of a living wage.

The company adopts an open cost sheet system for suppliers which includes labour cost and which is used for calculating FOB prices considering these costs. Each member of the purchasing teams receives training on Social Sustainability. In particular, purchasing teams constantly receive training on responsible purchasing practices. Specifically, training sessions on responsible purchasing have been held with 729 members of the purchasing teams and their managers.

Furthermore, as part of our responsible purchasing practices strategy (which includes building a culture of sustainability throughout the company including the buying teams) Inditex participates in the purchasing practices Working Group of ACT, which provides tools to assess and improve purchasing practices. Against this backdrop, Inditex understands and is committed to facilitating living wages by committing with the countries with a collective bargaining agreement at industry level by making them a preferred destination for sourcing.

The first step has been, during 2017 and 2018, an internal assessment of the company’s purchasing practices, which is now being complemented by feedback received from suppliers. This allows us to identify further opportunities to improve current practices, which is being done through close collaboration with buying teams and embedding sustainability in the business model.

More information at Inditex Annual Report pages 67 to 68 and 70.

(Please note that Inditex’s fiscal year ends 31/01 and hence information related to FY2018 is not yet available. Hence, all data – unless otherwise stated- refers to FY2017)

3.2 Does your company make long-term sourcing commitments at a specific volume to suppliers? Y/N

If so, how long are these commitments, and at what volume? Free text box

Inditex’s purchasing practices advocate for long-term and stable relationships with suppliers based on trust and mutual recognition but owing to our business model we do not make volume guarantees.

Also, as part of its commitment with ACT, it will make countries with a collective bargaining agreement at industry level a preferred destination for sourcing and will ensure that purchasing practices support long-term partnerships with manufacturers which enable and reward progress to paying a living wage.

3.3 Is your company doing work to limit the use of subcontractors in your supply chain, and consolidate your supplier factory list? Y/N

If so, can you provide concrete evidence over time that shows how this is working? Free text box

Between 2016 and 2017, Inditex placed 12% more garments on the market. However, Inditex’s supply chain in 2017 consisted of 1,824 suppliers and 7,210 factories of all production tiers. In 2016, the number of suppliers had been 1,805 and 6,959 factories. In other words, while the number of garments
increased by 12%, its suppliers and factories used in its supply chain only increased by 1% and 3% respectively – demonstrating the promotion of a stable supply chain and how we support the organic growth of existing suppliers.

Furthermore, traceability is essential to identify if suppliers and factories wish to outsource any part of the supply chain. By facilitating traceability, we are able to identify all units of an order before they enter our supply chain to ensure they meet our standards and ensure that Inditex’s programmes reach all phases and processes of our supply chain. Our traceability systems work in the following specific ways:

- R&D in traceability: Technological innovation is a fundamental pillar at Inditex. For this reason, the company has developed cross-departmental projects with the most advanced tools, aimed at making all our processes and activities as efficient as possible.

Throughout 2017, Inditex continued to improve the production traceability system and advocated new practices for the development of an effective global methodology. As a result, thanks to the tools available, Inditex is able to identify suppliers and manufacturers involved in the production of its garments. Furthermore, another action carried out in 2017 was the inclusion of more information on sustainability in the supplier management system to facilitate the decision-making process for the purchasing team and promote responsible purchasing practices.

- Performance of traceability audits: Based on the analysis of the information entered into Inditex’s manufacturer management system by suppliers, traceability audits enable us to evaluate capacities, processes and time frames, and therefore ensure that all production units are declared and approved and that there are no undeclared second or third production levels. In other words, this method aims that all workers involved in Inditex’s production are covered by the programmes set out in the Code of Conduct, designed to protect their rights. In 2017, a total of 2,621 traceability audits were carried out in which internal and external Inditex teams worked on-site to verify that garments were being produced in the factories named by the suppliers and authorised by Inditex.

If any type of non-compliance is detected on a traceability audit, the sustainability team works closely with the purchasing teams to, firstly, rectify the situation and, secondly, work with suppliers to improve their management systems so that the non-compliance does not happen again. In this regard, it is vital that suppliers take on board the need for traceability within their own supply chain, not simply as an Inditex requirement but rather as a tool for their own internal control and improvement in order to have the most sustainable outcome for the supply chain. Among other measures, Inditex asks suppliers for a Production Control Plan to resolve any weak points in the supply chain that are of mutual interest to the supplier and Inditex. In June 2017, a total of 81 plans were requested and nine suppliers have been blocked for a lack of willing to collaborate in this vital area.

- Traceability of raw materials: In 2017 the Group signed a public-private agreement with the International Labour Organisation (ILO) to strengthen labour rights and principles in cotton production and to contribute to the sustainability of the supply chain down to the last link. Through this collaboration, Inditex has improved its knowledge of the supervision and control processes of the raw materials needed to produce its garments, from both perspectives of traceability and improvement of working conditions. In addition, the Group cooperates with other initiatives to promote cotton sustainability and traceability, for example the Better Cotton Initiative, Textile Exchange and Organic Cotton Accelerator.

More information on pages 70 to 76, 107 and 245 of Inditex 2017 Annual Report
3.4 Is your company doing work to limit the use of labour contractors? Y/N

If so, can you provide concrete evidence over time that shows how this is working? Free text box

Manufacturers and suppliers undertake that all the employment systems they use are part of the applicable local laws. Thus, they shall not impair the rights of workers acknowledged under labour and social security laws and regulations by using schemes that have no real intention to promote regular employment in the framework of regular employment relationships. (section 9 of the Code of Conduct)

All suppliers must disclose all companies that they are using, and this includes any possible recruitment agency. The Code of Conduct has to be observed (included are the provisions related to the prohibition of forced labour) and workers’ rights shall be upheld as stated in the Code by any possible recruitment agency or labour contractor also during the recruitment process.

In case a supplier or manufacturer uses a recruitment agency, this information is checked during social audits, where all the aspects related with the recruitment process are also assessed in order to verify that the requirements of the Code of Conduct have been followed and the rights of the workers have been respected. This system of accountability is helping to control the use of recruitment agencies in our supply chain.

In 2017, 4,215 social audits were performed.


The Code of Conduct for Manufacturers and Suppliers is available at https://www.inditex.com/documents/10279/241035/Inditex+Code+of+Conduct+for+Manufacturers+and+Suppliers/e23dde6a-4b0e-4e16-a2aa-68911d3032e7
4. Transparency

4.1 Does your company publish a public list of suppliers, including address, parent company, products and numbers of workers, for tier 1 and your wider supplier network? Y/N

If yes, please supply a link.

While we do not publish a list of suppliers publicly, Inditex shares detailed information about its supply chain with the relevant stakeholder groups:

- IndustriALL Global Union: A complete list of the supply chain at all tiers and processes is regularly shared with IndustriALL, including purchasing volumes and sustainability compliance levels. Inditex is the only company in its sector that provides this information to a union and facilitates union access to all suppliers.

- International Labour Organisation: Inditex regularly provides the ILO with information on its supply chain in countries where the Better Work Programme operates, such as Vietnam, Cambodia and Indonesia. (https://betterwork.org/?lang=es)

- Greenpeace and the Chinese Institute of Public & Environmental Affairs: The list of direct and indirect wet process factories - dyeing, tanning, washing and printing - declared by suppliers is published publicly. Also, IPE’s Green Supply Chain has been signed. (This list is available at www.wateractionplan.com and at http://wwwen.ipe.org.cn/MapBrand/Brand.aspx?q=6)

- Customers: Customers are informed about where their garments were made on request. In this regard, in 2017 63 customer queries were answered regarding the source of our products. In this area, there are also specific projects in some countries, such as Fabricado no Brasil (Made in Brazil) where customers can scan a garment to know the factory and details about where the garment was made.

- Investors, stock market indices, NGOs, We provide social, economic and environmental information both on demand and on a regular basis to various organisations that represent stakeholders.

- Other companies in the sector: There is open collaboration with other brands and companies in the sector by sharing information on supply chain management and establishing joint remediation and action paths. Examples of this are the Bangladesh Accord and the ACT living wage initiative.

This commitment has been positively acknowledged by various organisations, such as the Dow Jones Sustainability Index (sector leader for the last three years), FTSE4Good (sector leader in the last two years), Ethical Fashion Report or Know the Chain, among others.

This information is available at Inditex Annual Report 2017 page 77: https://www.inditex.com/en/investors/investor-relations/annual-reports

(Please note that Inditex’s fiscal year ends 31/01 and hence information related to FY2018 is not yet available. Hence, all data – unless otherwise stated- refers to FY2017)
4.2 Does your company publish information on wages currently paid to workers at your suppliers? Y/N

If yes, please supply a link or further information.

Inditex discloses aggregated yearly data of the assessments performed by means of the Compliance Programme. In page 111 of Inditex’s Annual Report 2017, the percentage of compliance with all the points of the Code of Conduct for Manufacturers and Suppliers in active factories is disclosed. This data is aggregated geographically.

This disclosure includes compliance with the “Wages” section of the Code of Conduct by region.

*(Please note that Inditex’s fiscal year ends 31/01 and hence information related to FY2018 is not yet available. Hence, all data – unless otherwise stated- refers to FY2017)*

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

5.1. Does your company have a public roadmap / strategy for how it will achieve a living wage for all workers across your supplier network? Y/N

If yes, please supply a link to where this is published. Free text box

Inditex has a living wages strategy in place which combines coordinated action across the five key pillars outlined below:

1) Fostering collective bargaining
   Inditex believes that collective bargaining is vital to achieving real and sustainable progress on the provision of living wages. The experience that the company has in this field demonstrates that wage improvements are correlated to the promotion of worker rights and particularly their freedom of association. To this end, and against the backdrop of the framework agreement signed with IndustriALL Global Union, Inditex actively encourages workers’ freedom of association and their right to hold free elections with the purpose of choosing their representatives.

2) Responsible purchasing practices
   Purchasing practices also have a direct impact on the wages earned by workers in Inditex’s supply chain. Consequently, Inditex routinely trains its buying teams so that they factor sustainability criteria into their business decisions. In this manner the company can help make sure supply chain workers receive a living wage.

3) Improving working methods and systems
   The analysis and continuous improvement of working methods translates into better working environments. Inditex has observed that it is possible to achieve wage increases for workers without its suppliers and manufacturers having to incur higher costs. We also help build communication channels between employers and worker representatives as this creates mutual trust and mature industrial relations helping to increase wages throughout Inditex’s supply chain.

4) Collaboration with stakeholders
   Collaboration with other stakeholders is essential for improving the conditions of workers in general and, in particular, for achieving decent wages in the industry. In this regard, Inditex actively participates in the ACT initiative (Action, Collaboration, Transformation). The ACT initiative is as an agreement
between brands and worker representatives to establish a cooperation that promotes the attainment of living wages in the industry.

5) Public support campaigns
Inditex publicly advocates its commitment to living wages and labour rights in all of its business communities. One noteworthy example is the support for the minimum wage negotiations in the garment industry in Cambodia and Bangladesh (more information in https://www.inditex.com/our-commitment-to-people/our-suppliers/workers-at-the-center/support-for-wage-negotiations-in-bangladesh)

Each year, Inditex publicly reports progress against this strategy in its Annual Report.


And also includes details of its strategy on its website:

5.2. By what date does your strategy anticipate that a living wage will be paid to all workers at 100% of your suppliers (both tier 1 and across your supplier network)?
Free text box

The introduction of industry bargaining will enable continuous wage growth. In this sense, Inditex understands that countries that start collective agreements will progressively cover the existing gap.

Sectoral collective bargaining sets a level playing field where competitive advantages cannot be won through substandard working conditions. Workers in the sector are entitled to the wages and benefits negotiated in the collective bargaining agreement independently of their specific employer. Predictability and transparency of wage increases offers business the stability that is needed for longer term investment and progressive improvements.

Trust has to be built and credible monitoring mechanisms such as the most up to date audit methodology adopted by Inditex in April 2017 have to continue.

6. Living wage projects

6.1 What living wage projects are you participating in currently? How do these projects calculate a living wage and how will they achieve this level? Free text fields covering:

Project name
Wage and how will they achieve this level?
Partnerships
Countries
Number of suppliers involved
Project detail
Timescale

(Please note that Inditex’s fiscal year ends 31/01 and hence information related to FY2018 is not yet available. Hence, all data – unless otherwise stated- refers to FY2017)
By what date will this project achieve a living wage across your supplier network? Free text box

These projects are focused on bringing sustainable impact in the factories and suppliers that lead to an improvement in the payment of wages and ability to negotiate them freely. The aim of the projects is to provide tools that facilitate living wages which means it will be achieved over time.

Option to add an additional project As 6.1 above.

In line with the five-pillar strategy described on question 5.1, Inditex implements various programmes and projects, in collaboration with its stakeholders, that aim to guarantee that living wages are paid to workers in its supply chain. These programmes are implemented in the different clusters, and in 2017 we can highlight the following:

1) Promoting collective bargaining – Global Framework Agreement with IndustriALL

   Partnerships: IndustriALL Global Union

   Countries: All production countries. Activities in 2017 included Bulgaria, Turkey, Bangladesh and India.

   Number of suppliers involved: All suppliers are covered by the Global Framework Agreement with IndustriALL.

   Project details:

   Some of the activities performed in 2017 were:

   - Vietnam: Worker representatives from 25 factories in Vietnam attended a seminar on labour relations held in October and organised by IndustriALL in Hanoi in order to provide follow-up to the creation of the Inditex suppliers union network in 2016.

   - Turkey: Apart from the seven suppliers involved in a training project that has been running for the last four years, in May a joint seminar was organised by the International Labour Organisation and IndustriALL to promote dialogue and collaboration in the workplace. The seminar was attended by 90 representatives of 58 Inditex suppliers in the area, as well as local trade unions, and representatives of the Turkish government and other entities.

   - Morocco: Training on labour relations for representatives of 30 factories and local trade unions.

   - Tunisia: Seminar on Framework Agreements and dialogue with representatives of five factories.

   Furthermore, in 2017 alone, Inditex carried out joint programmes with IndustriALL in 22 factories in Bangladesh (5), Bulgaria (2), Morocco (4), Turkey (9), and Tunisia (2).

   One of main activities carried out in 2018 is the joint organization of training seminars with suppliers and workers representatives to promote collective bargaining in Bangladesh, a project in Turkey and Bulgaria to reinforce trade unions in East Europe, among others.

   Timescale: The Global Framework Agreement with IndustriALL was signed in 2007 and has been active since. The activities and projects are jointly defined with IndustriALL annually.

   2) SCORE programme

   Partnerships: ILO

   Countries: China and Turkey
Number of suppliers involved: 2 in China and 6 in Turkey (2018)
Project details: The SCORE programme is designed to improve management systems to, in turn, improve wages and other working conditions.
Timescale: Factories are usually engaged in the project to receive training approximately over a year. Inditex has been participating in this programme with different suppliers for more than five years. For example, four new factories have taken on the programme in 2018 in Turkey.

3) LEAN project
Partnerships: Universidade do Minho in Portugal and Inditex internal team.
Countries: China, Portugal and India
Number of suppliers involved: In 2018, 14 factories are involved in the project and 5 factories are in the follow up stage.
Project details: This is an initiative carried out by Inditex’s industrial engineers and it is based on the Lean production management methodology. The aim of the project is to improve wages and other working conditions by means of improved production management systems.
Timescale: The project has a three-year duration per factory.

In 2018 the Lean Project continued to be developed in China, with the incorporation of 5 new factories. The implementation and monitoring in those that were already engaged in previous years continued in order to ensure sustainable results and maximize the improvements done. During this year the Project was also expanded to new countries such as India and Portugal. In both countries the Project started with one pilot experience in one key supplier of the company. Based on the good results so far, it is planned to do it in more factories of these three countries in 2019 as well as to gradually implement it in more countries.

6.2 In the last 5 years, as a result of pilot projects to deliver a living wage that you have participated in, by how much have wages increased across your supplier network? Please state increases by country and number of suppliers impacted.
Free text box

Considering the main four countries in which programmes are being carried out in order to contribute to living wages (India, China, Turkey and Portugal) an analysis have been made of the progress in wages as recorded by the social audits.

The basis for this comparison includes all factories in India, China, Portugal and Turkey that were active in 2014 and received an audit that year and continue in the supply chain and have received a social audit also in 2018.

The result shows an increase in all four countries.

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>% Increase</th>
<th>Number of factories</th>
</tr>
</thead>
<tbody>
<tr>
<td>TURKEY</td>
<td>90%</td>
<td>215</td>
</tr>
<tr>
<td>PORTUGAL</td>
<td>32%</td>
<td>298</td>
</tr>
<tr>
<td>CHINA</td>
<td>90%</td>
<td>139</td>
</tr>
<tr>
<td>INDIA</td>
<td>31%</td>
<td>43</td>
</tr>
</tbody>
</table>
7. Advocacy for an increase in the minimum wage

7.1 Has your company issued and sent any public statements supporting specific demands for increased minimum wages to governments and employers in countries where you suppliers are located, assuring country governments that production will not be relocated as a result of increases?

Y/N

If yes, please supply link to where this / these can be found.

As part Inditex’s participation in Act Initiative on Living Wages, Inditex has supported communications to and with governments to support and encourage collective bargaining and living wages. Below some examples of those public statements and interactions in the last two years:

- Cambodia: a letter was written to the Prime Minister of the country in September 2017 to discuss the ACT approach to improving wages and working conditions based on collective bargaining within the industry. https://actonlivingwages.com/
- Turkey: Meetings and preliminary work in November 2017 involving ACT, the brands and the exporters’ association to introduce the work of ACT into the country. https://actonlivingwages.com/
- Myanmar: a letter was sent to the State Counsellor in November 2017 to propose some ideas for joint progress on social and industrial development in the sector


8. Freedom of Association

8.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to employers and workers in your supplier factories and subcontractors?

Free text box

Inditex Code of Conduct for Manufacturers and Suppliers includes the rights to freedom of association and collective bargaining. The Code itself establishes that “Manufacturers and suppliers shall communicate the Code to all employees and those in any way involved in the Inditex Supply Chain. A copy of the Code, translated into the local language, shall be displayed in accessible locations to all workers.” This is verified in visits and audits to the factories.

Inditex believes that it is essential that workers have at their disposal sufficient mechanisms to get to know, control and strengthen their labour rights. Freedom of association and the right to collective bargaining are key to ensuring the sustainability of the supply chain. Inditex also recognises the important role played by national and international trade union organisations in monitoring compliance of the brand’s suppliers and manufacturers with the Code of Conduct. Consequently, giving information and training to workers and employers about freedom of association rights is a key part of the activities developed under the umbrella of the Global Framework Agreement.
One of the most important tools that Inditex has to promote freedom of association and collective bargaining, including communication and training to employers and workers, is the Global Framework Agreement that the Group signed in 2007 with the international trade union federation IndustriALL Global Union. This Agreement covers the entire supply chain of the company and is intended to protect the interests of workers in the factories with which Inditex works and ensure compliance with trade union rights and other labour rights.

One of the aims of the Global Framework Agreement is to contribute to worker participation, and training is fundamental to this aim. Raising awareness on the importance of freedom of association and collective bargaining and the value of social dialogue (the main vehicle for achieving mature labour relations) constituted the mainstays of the training activities carried out in 2017 in cooperation with IndustriALL.

Some of the activities performed in 2017 were:

- Vietnam: Worker representatives from 25 factories in Vietnam attended a seminar on labour relations held in October and organised by IndustriALL in Hanoi in order to provide follow-up to the creation of the Inditex suppliers union network in 2016.

- Turkey: Apart from the seven suppliers involved in a training project that has been running for the last four years, in May a joint seminar was organised by the International Labour Organisation and IndustriALL to promote dialogue and collaboration in the workplace. The seminar was attended by 90 representatives of 58 Inditex suppliers in the area, as well as local trade unions, and representatives of the Turkish government and other entities.

- Morocco: Training on labour relations for representatives of 30 factories and local trade unions.

- Tunisia: Seminar on Framework Agreements and dialogue with representatives of five factories.

Furthermore, in 2017 alone, Inditex carried out joint programmes with IndustriALL in 22 factories in Bangladesh (5), Bulgaria (2), Morocco (4), Turkey (9), and Tunisia (2).

One of main activities carried out in 2018 is the joint organisation of training seminars with suppliers and workers representatives to promote collective bargaining in Bangladesh, a project in Turkey and Bulgaria to reinforce trade unions in East Europe, among others.


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8.2 Do you require suppliers to sign union access agreements? Y/N

If yes, please provide details and a copy of any agreement that your suppliers have signed, either by a web link or file upload. Free text box and file upload option

Union access is one of the principles of the Global Framework Agreement between Inditex and IndustriALL.
As a result of this, all suppliers are bound by the Global Framework Agreement and have to provide and guarantee access to all unions. Failure to do so by any supplier would imply a breach of the requirements and, if not immediately corrected, would cause termination with supplier.

http://www.industrial-union.org/inditex

8.3 Do your suppliers provide workers with paid time off for union activities? Y/N/Some
If yes, please state how many suppliers this impacts. Free text box

Inditex Code of Conduct for Suppliers and Manufacturers establishes that “Worker representatives shall be protected from any type of discrimination and shall be free to carry out their representative functions in their workplace.” All suppliers are bound by this Code.

The Group’s social audits questionnaire includes a thorough section on freedom of association which includes different questions in relation to trade union activities at the factories. Also, Inditex’s own social audits methodology includes the performance of trade union representatives’ interviews.

8.4 Do your suppliers provide a dedicated space in the workplace for workers to meet and discuss union issues? Y/N/Some
If yes, please state how many suppliers this impacts. Free text box

Inditex Code of Conduct for Suppliers and Manufacturers establishes that “Worker representatives shall be protected from any type of discrimination and shall be free to carry out their representative functions in their workplace.” All suppliers are bound by this Code.

The Group’s social audits questionnaire includes a thorough section on freedom of association which includes different questions in relation to trade union activities at the factories. Also, Inditex’s own social audits methodology includes the performance of trade union representatives’ interviews.

8.5 Do you require your suppliers meet and bargain with duly constituted unions? Y/N
If yes, how do you verify that they are doing so? Free text box

Inditex requires from suppliers that Freedom of Association and Collective Bargaining are respected. These rights can be enforced through unions or through other lawful means of worker representation.

This being said, Inditex Code of Conduct for Suppliers and Manufacturers states that: “…They shall adopt an open and collaborative attitude towards the activities of Trade Unions.”

Under the auspices of the Global Framework Agreement, Inditex and IndustriALL Global Union perform different activities and programmes that include supplier dialogue with unions.

Another of the means that Inditex has to verify if suppliers are doing so is through the information gathered in social audits. The Group’s social audits questionnaire includes a thorough section on freedom of association which includes different questions in relation to trade union activities at the factories. Also, Inditex’s own social audits methodology includes trade union representatives’ interviews.

In the work carried out in ACT, a number of major steps have been taken towards implementing collective bargaining agreements at industry level in Turkey and Cambodia.
8.6 Do your buyers favour suppliers that support the establishment and functioning of genuine trade unions? Y/N
If yes, please explain how these suppliers are determined and how preference is given. Free text box

As a brand member of ACT, Inditex is committed to "make countries with a collective bargaining agreement at industry level a preferred destination for sourcing and investment for a defined period of time" and “asks suppliers to actively support the collective bargaining process. Compliance with the standards of the collective bargaining agreement at industry level will be requested from suppliers”.

Also, following its Code of Conduct, Inditex requires its suppliers to respect freedom of association and collective bargaining rights, regardless of whether these rights are enforced through unions or through other lawful means of worker representation. Therefore, what is considered for directing purchases to those suppliers that are the most compliant with the Code of Conduct is whether they are respecting workers freedom of association and collective bargaining rights.

In this sense, Inditex puts particular emphasis on training its purchasing teams and a Responsible Purchasing Practices training system has been developed. This system involves boosting the resilience of the business model by supervising the way in which the purchasing teams develop practices that have a positive impact on the working conditions of the people employed in the supply chain. In 2017, A total of 1,010 members of purchasing and product teams have been trained over the last two years. Furthermore, the company’s key purchasing teams have participated in ACT workshops and meetings.

As a result, in 2017, 95% of the purchases made by all of the Group's brands were to A or B suppliers (the highest compliance rankings within Inditex's own methodology).


(Please note that Inditex’s fiscal year ends 31/01 and hence information related to FY2018 is not yet available. Hence, all data – unless otherwise stated- refers to FY2017)

8.7 Does your 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?

Y/N

If yes, how do you monitor that this can be accessed freely by workers? How do you ensure that workers do not face retaliation when filing complaints? How many complaints have you received in the past year? What is the process for investigating these complaints? How many of those complaints have been resolved?

Free text box and file upload option

Inditex has a formal Whistle Blowing Channel in place through which all employees of Inditex manufacturers, suppliers or third parties with any direct relationship and a lawful business or professional interest, regardless of their tier or geographical location, may report to the Committee of
Ethics any noncompliances with the Code of Conduct and Responsible Practices or with Code of Conduct for Manufacturers and Suppliers, they may be aware of, which affect Inditex and which arise from other employees, manufacturers, suppliers or third parties with whom Inditex has any direct employment, business or professional relationship, by means of a report made in good faith.

Contact details of the Committee of Ethics are shown in the Code of Conduct for Manufacturers and Suppliers which has to be placed in all sites producing for Inditex so that it is visible and accessible at all times for all workers as well as communicate to all workers of these sites, as established in the same Code. In all social audits Inditex verifies if the Code is posted and if workers are aware of its content.

In the performance of its duties related to management and supervision of the Whistle Blowing Channel, the Committee of Ethics shall ensure the indemnity of any person as a result of bringing complaints in good faith to the Committee.

In 2017, the Committee of Ethics has processed 181 cases. Upon receipt of any report, the Committee of Ethics verifies first whether it falls under its remit. If such were the case, the Committee of Ethics shall refer such report to the relevant department or area so that it would launch the relevant investigation. If not, the Committee shall order the closing of proceedings. In light of the conclusions drawn from the relevant investigation, and having heard first the interested party, the Committee of Ethics shall take one or more of the following measures, having considered and weighted them where appropriate, with the relevant department or departments:
- The remedy of the breach;
- The relevant sanctions or actions; and/or;
- The closing of proceedings, where no breach whatsoever has occurred.

All the reports received by the Committee of Ethics during 2017 were duly attended.

More information at Inditex Annual Report 2017 page 228 and 229.

Apart from the whistleblowing mechanism, the Global Framework Agreement between IndustriALL Global Union and Inditex establishes a systematic communication channel that ensures an efficient and regular interaction between both organisations on the ground. As part of its benefits, this tool allows the receipt, joint investigation and resolution of complaints or demands received from workers or from their representatives. This procedure aims for resolution of any type of demand or allegation between workers and management in the respective representation bodies at factory level.

Also, within the ACT framework, there will be a complaints mechanism for stakeholders to file complaints about non-compliance with the commitments, and a dispute settlement mechanism between the brands and IndustriALL as signatories of ACT.

(Please note that Inditex’s fiscal year ends 31/01 and hence information related to FY2018 is not yet available. Hence, all data – unless otherwise stated- refers to FY2017)

8.8 Do you have a policy of terminating relationships with suppliers that fail to pro-actively support Freedom of Association through measures such as the above?  
Y/N

Please clarify your answer. Free text box
Inditex has a policy of terminating relationships with suppliers that fail to comply with its Code of Conduct. This includes indeed Freedom of Association and Collective bargaining related breaches.

However, Inditex considers that termination is always the last resort. Only by working in a collaborative way with suppliers and factories the greatest possible benefit for workers can be achieved, given that if relations are directly severed with a company when faced with any kind of breach, their workers would be left without any kind of protection, and no remediation would be provided to them where due.

This is why corrective actions are always put in place, in collaboration with IndustriALL and local unions, in order to reverse the situation. Only when no possible solution can be reached, then the relationship with the supplier will be terminated.

More information on pages 112 and 113 of 2017 Annual Report.

(Please note that Inditex’s fiscal year ends 31/01 and hence information related to FY2018 is not yet available. Hence, all data – unless otherwise stated- refers to FY2017)

9. Dialogue and negotiation with labour rights organisations

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

Y/N

If yes, how many such CBAs exist within your supplier network and in which countries? Please provide a link to where the text can be viewed or upload an example.

In the assessment of all factories a large section on Freedom of Association is included. This section provides the information about collective bargaining and the existence of CBA.

The data below reflects the results in audits performed to active factories since the new methodology of social audits was updated in April 2017. Data is not comparable with old methodology. CBA can cover a sector, country, region or factory level.

<table>
<thead>
<tr>
<th>Country</th>
<th>No. of CBAs</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALBANIA</td>
<td>2</td>
</tr>
<tr>
<td>ARGENTINA</td>
<td>10</td>
</tr>
<tr>
<td>BRAZIL</td>
<td>1</td>
</tr>
<tr>
<td>CAMBODIA</td>
<td>1</td>
</tr>
<tr>
<td>SPAIN</td>
<td>90</td>
</tr>
<tr>
<td>INDIA</td>
<td>3</td>
</tr>
<tr>
<td>INDONESIA</td>
<td>2</td>
</tr>
<tr>
<td>ITALY</td>
<td>41</td>
</tr>
<tr>
<td>LITHUANIA</td>
<td>1</td>
</tr>
<tr>
<td>MOROCCO</td>
<td>1</td>
</tr>
</tbody>
</table>
9.2 Has your 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?
Y/N

If yes, please give details and provide a link to the public text. Free text box

Inditex’s approach towards workers’ involvement and empowerment in decisions related to wages is mainly channeled through the following:

- Global Framework Agreement with IndustriALL (see pages 84 to 86 of Inditex 2017 Annual Report)
- ACT on Living Wages (see pages 87 to 89 of Inditex 2017 Annual Report)
- Inditex Living wage strategy (see pages 87 to 89 of Inditex 2017 Annual Report)

(Please note that Inditex’s fiscal year ends 31/01 and hence information related to FY2018 is not yet available. Hence, all data – unless otherwise stated- refers to FY2017)

10. Further questions about your supplier base

10.1. What are your main production countries? Please state percentage of total production per country and the number of supplier factories. Free text box

In 2017 Inditex worked with 1,824 suppliers located in 47 countries. The company’s main production countries are those 12 where its supplier clusters are located: Spain, Portugal, Morocco, Turkey, India, Pakistan, Bangladesh, Vietnam, Cambodia, China, Brazil and Argentina. In 2017, 95% of the production was concentrated on these countries. For more details on the number of suppliers and factories per cluster please see page 238 of Inditex Annual Report 2017.

It is worth noting that 57% of the factories working for Inditex’s suppliers in 2017 were concentrated in proximity countries: countries that are close to the Group’s headquarters such as Spain, Portugal, Morocco and Turkey.
10.2. What kind of trade partners are part of the sourcing structure? Please indicate an approximate % of volume share of your production:

Free text fields showing:

• Production at factories owned by your company

*Inditex owns 10 factories located nearby the headquarters of the company at Galicia (north of Spain). The company started its life in 1963 as a small family business in one of these factories, dedicated to make women’s clothing, when only Zara existed as a brand. Gradually during the first years of existence of the company the number of owned factories increased to 10. Nowadays these 10 factories continue to be part of the Inditex Group and made exclusively for the company. Inditex owned factories account for around a 5% of the total production volume of the Group.*

Please note that this data is confidential and should not be made public.

• Orders placed directly to supplier factories

*Please note that this data is confidential and should not be made public.*

• Orders placed through agencies or intermediaries

*Please note that this data is confidential and should not be made public.*

• Other (please specify)

10.3 How many sites did you use to produce your goods in 2018?

Free text fields showing:

*(Please note that Inditex’s fiscal year ends 31/01 and hence information related to FY2018 is not yet available. Hence, all data – unless otherwise stated- refers to FY2017)*

• First tier suppliers

• Sub contracted suppliers
10.4 How many supplier factories do you trade with where you have a regular production share of more than 25%? Free text box

As reflected in the results of social audits performed to active factories since the new methodology of social audits was updated in April 2017, the production share of Inditex represented more than 25% in 2,763 active factories out of the 5,038 factories currently in our supply chain that have been audited according new methodology. (Please note that Inditex audit methodology was updated in April 2017. Data from previous methodology is not comparable)

11. Your feedback

11.1 Is there anything else you would like to tell us about your work on the living wage in general?
Or any feedback you would like to give to CCC?
Free text box

Inditex continues to be very committed to adopt the best social and environmental sustainability practices when working with suppliers and will soon present the new phase of its Social Sustainability Plan for 2019 to 2022. The new Plan has been formulated from the results of the 2014-2018 Strategic Plan which will end the 31st January 2019 and will be disclosed in the 2018 Annual Report. The Plan will take advantage of the very important knowledge acquired until now and Living wages have been identified as a priority area for Inditex’s supply chain management for this Plan and beyond.

As part of this, Inditex has convened a Living Wage Working Group compiling Social Sustainability team members from different countries to review the Group’s Living Wage Strategy to align its implementation with the new Social Sustainability Plan. This strategy has also received the input of Inditex’s Social Advisory Board, which is formed of members of Inditex’s stakeholders and representatives of civil society.

Some of the planned activities from 2019 onwards include training to buying teams alongside relevant stakeholders on purchasing practices, programmes for suppliers to facilitate the collective bargaining process with unions and the scaling up of projects such as LEAN or SCORE, as described in Qu 6, to improve working systems and methods, among others. Stakeholder relations and the cooperation with key partners such as IndustriALL Global Union and all the members of ACT will continue to be the cornerstone of this new phase.
Levi’s
Hi Anna,

We will not be participating in the survey.

Best regards,
Sveta

Hi Sveta,

Thanks for this information. Can you confirm if you will or will not be able to submit a response to the survey?
Many thanks,
Anna

--- On Fri, 11 Jan 2019 17:59:21 +0000 Morris, Sveta <smorris1@levi.com> wrote ---

Dear Anna,

It is a pleasure to connect with you over email. Thank you for the invitation to participate in the Clean Clothes Campaign 2018/2019 Wage Survey. We appreciate the attention that Clean Clothes Campaign brings to the rights and needs of apparel workers. We encourage you to review the relevant information we have made publicly available on our website. Some useful links are provided at the bottom of the email.

Levi Strauss & Co. believes that everyone who works has the right to wages ensuring a standard of living adequate for the health and well-being of themselves and of their family, including food, clothing, housing and medical care and necessary social services. As a key enabling condition for this, Levi Strauss & Co. strongly supports a worker’s right to freedom of association and collective bargaining and our Terms of Engagement (TOE) require suppliers to respect this fundamental right. Failure to respect or recognize it is considered a zero-tolerance violation in the TOE.

At a systemic level, we work with industry associations to encourage the governments of the countries from which we source our products to set a minimum wage consistent with the cost of living; establish comprehensive and regular mechanisms for minimum wage reviews; ensure institutional support for effective labor dispute resolution; and not impose punitive measures on leaders of legal and peaceful labor movements. Most recently, requests of such nature were made to...
the governments of Bangladesh and Cambodia expressed in open letters sent by the American Apparel and Footwear Association, of which Levi Strauss & Co. is an active member.

Additionally, since 2011 we have been implementing the Worker Well-being Program to support financial empowerment, health and family well-being, equality and acceptance of the workers in our supply chain. By the end of 2018, we reached over 190,000 workers in collaboration with over 100 factories in 12 countries. Levi Strauss & Co. aims to produce 80 percent of our products at Worker Well-being factories by 2020.

We will watch with interest the development of the new report. We appreciate your commitment to keep us abreast of the survey release date and a preview of the entry on Levi Strauss & Co.

Helpful links:

- Terms of Engagement and Supplier Guidebook: https://levistrauss.com/sustainability/sustainability-guidebook/
- Worker Well-being Program: https://www.levistrauss.com/sustainability/people/#worker-rights

Best regards,

Sveta

Sveta Morris  
Manager, Global Policy & Advocacy  
Levi Strauss & Co.  
1155 Battery Street  
San Francisco, CA 94111, U.S.A.  
+ 1 415 501 4844  
smorris1@levi.com

From: Anna Bryher <anna@labourbehindthelabel.org>  
Date: Tuesday, January 8, 2019 at 12:51 AM  
To: "Morris, Sveta" <smorris1@levi.com>  
Subject: RE: Invitation to Clean Clothes Campaign wage survey 2018/19

Hi Sveta,
Good to meet you. If there is more information that you need, or if you need to clarify anything, do get in touch. The deadline is Friday, but a number of brands have asked for an extension, so next week is also fine.

Anna

----- On Tue, 08 Jan 2019 00:51:14 +0000 Baigorri Soneiro, Manuel <MBaigorri@LEVI.com> wrote -----

Dear Anna,

Hope this message finds you well

Let me introduce you Sveta Morris from our Corporate Affairs team. She will follow up with you on the survey.

Best,
Manuel

From: Anna Bryher [mailto:anna@labourbehindthelabel.org]  
Sent: Thursday, January 03, 2019 7:08 PM
Dear Laetitia and Manuel,

Happy new year. I hope you had a good break. This is a quick email to check that you received this survey. If you could acknowledge receipt that would be great.

All the best,

Anna

---- On Thu, 20 Dec 2018 12:32:32 +0000 Anna Bryher <anna@labourbehindthelabel.org> wrote ----

Dear Laetitia and Manuel,

I'm writing to invite Levis to make a submission to the Clean Clothes Campaign 2018/19 Wage Survey. This survey aims to provide a definitive resource for consumers in Europe and the US on which brands are doing more and which are doing less to combat the problem of poverty pay in clothing factories supplying to the European and US market. We're asking you to take part in the survey as a top global company with an influential presence across retail.

Attached is a letter giving you details of the process, and a copy of the survey text. The survey is available to fill in online here: https://goo.gl/forms/PNu1YIY92dX4GtC13

We hope that taking part will be a useful evaluation process both for your brand and for consumers we will promote the outcomes to. Do bear in mind that if you do not fill in the survey, a profile will be published about your company using data that is publicly available nonetheless.

Deadline for responses is Friday 11 January, 2019. If you have any questions or concerns, don't hesitate to get in touch. Please also reply to confirm that you have received this information. I do hope you will be able to take part in this process and share some of the work you have been doing.

All the best,

Anna

On behalf of Clean Clothes Campaign International.

--

Anna Bryher (formerly McMullen) | Labour Behind the Label
A: Easton Business Centre, Felix Road, Bristol BS50HE | Tel: +44 (0) 117 954 8011 | Mob: +44 (0)7786 832 035
E: anna@labourbehindthelabel.org | W: www.labourbehindthelabel.org

Labour Behind the Label works to improve conditions and empower workers in the global garment industry. We are the UK platform of the Clean Clothes Campaign, a coalition of campaigns with 250 organizational members worldwide.

All Labour Behind the Label staff work part-time. I work two days a week. If you need an urgent response, you can reach me on the mobile number above at other times.

This message is intended only for the person to whom it is addressed. If you are not the intended recipient, you are not authorized to disclose, distribute, copy or use this message or any
Labour Behind the Label works to improve conditions and empower workers in the global garment industry. We are the UK member of the Clean Clothes Campaign, a coalition of over 250 organizations worldwide.

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Nike
Clean Clothes Campaign Living Wage Survey

This survey is being carried out on behalf of the Clean Clothes Campaign and will be used to update our study into brand progress towards payment of a living wage (last published as Tailored Wages - www.cleanclothes.org/livingwage/tailoredwages - in 2014). The outcomes of the study will be promoted to consumers across Europe and the US.

We firmly believe that there should be more evidence-backed information available for consumers and the wider public about garment supply chains, and wages in particular. As such, links and upload options are given for providing evidence to back up your answers throughout this survey. Please note that documents uploaded or links provided may be checked for verification reasons, but will not be used as part of the assessment. Please make sure to include any data you want to be read in the main body of your answers.

All the information that you provide to us may become publicly available. If however, in exceptional circumstances, there are sensitive pieces of information that you would like to provide to the assessment process but that can’t be made public, please indicate these clearly.

Defining terms
For the purposes of this study, a living wage is defined by the following statement:

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income.

Specifically a living 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 hours
- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a family of four (or 3 consumption units, two adults and two children)
- Includes an additional 10% of the costs for basic needs as discretionary income.
(For more details see: https://cleanclothes.org/livingwage)

The latest Asia Floor Wage benchmark figures, last updated in 2017, can be found here:
https://asia.floorwage.org/what
The Clean Clothes Campaign estimates for Living Wage benchmarks in the European production region, based on worker interviews, can be found on p.25 of this report:
https://cleanclothes.org/livingwage/europe/europes-sweatshops

Your company

Company name: *

Nike, Inc.
1. A Living Wage commitment

Our definition of a living wage is as follows:

"Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income."

Specifically a living 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 hours
- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a family of four (or 3 consumption units, two adults and two children)
- Includes an additional 10% of the costs for basic needs as discretionary income.
1.1 Has your company published a clear commitment to ensure a Living Wage is paid across your supplier network? *

- Yes
- No

If yes, please describe how your company defines a living wage and provide a link to where this commitment is publicly available.

Every contract factory worker in our supply chain has the right to a standard of living that’s adequate to support themselves. We have committed to work with our suppliers to progressively meet employees’ basic needs, including some discretionary income.

Nike’s Code of Conduct requires our suppliers to pay their employees at least the local minimum wage or prevailing wage (whichever is higher), including premiums for overtime worked, legally mandated benefits, and compliance with social insurance regulations required by country law.

Nike’s Code of Conduct and Code Leadership Standards also 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.

Full detail on Nike’s policy regarding a progressive realization of a fair wage can be found in Nike’s Code Leadership Standards (pgs. 25-30).

1.2 How do you monitor supplier compliance with this living wage commitment, both for tier 1 suppliers and across your supplier network?

Nike monitors compliance with its Code of Conduct and Code Leadership Standards, including provisions around wages and benefits, through our audit program. These assessments are both announced and unannounced — and are conducted by internal and external parties who measure against the Code Leadership Standards and our Code of Conduct, including those related to wages.

For more information on this process can be found on our website: https://sustainability.nike.com/sourcing-manufacturing-standards.
Please supply details about your approach to auditing for a living wage. Does your company hire auditors from auditing firms? Are these announced or unannounced visits? Does your company use any external certifiers? How do you remedy non-compliances?

Nike monitors finished goods supplier compliance with our Code of Conduct and Code Leadership Standards through regular announced and unannounced audits conducted by internal and external parties. We call this our Factory Compliance Ownership (FCO) Program. This includes audits by third parties such as the Fair Labor Association and assessments by Better Work – a joint initiative of the International Labor Organization’s and the International Finance Corporation (IFC). Ratings assigned as a result of FCO assessments form the foundation of a supplier’s Sustainable Manufacturing & Sourcing Index Score, driving business to high performing suppliers and initiating sanctions with suppliers failing to meet minimum performance expectations (Bronze rating). This encourages Nike’s suppliers to fully own their compliance with Nike’s Code of Conduct and Code Leadership Standards through effective management systems.

Nike takes issues of non-compliance seriously. If we are alerted to an issue of non-compliance with our Code of Conduct or Code Leadership Standards within one of our contract factories, we investigate it immediately and, where improvements are required, we take a collaborative approach to working with factory managers to see that corrective actions are taken, that problems are remediated and that the managers have on-site verification of this remediation. Should a supplier fail to remediate issues identified by an audit or allegation investigation according to Nike's requirements, it is subject to review and sanctions, including potential termination of the supply agreement.

For more information on this process can be found on our website: https://sustainability.nike.com/sourcing-manufacturing-standards.

2. Benchmarks for a minimum living wage
2.1 Does your company have internal or public figures that it uses to benchmark Living Wages for each sourcing country or region? *

- [ ] Yes
- [x] No

If yes, please provide details.

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.

N/A

2.3 Please give details of the number of your suppliers (both tier 1 and across your supplier network) that are currently paying your stated living wage benchmark to all workers in their factory. Do supply evidence for this where possible. *

N/A

Evidence upload

3. Purchasing practices that make living wages possible
3.1 Does your company calculate whether FOB prices paid per piece are sufficient to allow for compliance with the living wage standard your company has committed to deliver? *

- Yes
- No

If yes, please supply evidence. If no, how does your company ensure that the FOB prices paid to suppliers are sufficient to allow for compliance with your company's living wage standard?

Nike's costing processes include detailed information from suppliers on overhead and employment costs which account for at least minimally, meeting legally required wages and benefits. This information is regularly collected and reviewed to ensure FOB prices sufficiently cover labor costs for Nike's suppliers.

Upload option.

3.2 Does your company make long-term sourcing commitments at a specific volume to suppliers? *

- Yes
- No
If so, how long are these commitments, and at what volume?

Nike has been working with most of the suppliers and factories in our supply chain for years, in many cases for decades. Our sourcing strategy prioritizes and favors suppliers who show demonstrable leadership in corporate responsibility and sustainability and who seek to move beyond minimum standards. Nike does not typically make contractual commitments to specific volumes, but we do have a defined process to share strategic plans with our suppliers. As part of our growth strategy, we seek partners who are developing agile and resilient management systems which enable them to drive sustainable business growth through minimizing their environmental impacts, fostering a strong culture of safety and developing an engaged and valued workforce. We will only work with suppliers who show leadership in sustainability and who have achieved a foundation of compliance and want to move into new and innovative labor practices. We also encourage and help facilitate shared partner learning on these important subjects.

3.3 Is your company doing work to limit the use of subcontractors in your supply chain, and consolidate your supplier factory list? *

- Yes
- No

If yes, can you provide concrete evidence over time that shows how this is working?

Subcontracting
Nike’s Code of Conduct and Code Leadership Standards prohibit unauthorized subcontracting. Our standards state that a supplier may not sub-contract out the production of Nike or Nike Affiliate product to third-parties or supplier owned facilities not previously approved without the prior written approval of Nike or Nike affiliate.

Consolidation of Supply Chain
We are focused on building quality, long-term relationships with fewer factories. We’ve reduced the number of factories in our supply chain from 785 factories in FY13 to 527 factories today (as of 1/1/19), a 33% decrease.
3.4 Is your company doing work to limit the use of labour contractors?

- Yes
- No

If so, can you provide concrete evidence over time that shows how this is working?

Nike restricts the use of temporary workers and short-term contracts in our Code Leadership Standards. We monitor compliance with these requirements through our regular audit program.

4. Ensuring transparency

See [https://cleanclothes.org/transparency/transparency-pledge](https://cleanclothes.org/transparency/transparency-pledge) for reference on definitions.

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

- Yes
- No

Please supply a link or further information.

4.2 Does your company publish information on wages currently paid to workers at your suppliers? *

- Yes
- No

If yes, please supply a link or further information.

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

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

- Yes
- No
Fair compensation, meaningful benefits
Every contract factory worker in our supply chain has the right to a standard of living that’s adequate to support themselves. We have committed to work with our suppliers to progressively meet employees’ basic needs, including some discretionary income. We believe that the wages can increase as overall factory operational efficiency improves.

A better run factory should be more profitable and should then be able to pay higher wages, in exchange for benefits such as lower turnover, higher productivity, and better quality product. Workers are key to delivering on the promise of high quality and high productivity, and need to be compensated accordingly.

Since FY15, we have partnered with a leading academic, factory management, workers, and third-party experts to see if we could increase the value created in a factory and see it shared between management and workers.

Our pilot tested three different approaches, each focusing on productivity improvements, shared value creation, and employee engagement. After collecting baseline data, we spent a full year building the foundation of a better running factory, which included all key areas within our Lean 2.0 approach. These covered line operations, supervisory skills, leader standard work, relief teams, engagement and communication processes, social dialogue, stress resilience activities, and management skills. During the second year, we tested different ways to align compensation with Lean principles, make pay more transparent to workers, and empower workers to participate in decision-making and problem-solving.

The results show that worker agency – their ability to voice their views and opinions – was important to good business performance. Collaborative problem solving between workers and supervisors increased, while self-reported levels of stress fell. Key business metrics, like turnover, productivity, and profitability, all improved. And, importantly, take-home pay went up.

The academic paper on the compensation pilot has been published by our academic partner here: http://irle.berkeley.edu/files/2018/12/Productivity-Profits-and-Pay.pdf
5.2 By what date does your strategy anticipate that a living wage will be paid to all workers at 100% of your suppliers (both tier 1 and across your supplier network)?

N/A

6. Living Wage projects

6.1 What living wage projects are you participating in currently? How do these projects calculate a living wage and how will they achieve this level?

Project Name

Compensation and Benefits Pilot

Project description

Nike worked with Berkeley researcher Dara O’Rourke to conduct a pilot study with one of our factory partners in Thailand from 2015 to 2017. The study sought to understand how more advanced compensation structures could increase worker wages while supporting factory goals around increased productivity and profitability. Key to the intervention were aligning incentives across the factory, aligning pay structures with factory goals, and increasing transparency for workers into targets and wage calculations. In the first year, the factory participated in Lean 2.0 training, resulting in strengthened worker-management communication systems and a management system that encouraged problem-solving. The findings from the compensation intervention were very encouraging; wages increased by 4.2-11.6% and productivity increased by 7-12%-points. Profitability, quality, and worker retention rates also increased, and worker stress levels decreased. Further detail on the pilot can be found here: http://irle.berkeley.edu/files/2018/12/Productivity-Profits-and-Pay.pdf.
We are continuing to deepen our understanding of what elements of the Compensation & Benefits Pilot were foundational to its success in increasing worker wages while supporting factory operational goals. These elements include worker-management communication channels and strong employee input throughout the implementation process.

There were no specific wage benchmarks included in this pilot, rather this was designed to explore different mechanisms for raising wages along with other key worker and business outcomes. This pilot isn’t the whole answer to the complex challenge of wages, but it’s an important step forward. From our unique academic partnership has come a truly multi-stakeholder approach that presents a robust alternative to the current model of compensation used in most factories. We will continue to develop a plan to scale the approach.

6.1 Continued. Opportunity to add additional project.
Through the Compensation & Benefits pilot, wages increased by 4.2-11.6% in 1 supplier in Thailand.

6.2 In the last 5 years, as a result of pilot projects to deliver a living wage that you have participated in, by how much have wages increased across your supplier network? Please state increases by country and number of suppliers impacted.

Through the Compensation & Benefits pilot, wages increased by 4.2-11.6% in 1 supplier in Thailand.
7. Advocacy for an increase in the minimum wage

7.1 Has your company issued and sent any public statements supporting specific demands for increased minimum wages to governments and employers in countries where you suppliers are located, assuring country governments that production will not be relocated as a result of increases? *

- Yes
- No

If yes, please supply a link to where this / these can be found.

Nike regularly engages with governments regarding labor rights and working and living conditions in the countries where our suppliers operate. In some instances, we engage directly with relevant government ministries on policies and enforcement of laws in line with international standards and Nike's requirements. In other cases, we join with a coalition of like-minded companies and organizations to advocate for specific policies to enhance and protect the rights of workers.

8. Freedom of Association

*For the purposes of this question, Freedom of Association is defined as per ILO convention 87 - https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C087. In particular, that 'trade union' means an entity established to represent the interests of workers, without the influence of management or outside forces, and, where allowed by law, an entity that is able to act and bargain on behalf of the workers. Parallel means mechanisms such as management controlled worker committees do not fall under this definition.
We believe all workers have the right to freely associate and collectively bargain. Where freedom of association and collective bargaining are restricted under law, Nike requires suppliers to allow for parallel means for independent and free association and bargaining.

Our Code Leadership Standards contain detailed requirements on how suppliers must respect the rights of workers to freely associate. Those requirements include prohibitions on interference with workers seeking to organize or carry out union activities, as well as on any sort of activity which seeks to intimidate, harass, or retaliate against workers for participation in a union or other representative organization or for attempting to organize or form a union. Nike’s Code Leadership Standards also require suppliers to train workers on their rights to freedom of association and collective bargaining.

As a condition of doing business with Nike, suppliers are required to implement and integrate Nike’s Code of Conduct and accompanying Code Leadership Standards and applicable laws into its business, including development of effective management systems, and submit to verification and monitoring.

The supplier is required to post the requirements of Nike’s Code of Conduct, in the language(s) of its employees in all major workspaces, train employees on their rights and obligations as defined by this Code and applicable country law. (see the bottom of pg. 3 of Nike’s Code of Conduct - https://sbi-stg-s3-media-bucket.s3.amazonaws.com/wp-content/uploads/2018/05/14214943/Nike_Code_of_Conduct_2017_English.pdf)

8.2 Do you require suppliers to sign union access agreements? *

- Yes
- No
If yes, please provide details and a copy of any agreement that your suppliers have signed, either by a web link or file upload.

Per Nike's Code Leadership Standards, union representatives should have access to their members under conditions established by country law or mutual agreement between the supplier and the union. CLS: https://sbi-stg-s3-media-bucket.s3.amazonaws.com/wp-content/uploads/2018/05/14214943/Nike-Code-Leadership-Standards-September-2017-English.pdf

Evidence upload

8.3 Do your suppliers provide workers with paid time off for union activities? *

☐ Yes

☐ No

☒ Some

If yes, please state how many suppliers this impacts.

Nike's Code Leadership Standards encourage contractors to allow reasonable time off with pay for employee union representatives to carry out their duties, such as grievance handling and representing members, and providing such facilities as may be reasonably required to enable the representatives to function effectively. The facilities and time-off which may be appropriate will vary depending upon the number of represented employees, number of worker representatives, provisions in the collective agreement, etc.

8.4 Do your suppliers provide a dedicated space in the workplace for workers to meet and discuss union issues?

☐ Yes

☐ No

☒ Some
If yes, please state how many suppliers this impacts.

Not available.

8.5 Do you require your suppliers meet and bargain with duly constituted unions? *

- Yes
- No

If yes, how do you verify that they are doing so?

Suppliers are required to recognize the right of organized employees to engage freely in collective bargaining. Per Nike’s requirements the supplier shall bargain in good faith and honor the terms of any signed collective bargaining agreement for the duration of that agreement. Where country law specifies a certain union(s) as the exclusive bargaining agent, the supplier will not be required to engage in collective bargaining with other employee groups or organizations on matters covered by a valid collective agreement. We monitor compliance with all of requirements related to freedom of association and collective bargaining through our audit program.

8.6 Do your buyers favour suppliers that support the establishment and functioning of genuine, independent trade unions*?

- Yes
- No

If yes, please explain how these suppliers are identified and how preference is given.

All Nike suppliers are required to comply with our Code of Conduct and Code Leadership Standards, including respecting the right of workers to form and join trade unions and other worker organizations of their own choosing without interference and to bargain collectively.
8.7 Does your 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
- No
Establishing trusted, effective grievance mechanisms for workers to use to raise concerns about working conditions and conditions of employment are an essential element in protecting the rights of workers and building an engaged workforce. Nike's Code Leadership Standards require our suppliers to have effective grievance processes which include the ability to raise grievances anonymously and confidentially without fear of retaliation. The standards also require training of workers on the facility's grievance system as well as a process to track grievances and to respond to workers in a timely manner. Suppliers are also encouraged to involve worker representatives in resolution of grievances.

If a concern is raised directly to Nike by a worker, or by a third-party, Nike promptly investigates and requires corrective actions for any issues identified. Should a supplier fail to remediate issues identified by an audit or allegation investigation according to Nike's requirements it would be subject to review and sanctions, including potential termination of the relationship.

In addition to formal grievance processes, Nike believes that effective two-way communication between management and workers is key to creating strong and growing businesses. Some of our supplier's facilities have one or more formal unions where their elected representatives serve a critical function in representing and negotiating on behalf of workers and as an important partner in broader communications.

Many of our suppliers’ facilities also have worker committees through which management can get direct input on how to continually improve operations and working conditions. One such area is health and safety. Nike recognizes the critical role workers play in identifying risks and opportunities to improve the health and safety conditions of the facility. Therefore, through the Code Leadership Standards, Nike requires supplier facilities to have a specific health, safety and environment committee composed of at least equal numbers of workers and managers. Our suppliers’ facilities have other committees to directly engage workers and continually improve working conditions and worker satisfaction and engagement.

Given the emergence of new technologies over the past several years Nike has been working with our suppliers to identify and implement ways to improve grievance mechanisms and two-way communication between workers and management.
Yes

8.8 Do you have a policy of terminating relationships with suppliers that fail to pro-actively support Freedom of Association through measures such as the above?

No

Please clarify your answer.

Our Code Leadership Standards contain detailed requirements on how suppliers must respect the rights of workers to freely associate. Those requirements include prohibitions on interference with workers seeking to organize or carry out union activities, as well as on any sort of activity which seeks to intimidate, harass, or retaliate against workers for participation in a union or other representative organization or for attempting to organize or form a union.

Should a supplier fail to remediate issues identified by an audit or allegation investigation according to Nike’s requirements, including not meeting Nike’s requirements for Freedom of Association, it is subject to review and sanctions, including potential termination of the supply agreement.

In the event that the relationship with an existing supplier is terminated, Nike’s responsible exit process is triggered. This includes evaluation of the risks to Nike, the workers, local community and environment associated with the upcoming divestment.

We take this process seriously. It includes a reduction in production orders over a determined length of time to create the least amount of disruption to a business and workers as possible. In high-risk situations, multi-stakeholder working groups are assembled to develop and monitor an exit plan designed to manage the risks identified with the divestment.

Nike’s Sourcing and Manufacturing Standards: https://sustainability.nike.com/sourcing-manufacturing-standards

9. Dialogue and negotiation with labour rights organisations

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

- Yes
- No

If yes, how many such CBAs exist within your supplier network and in which countries? Please provide a link to where the text can be viewed or upload an example.

N/A

Evidence upload

9.2 Has your 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
- No

If yes, please give details and provide a link to the public text.

Evidence upload
10. Further questions about your supplier base

(for context only)

10.1 What are your main production countries? Please state percentage of total production per country and the number of supplier factories.

- China – 116 (48 apparel, 34 equipment, 34 footwear)
- Vietnam – 99 (65 apparel, 8 equipment, 26 footwear)
- Indonesia – 39 (17 apparel, 5 equipment, 17 footwear)
- For fiscal 2018, contract factories in Vietnam, China and Indonesia manufactured approximately 47%, 26% and 21% of total NIKE Brand footwear, respectively.
- For fiscal 2018, contract factories in China, Vietnam and Thailand produced approximately 26%, 18% and 10% of total NIKE Brand apparel, respectively.

10.2 What kind of trade partners are part of the sourcing structure? Please indicate an approximate % of volume share of your production:

Production at factories owned by your company

- 0%

Orders placed directly to supplier factories

- 100%

Orders placed through agencies or intermediates

- 0%

Other (please specify)
10.3 How many sites did you use to produce your goods in 2018?
First tier suppliers

527 (http://manufacturingmap.nikeinc.com/) as of 1/1/2019

Sub contracted suppliers

Sub contracted suppliers: All factories producing Nike, Inc. branded products are required to be audited before full production may begin and are included in the 527 noted above.

10.4 How many supplier factories do you trade with where you have a regular production share of more than 25%?

Nike’s supply chain is comprised of a wide range of suppliers, some with well over 25% of capacity dedicated to Nike production and others where Nike represents a very small percentage of overall production.
Nike believes that working conditions, including wages, can be improved when suppliers enhance their technical capabilities and management systems. A firm's workforce is a key business asset that can perform to the best of its ability when supported, valued, and enabled correctly. We know that factories in our source base that use strategic compensation as well as tools on safety, worker engagement, and overall human resource management will perform well from a business perspective, reduce risk, and ensure people are valued and treated properly.

A better run factory should be more profitable and should then be able to pay higher wages, in exchange for benefits such as lower turnover, higher productivity, and better quality product. Workers are key to delivering on the promise of high quality and high productivity, and need to be compensated accordingly. Our partnership with Berkeley researcher Dara O'Rourke on the Compensation & Benefits Pilot demonstrated that transparent and aligned compensation structures can create conditions where higher wages drive higher productivity and profitability, while decreasing worker turnover and stress levels.

In order for a strategic approach to compensation to be successful, factories must establish a foundation in Human Resource Management (HRM) capabilities, worker engagement, and Lean. Nike has been working with our suppliers on these key capabilities for several years, with suppliers increasingly taking ownership over the development of these capabilities.

Strong Human Resource Management

We have developed guidance and tools that our suppliers can use to improve Human Resources Management in their factories. We're supporting our suppliers in developing predictive, agile, resilient and integrated HRM capabilities. By investing in HR professionals, systems and processes our suppliers will be able to have the right people, with the right skills, in the right roles, who are engaged, empowered and invested in driving their business success.

We have teams in each of our regions with individuals dedicated to working with our suppliers to measure and develop their HRM capabilities. In the last several years, these engagements were often part of an integrated approach to Nike's Lean Management Framework. Those activities included:
- Developing systems and processes to capture accurate data and conduct data analysis on HRM related qualitative and quantitative metrics
- Assessing supplier management strengths and weaknesses and identifying opportunities for development
- Providing coaching and consultation to strengthen supplier HRM systems, with a focus on how to attract, develop and engage their workers
- Developing tools to measure worker engagement and identify areas of opportunity for investment (more on this below)

We will continue to evolve our approach, partnering with organizations focused on developing relevant tools and services to support suppliers as they drive their strategies around workforce investment and management.

Worker Engagement
We believe that a skilled, valued and engaged workforce is key for growth and sustainability. We know that when workers are valued, issues of compensation, overtime, workplace conditions and worker engagement will fundamentally shift.

As manufacturing processes become more sophisticated through modernization and innovation, the role of the factory worker is changing. We will only work with suppliers who transform their business by investing in the skills and capability of workers and promoting cooperation to support a more sustainable manufacturing model.

To this end, we bring pragmatic, evidence-based and measurable practices to our suppliers to increase worker engagement. We developed the Engagement and Wellbeing Survey (EWB) to measure engagement based on the experiences of individuals working in factories. The EWB survey highlights areas where employees already feel supported and engaged and help identify opportunities for factory management to improve employee engagement.

The survey was extensively piloted and tested, in collaboration with suppliers and other organizations, to ensure the results were statistically relevant, actionable and successfully painted a comprehensive picture of the current status of engagement in a facility.

Measuring engagement is just the start. We support our suppliers in building capabilities that will increase worker engagement. By focusing on increasing worker-management communications; investing in strategic human resources management and lean management frameworks; elevating a Culture of Safety; and employing a valued-worker centric view to program implementation, worker engagement will increase and businesses will thrive.

Lean
In addition, we have been working with our suppliers to implement lean manufacturing methodologies for over 15 years. Our goal is to help suppliers understand and apply this new way of managing their business. One of our priorities has been the role lean manufacturing can play in creating a workplace culture that prioritizes workers’ health and safety, and human resources management systems focused on continuous improvement,
building workers’ skills and empowering them to identify opportunities to improve overall production.

In order to help suppliers understand our new approach, we provide training on lean principles and tactical guidance on implementing the principles in our suppliers’ facilities. The training focuses specifically on Human Resources Management and how to efficiently implement and manage their capabilities in health, safety and environment.
Primark
Clean Clothes Campaign Living Wage Survey

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Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income.

Specifically a living 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 hours
- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a family of four (or 3 consumption units, two adults and two children)
- Includes an additional 10% of the costs for basic needs as discretionary income.
(For more details see: https://cleanclothes.org/livingwage)

The latest Asia Floor Wage benchmark figures, last updated in 2017, can be found here: https://asia.floorwage.org/what
The Clean Clothes Campaign estimates for Living Wage benchmarks in the European production region, based on worker interviews, can be found on p.25 of this report: https://cleanclothes.org/livingwage/europe/europes-sweatshops

Your company

Company name: *

Primark Ltd
1. A Living Wage commitment

Our definition of a living wage is as follows:
"Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income."

Specifically a living 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 hours
- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a family of four (or 3 consumption units, two adults and two children)
- Includes an additional 10% of the costs for basic needs as discretionary income.
Yes

No

If yes, please describe how your company defines a living wage and provide a link to where this commitment is publicly available.

Primark is committed to ensuring that workers in its supply chain are paid a living wage. We agree with the principle that a living wage should cover basic needs, provide for discretionary income and savings, and cater for dependents. 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, namely through the enabling right of Freedom of Association and the mechanism of collective bargaining.

Primark’s Supplier Code of Conduct states: "Living wages shall be paid."
• "Wages and benefits paid for a standard working week must meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income."
• All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
• Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the express permission of the worker concerned. All disciplinary measures should be recorded.

Primark and other leading retailers, developed the ACT (Action, Collaboration, Transformation) on Living Wages initiative to provide a global framework on living wages in the garment sector that brings together all relevant stakeholders to identify what each stakeholder’s role and responsibility is, and how, if taken together, this can support living wages in a scaled up, sustainable, industry-wide approach. The initiative aims to improve wages in the global garment sector by establishing industry-wide collective bargaining in sourcing countries, supported by world class manufacturing standards, and responsible purchasing practices. Our commitment to ACT is underpinned by our signed Memorandum of Understanding with IndustriALL.
Compliance with Primark’s Supplier Code of Conduct forms part of our General Terms and Conditions of Business, and we require all our suppliers factories to comply with the Primark Code of Conduct as a condition of doing business with us.

Orders can only be placed with a factory once it is operating to a standard that meets the requirements set out in our Code of Conduct, and it is approved by the Primark Ethical Trade team. Tier 1 suppliers are also required to apply our Supplier Code of Conduct to their own supply chain. Primark has increasing visibility of Tier 2, 3, and raw material suppliers, and conducts due diligence using a risk-based approach.

In 2017 we carried out 3,413 audits against the Code of Conduct (https://www.primark.com/-/media/ourethics/annual%20performance/our-performance-2017.ashx). Primark pays directly for all its audits. This enables us to retain control of the audit protocol, quality and integrity. It also allows us to more effectively address risk through the ability to adapt the audit process as required.

Suppliers receive the corrective action plan (CAP) but the final full audit report is confidential to Primark which enables worker anonymity and auditor testimony. The CAP details any non-compliance and details a mutually agreed, time-bound action plan to resolve the issues identified. Primark works with the factory to support them in addressing the issues, for example, by providing direct support on how to resolve individual issues and providing training and capacity building.

For new factories, the initial audit is announced, and the date agreed by both parties in order to build trust at the start of the new supplier relationship. This initial meeting also gives Primark the opportunity to explain our Supplier Code of Conduct and ethical trade standards. Once approved, the factory is subject to regular audits, at least once a year, to check the Supplier Code of Conduct is being applied. These subsequent follow-up audits are conducted on an unannounced basis, meaning the supplier does not receive advance warning of when the audit will take place. By conducting unannounced audits, we can ensure we are seeing a more accurate picture of the factory and workforce. Additional monitoring is carried out by Primark’s Ethical Trade team for example, through unannounced ‘spot checks’ of factories or during discussions with workers in their communities.

Confidential worker interviews are mandatory during the audit and form a critical part of the audit process. These are always conducted in confidence and in a way as to protect the workers and their testimonies. During the interviews, workers are informed that they can contact the Primark team at their discretion whenever they wish and are given direct
contact details. Any issues that present a severe and imminent threat to workers’ lives or safety are prioritised for immediate remediation. Such issues would be assigned a red critical rating under our audit categorisation and the factory immediately suspended on our purchase order system until such time as the issue has been fully and appropriately remediated. In some cases, we partner with NGOs and other organisations for remediation.

Please supply details about your approach to auditing for a living wage. Does your company hire auditors from auditing firms? Are these announced or unannounced visits? Does your company use any external certifiers? How do you remedy non-compliances?

Please see our response to Q1.2 for details on our audit and remediation programme. Audits are conducted by both Primark in-house and selected external third-party auditors. We do not use any external certifiers or certification bodies.

2. Benchmarks for a minimum living wage

2.1 Does your company have internal or public figures that it uses to benchmark Living Wages for each sourcing country or region? *

☐ Yes
☐ No

If yes, please provide details.

See our response to Q2.2
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.

ACT members abide by the principle that employers and workers and their representatives should reach agreement on a living wage through collective bargaining at industry level. This means that the negotiated wage will differ according to national contexts, and will reflect the needs of workers and employers, rather than any particular external benchmarks.

2.3 Please give details of the number of your suppliers (both tier 1 and across your supplier network) that are currently paying your stated living wage benchmark to all workers in their factory. Do supply evidence for this where possible.*

Please see our response to Q2.2.

Evidence upload

3. Purchasing practices that make living wages possible

3.1 Does your company calculate whether FOB prices paid per piece are sufficient to allow for compliance with the living wage standard your company has committed to deliver? *

- [ ] Yes
- [ ] No
If yes, please supply evidence. If no, how does your company ensure that the FOB prices paid to suppliers are sufficient to allow for compliance with your company’s living wage standard?

In line with the ACT Memorandum of Understanding, ACT brands have developed Global Purchasing Practices Commitments (published December 2018). These state:
“Brands commit that purchasing prices include wages as itemised costs.”
Specific implementation measures have been defined and include:
- Write compliance with collective bargaining agreements into purchasing agreements between brands and suppliers terms and conditions of purchase.
- Adopt all direct and indirect labour cost components in line with the agreed ACT methodology.
- Provide guidance to suppliers on labour costing for suppliers.
- Reflect increases in negotiated wages in the labour components of costing calculations.

Tools and processes to support each of these implementation measures will be developed.

Upload option.

3.2 Does your company make long-term sourcing commitments at a specific volume to suppliers? *

- [ ] Yes
- [ ] No

If so, how long are these commitments, and at what volume?

Not disclosed.

3.3 Is your company doing work to limit the use of subcontractors in your supply chain, and consolidate your supplier factory list? *

- [ ] Yes
- [ ] No
If yes, can you provide concrete evidence over time that shows how this is working?

We have implemented a process for managing unauthorised sub-contracting cases with our buying and merchandising teams. All factories where there is evidence of unauthorised sub-contracting are suspended on our purchase order system until the supplier can demonstrate appropriate resource and process to manage production in approved sites. As part of this process, the Trading, Sourcing, and Ethical Trade Directors discuss each case and agree further actions in relation to the supplier and other associated factories.

3.4 Is your company doing work to limit the use of labour contractors?

- Yes
- No

If so, can you provide concrete evidence over time that shows how this is working?

We do not limit the use of agency labour. We require all our suppliers to apply the Code of Conduct in full to all employees including those provided by agencies. This includes suppliers operating warehouses, and depots.

4. Ensuring transparency

See [https://cleanclothes.org/transparency/transparency-pledge](https://cleanclothes.org/transparency/transparency-pledge) for reference on definitions.
4.1 Does your company publish a public list of suppliers, including address, parent company, products and numbers of workers, for tier 1 and your wider supplier network? *

- [ ] Yes
- [x] No

Please supply a link or further information.

https://globalsourcingmap.primark.com/ Our sourcing map includes Tier 1 factories where Primark product is produced. It details factory name, address, number of workers and gender split. It does not include parent company and product.

4.2 Does your company publish information on wages currently paid to workers at your suppliers? *

- [ ] Yes
- [x] No

If yes, please supply a link or further information.

N/A

5. A clear roadmap for implementing a living wage for all workers
5.1 Does your company have a public roadmap / strategy for how it will achieve a living wage for all workers across your supplier network? *

- Yes
- No

If yes, please supply a link to where this is published.

Primark is a founder member of ACT. Our commitment to living wages across our supply chain is underpinned by our signed MOU with IndustriALL global trade union. https://actonlivingwages.com/memorandum-of-understanding/

5.2 By what date does your strategy anticipate that a living wage will be paid to all workers at 100% of your suppliers (both tier 1 and across your supplier network)?

This is dependent upon the progress of ACT and the rights holders and stakeholders in each country.

6. Living Wage projects

6.1 What living wage projects are you participating in currently? How do these projects calculate a living wage and how will they achieve this level?

Project Name

ACT
Primark is a founder member of ACT. Our commitment to living wages across our supply chain is underpinned by our signed MOU with IndustriALL global trade union.

Partnerships involved

Countries covered by the project

Number of suppliers impacted

Timescale

By what date will this project achieve a living wage across your supplier network?

This is dependent upon the progress of ACT and the rights holders and stakeholders in each country.

6.1 Continued. Opportunity to add additional project.

Project name

SAVE programme

Project description

Primark’s programme with SAVE in South India has had a positive impact on wages. Please see our response to Q8.1 for further detail.
Partnerships involved

Countries covered by the project

Number of suppliers impacted

Timescale

By what date will this project achieve a living wage across your supplier network?

6.2 In the last 5 years, as a result of pilot projects to deliver a living wage that you have participated in, by how much have wages increased across your supplier network? Please state increases by country and number of suppliers impacted.

Not disclosed

7. Advocacy for an increase in the minimum wage
7.1 Has your company issued and sent any public statements supporting specific demands for increased minimum wages to governments and employers in countries where you suppliers are located, assuring country governments that production will not be relocated as a result of increases? *

- Yes
- No

If yes, please supply a link to where this / these can be found.

We have sent multiple statements to governments and employers’ associations (including Cambodia, Myanmar, and Bangladesh) either directly and / or as part of wider networks including the ETI and the Textilbündnis.

8. Freedom of Association

*For the purposes of this question, Freedom of Association is defined as per ILO convention 87 - https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C087. In particular, that 'trade union' means an entity established to represent the interests of workers, without the influence of management or outside forces, and, where allowed by law, an entity that is able to act and bargain on behalf of the workers. Parallel means mechanisms such as management controlled worker committees do not fall under this definition.
8.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to employers and workers in your supplier factories and subcontractors?

*Primark's Supplier Code of Conduct states: "Freedom of Association and the Right to Collective Bargaining are respected."

- Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

Worker rights awareness ([https://www.primark.com/en/Our-Ethics/People-Production/running-education-programmes](https://www.primark.com/en/Our-Ethics/People-Production/running-education-programmes)) is one of our strategic objectives and is embedded throughout our programme, starting from the moment we begin a relationship with a factory. All suppliers and factories are sent a copy of our Code of Conduct as part of our pre and post-audit communication. This is translated into 40 languages, including regional languages, and suppliers are sent the appropriate version(s).

Suppliers are required to display the code in the workplace and expected to communicate the code to their workers. Failure to do so is classed as non-compliance and followed up. As of end 2017, 89% of suppliers were fully compliant on this part of our Code, and those that were not had an active corrective plan in place to address this.

In some countries we have found that imagery can be an effective way to bring to life the different elements of our Code of Conduct for workers. We partnered with local experts, NGOs and designers, and asked workers to design posters that visualise the code ([https://www.primark.com/en/Our-Ethics/Resources/PeopleProduction.](https://www.primark.com/en/Our-Ethics/Resources/PeopleProduction.)), helping workers to better understand it. The posters are available to factories to display for workers and use in training.

We also use the posters within other programmes, for example, in Suddokho. This is a DFID funded programme under which selected factory staff are trained to operationalise and manage a factory’s technical training system – i.e. to get untrained workers onto the lines and making garments. The factory selects staff to become ‘Trainers’ and ‘Assessors’ within this system and they are then trained on technical skills by the project. Primark also suggested and ensures that those selected as trainers and assessors are educated on the
Primark Code of Conduct, especially as these staff often play a crucial role in many new workers’ first contact with the factory. The Primark team trains every batch of trainers and assessors in each of the participating factories, using the Primark Code of Conduct poster as the core training material.

Primark’s longest running worker rights programme is with NGO SAVE, based within Tamil Nadu. Worker Education Groups (WEGs) are created in local communities where the workers who make Primark products live. The WEGs focus on workers’ education and rights. In 2015, Primark commissioned an independent expert to conduct an evaluation of the Primark-SAVE partnership. Impacts included:

• In the workplace, workers were able to vocalise their rights and use negotiation tactics imparted by SAVE, and spoke with management to gain improvements on safety equipment, wage and bonus increases, paid time off, and access to benefits.
• WEGs also work with one-another to bring about change and function as grievance mechanisms for workers. By working in regional “Clusters” representatives have been able to raise grievances with factories.
• A Consortium of WEG members across Tamil Nadu meets once a month. The Consortium members used SAVE materials to calculate their cost of living in the context of living wages, and used this information in tripartite collective bargaining negotiations in Tirupur.

SAVE is now training further volunteers to enable the programme to be more sustainable and reach significant scale within the community through the development of additional Worker Education Groups. We aim to scale up to over another 500 groups, and work on this is underway.

8.2 Do you require suppliers to sign union access agreements? *

☐ Yes

☒ No

If yes, please provide details and a copy of any agreement that your suppliers have signed, either by a web link or file upload.

N/A

Evidence upload
8.3 Do your suppliers provide workers with paid time off for union activities? *

- Yes
- No
- Some

If yes, please state how many suppliers this impacts.

Not disclosed.

8.4 Do your suppliers provide a dedicated space in the workplace for workers to meet and discuss union issues?

- Yes
- No
- Some

If yes, please state how many suppliers this impacts.

Not disclosed.

8.5 Do you require your suppliers meet and bargain with duly constituted unions? *

- Yes
- No
If yes, how do you verify that they are doing so?

Negotiations towards an industry CBA are conducted as part of the ACT process. In other countries (including India, Turkey and Cambodia), Primark has actively played a supporting role to improve industrial relations between unions and suppliers. This is done directly and/or with other stakeholders including CCC, IndustriALL, ETI and the ILO. Recent examples include Meridian Enterprises in Cambodia and Avery Dennison in India.

8.6 Do your buyers favour suppliers that support the establishment and functioning of genuine, independent trade unions*?

- Yes
- No

If yes, please explain how these suppliers are identified and how preference is given.

Any breach of our Code of Conduct including Freedom of Association would be reflected within the CAP, and if critical, results in suspension of the supplier from our system. We use a 'balanced score card' approach that assesses critical business measures including Ethical Trade. Ethical Trade is one of the ratings with the highest weighting. The scorecards are updated twice a year, and the results are communicated to suppliers and discussed in one-to-one meetings with suppliers.

To drive continuous improvement, those who fail to engage over time risk removal from the supply base. This provides a strong incentive for suppliers to maintain good conditions in the factories that supply Primark as the process creates an environment of peer group competitiveness in relation to compliance. Those suppliers that do not meet expectations and engage on improvements are reviewed with the result that their business with Primark is terminated over an appropriate timeframe, to allow a responsible exit.

Those who do better are more likely to gain further business - score cards are used by buyers and directors, and those performing well are invited to join a specific tier of partner suppliers for our key line product order process. Newly approved suppliers, those pending approval, or those performing poorly would not be invited to this process.
8.7 Does your 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
- No

If yes, how do you monitor that this can be accessed freely by workers? How do you ensure that workers do not face retaliation when filing complaints? How many complaints have you received in the past year? What is the process for investigating these complaints? How many of those complaints have been resolved?

It is important that people and organisations can raise grievances directly with us and alert us to potential breaches of our Code of Conduct. They can do this via several channels:
• Directly through the Primark website https://www.help.primark.com/hc/en-gb;
• Through our whistle-blowing facility which is available to all our employees, including casual or agency staff http://www.abf.co.uk/documents/pdfs/policies/cr_policies_whistle_blowing.pdf; and
• Through confidential interviews with workers. These are a critical and mandatory part of our audit process. Interviews are always conducted in confidence and in a way that protects the worker and their testimony. During the interviews workers are informed that they can contact the Primark team at their discretion and are given direct contact details.

To strengthen our approach to grievance mechanisms we have reviewed our existing policies and processes to make it even easier for anyone affected to raise grievances and ensure that these are addressed effectively. We are moving forward with this process and have revised our Supplier Code of Conduct to include a new clause on grievance mechanisms.

We are also focusing on developing solutions that are tailored to meet a specific need or risk in the supply chain and in 2019 we will launch our Grievance Policy supported by a global programme and mechanisms to enable secure reporting.

Evidence upload
8.8 Do you have a policy of terminating relationships with suppliers that fail to pro-actively support Freedom of Association through measures such as the above?

- Yes
- No

Please clarify your answer.

In cases where suppliers are either unable to make improvements, or lack commitment, we have a clear process on termination, and work with the supplier and our Buying and Merchandising and Sourcing teams on a responsibly-managed exit plan.

One example of how this process works is through our approach to red-rated factories. Following an audit, a factory that is rated red receives support from our on the ground team to address the issues. If they are then rated red on consecutive audits, a review meeting is held at Primark headquarter offices between the supplier and the Ethical Trade and Sourcing teams to ensure there is commitment from the supplier and to look at the root causes of the issues. Following this, where factories are still unable to meet our requirements, they risk termination of business.

9. Dialogue and negotiation with labour rights organisations

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

- Yes
- No
If yes, how many such CBAs exist within your supplier network and in which countries? Please provide a link to where the text can be viewed or upload an example.

N/A

Evidence upload

9.2 Has your 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
- No

If yes, please give details and provide a link to the public text.

Our commitment to ACT is underpinned by our signed Memorandum of Understanding with IndustriALL (https://actonlivingwages.com/memorandum-of-understanding/). Please see our response to Q1.1 for further detail.

Evidence upload

10. Further questions about your supplier base

(for context only)
10.1 What are your main production countries? Please state percentage of total production per country and the number of supplier factories.

https://globalsourcingmap.primark.com/

Please see our global sourcing map for a list of all our production countries and the number of supplier factories. Total production per country is not disclosed.

10.2 What kind of trade partners are part of the sourcing structure?
Please indicate an approximate % of volume share of your production:
Production at factories owned by your company

Not disclosed.

Orders placed directly to supplier factories

Not disclosed.

Orders placed through agencies or intermediates

Not disclosed.

Other (please specify)

Not disclosed.

10.3 How many sites did you use to produce your goods in 2018?
First tier suppliers

First tier production sites—please see our global sourcing map
https://globalsourcingmap.primark.com/

Sub contracted suppliers

Sub contracted suppliers – not disclosed
10.4 How many supplier factories do you trade with where you have a regular production share of more than 25%?

Not disclosed.

Your feedback

Is there anything else you would like to tell us about your work on the living wage in general? Or any feedback you would like to give to CCC?

No feedback.
Puma
Clean Clothes Campaign Living Wage Survey

This survey is being carried out on behalf of the Clean Clothes Campaign and will be used to update our study into brand progress towards payment of a living wage (last published as Tailored Wages - www.cleanclothes.org/livingwage/tailoredwages - in 2014). The outcomes of the study will be promoted to consumers across Europe and the US.

We firmly believe that there should be more evidence-backed information available for consumers and the wider public about garment supply chains, and wages in particular. As such, links and upload options are given for providing evidence to back up your answers throughout this survey. Please note that documents uploaded or links provided may be checked for verification reasons, but will not be used as part of the assessment. Please make sure to include any data you want to be read in the main body of your answers.

All the information that you provide to us may become publicly available. If however, in exceptional circumstances, there are sensitive pieces of information that you would like to provide to the assessment process but that can't be made public, please indicate these clearly.

Defining terms
For the purposes of this study, a living wage is defined by the following statement:

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income.

Specifically a living 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 hours
- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a family of four (or 3 consumption units, two adults and two children)
- Includes an additional 10% of the costs for basic needs as discretionary income.
(For more details see: https://cleanclothes.org/livingwage)

The latest Asia Floor Wage benchmark figures, last updated in 2017, can be found here: https://asia.floorwage.org/what
The Clean Clothes Campaign estimates for Living Wage benchmarks in the European production region, based on worker interviews, can be found on p.25 of this report: https://cleanclothes.org/livingwage/europe/europes-sweatshops

Your company

Company name: *

PUMA SE
1. A Living Wage commitment

Our definition of a living wage is as follows:

"Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income."

Specifically a living 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 hours
- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a family of four (or 3 consumption units, two adults and two children)
- Includes an additional 10% of the costs for basic needs as discretionary income.
1.1 Has your company published a clear commitment to ensure a Living Wage is paid across your supplier network? *

- Yes
- No

If yes, please describe how your company defines a living wage and provide a link to where this commitment is publicly available.

PUMA’s Code of Conduct does not specify a living wage. However, the PUMA Code provision on Fair Compensation covers similar requirements and has been validated by the Fair Labor Association (FLA). For the precise text, please refer to https://about.puma.com/en/sustainability/codes-and-handbooks

1.2 How do you monitor supplier compliance with this living wage commitment, both for tier 1 suppliers and across your supplier network? *

The PUMA Code of Conduct forms part of our Manufacturing Agreement signed with all our T1 vendors. Annual audits are conducted on all our T1 and our Core T2 vendors, including a thorough review of wage payments. In addition, we collect annual wage data from Core Suppliers.

Please supply details about your approach to auditing for a living wage. Does your company hire auditors from auditing firms? Are these announced or unannounced visits? Does your company use any external certifiers? How do you remedy non-compliances?

Our audits are a mixture of internal (i.e. PUMA staff) and external audits. For example, we use Better Work Assessments instead of our own audits where available and have local experts contracted for those countries where we do not have own staff available to carry out audits.

Most of our audits are announced. However, in case we see a need for an unannounced audit (for example due to worker complaints) we will also carry out unannounced audits.

Non-compliances are remedied according to a standard protocol. Non-compliance to minimum wage regulations are considered as Zero-Tolerance Issue by PUMA and need to be rectified immediately by the concerned company.

If not rectified, non-compliance to minimum wage regulations would lead to the termination of an existing business contract. In case of new suppliers, they will not be allowed to produce for PUMA unless they can prove full compliance to minimum wage regulations.

2. Benchmarks for a minimum living wage

2.1 Does your company have internal or public figures that it uses to benchmark Living Wages for each sourcing country or region? *

- [ ] Yes
- [ ] No
We mainly use minimum wage requirements. Where industry collective bargaining agreements exists (for example South Africa), we use those.

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.

We mainly use minimum wage requirements. Where industry collective bargaining agreements exists (for example South Africa), we use those.

2.3 Please give details of the number of your suppliers (both tier 1 and across your supplier network) that are currently paying your stated living wage benchmark to all workers in their factory. Do supply evidence for this where possible. *

100% of our T1 vendors and all our core T2 vendors are covered by our auditing scope. In 2018 we conducted 536 audits, which covers all T1 and core T2 suppliers.

Evidence upload

Evidence upload

3. Purchasing practices that make living wages possible
3.1 Does your company calculate whether FOB prices paid per piece are sufficient to allow for compliance with the living wage standard your company has committed to deliver? *

- Yes
- No

If yes, please supply evidence. If no, how does your company ensure that the FOB prices paid to suppliers are sufficient to allow for compliance with your company’s living wage standard?

FOB prices are calculated with reference to national minimum wages and other wage costs, which are frequently shared with PUMA Group Sourcing, our purchasing organization.

Upload option.

3.2 Does your company make long-term sourcing commitments at a specific volume to suppliers? *

- Yes
- No

If so, how long are these commitments, and at what volume?

We work with vendors on yearly production plans broken down by season and by month. Given the complexity of the product and the required quality standards, we maintain a stable and consolidated supply chain. We have partnered with most of our vendors for more than 10 years.
3.3 Is your company doing work to limit the use of subcontractors in your supply chain, and consolidate your supplier factory list? *

- Yes
- No

If yes, can you provide concrete evidence over time that shows how this is working?

We work with vendors on yearly production plans broken down by season and by month. Given the complexity of the product and the required quality standards, we maintain a stable and consolidated supply chain. We have partnered with most of our vendors for more than 10 years.

3.4 Is your company doing work to limit the use of labour contractors?

- Yes
- No

If so, can you provide concrete evidence over time that shows how this is working?

Typically, our suppliers do not work with labor contractors as we encourage them to employ their staff directly. Exceptions to this rule may exist for non-product related functions such as canteen or security personnel.

4. Ensuring transparency

See https://cleanclothes.org/transparency/transparency-pledge for reference on definitions.
4.1 Does your company publish a public list of suppliers, including address, parent company, products and numbers of workers, for tier 1 and your wider supplier network? *

- Yes
- No

Please supply a link or further information.

https://about.puma.com/en/sustainability/social

4.2 Does your company publish information on wages currently paid to workers at your suppliers? *

- Yes
- No

If yes, please supply a link or further information.


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

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

- Yes
- No
If yes, please supply a link to where this is published.

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.

5.2 By what date does your strategy anticipate that a living wage will be paid to all workers at 100% of your suppliers (both tier 1 and across your supplier network)?

Fair Wages as per our PUMA and the FLA definition has been an integral part of our CoC since 2015.

6. Living Wage projects

6.1 What living wage projects are you participating in currently? How do these projects calculate a living wage and how will they achieve this level?

<table>
<thead>
<tr>
<th>Project Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Wages Project in Bangladesh with the Fair Wage Network.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Looking at 12 dimensions of a Fair Wage, including comparing paid wage levels to Poverty Line, Minimum Wage and Living Wage benchmarks.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Partnerships involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Wage Network</td>
</tr>
</tbody>
</table>
Countries covered by the project

Bangladesh

Number of suppliers impacted

7 (all PUMA core suppliers in the country)

Timescale

2018/2019

By what date will this project achieve a living wage across your supplier network?

All our suppliers are already contractually bound to pay a fair wage as defined in our Code of Conduct. Fair Wages as per our PUMA and the FLA definition has been an integral part of our CoC since 2015.

6.1 Continued. Opportunity to add additional project.

Project name

Project description

Partnerships involved

Countries covered by the project
6.2 In the last 5 years, as a result of pilot projects to deliver a living wage that you have participated in, by how much have wages increased across your supplier network? Please state increases by country and number of suppliers impacted.

Please refer to PUMA Annual Reports 2017 and 2016, pages 71 and 53 respectively.

7. Advocacy for an increase in the minimum wage

7.1 Has your company issued and sent any public statements supporting specific demands for increased minimum wages to governments and employers in countries where your suppliers are located, assuring country governments that production will not be relocated as a result of increases? *

- Yes
- No
However, we have been part of an FLA delegation meeting in 2018 with the government of Cambodia over Human Rights Issues including Freedom of Association.

8. Freedom of Association

*For the purposes of this question, Freedom of Association is defined as per ILO convention 87 - https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C087. In particular, that ‘trade union’ means an entity established to represent the interests of workers, without the influence of management or outside forces, and, where allowed by law, an entity that is able to act and bargain on behalf of the workers. Parallel means mechanisms such as management controlled worker committees do not fall under this definition.

8.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to employers and workers in your supplier factories and subcontractors? *

The Right to FoA is a paragraph in our Code of Conduct which is publicly displayed at all our suppliers. In addition, we trained our suppliers on FoA during our 2018 supplier round tables.

8.2 Do you require suppliers to sign union access agreements? *

☐ Yes
☐ No

If yes, please provide details and a copy of any agreement that your suppliers have signed, either by a web link or file upload.
8.3 Do your suppliers provide workers with paid time off for union activities? *

- Yes
- No
- Some

If yes, please state how many suppliers this impacts.

Yes, according to local legislation. Please refer to our audit questionnaire:
“Does the factory provide the trade union or other worker organization structure with the necessary facilities and time as per local law to enable it to carry out its activities?”
For more information please refer to page 40 of our Sustainability Handbook on Social Issues.

8.4 Do your suppliers provide a dedicated space in the workplace for workers to meet and discuss union issues?

- Yes
- No
- Some

If yes, please state how many suppliers this impacts.

Yes, according to local legislation. Please refer to our audit questionnaire:
“Does the factory provide the trade union or other worker organization structure with the necessary facilities and time as per local law to enable it to carry out its activities?”
For more information please refer to page 40 of our Sustainability Handbook on Social Issues.
8.5 Do you require your suppliers meet and bargain with duly constituted unions?*

- Yes
- No

If yes, how do you verify that they are doing so?
Followed up during our audits but also as part of our worker or third party complaint mechanisms.

8.6 Do your buyers favour suppliers that support the establishment and functioning of genuine, independent trade unions*?

- Yes
- No

If yes, please explain how these suppliers are identified and how preference is given.
As PUMA, we remain neutral on the issue of trade unions.
Meaning workers must be free to exercise their right to FoA, but we do not set any preferential treatment for unionized factories.

8.7 Does your 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
- No
If yes, how do you monitor that this can be accessed freely by workers? How do you ensure that workers do not face retaliation when filing complaints? How many complaints have you received in the past year? What is the process for investigating these complaints? How many of those complaints have been resolved?

Confidential worker interviews during audits, also the complaints hotline and the worker voice programs we are running.
In total we received around 50 workers complaints during 2018 (across all Code Elements, not just FoA).
We follow a formalized process within the PUMA compliance team; if necessary also with support from external experts.
Over the last years we had resolution rates of over 90%. Please refer to our Annual Report 2017, page 70.

Evidence upload

8.8 Do you have a policy of terminating relationships with suppliers that fail to pro-actively support Freedom of Association through measures such as the above?

- Yes
- No

Please clarify your answer.

We would terminate relationships with suppliers who are clearly violating the Right to Freedom of Association (where this right is not restricted by law).

9. Dialogue and negotiation with labour rights organisations
9.1 Can your company demonstrate the existence of CBAs negotiated with independent trade unions in your supplier factories, which include agreement on paying above the legal minimum? *

- Yes
- No

If yes, how many such CBAs exist within your supplier network and in which countries? Please provide a link to where the text can be viewed or upload an example.

We are measuring the percentage of CBA coverage at our core suppliers as part of our Social KPIs. The coverage varies widely between different countries and regions. Please refer to our PUMA Annual Report, page 71 for further details.
(Exemplary CBA will be sent separately.)

Evidence upload

9.2 Has your 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
- No

If yes, please give details and provide a link to the public text.

We have signed the Freedom of Association Protocol in Indonesia.

Evidence upload
10. Further questions about your supplier base

(for context only)

10.1 What are your main production countries? Please state percentage of total production per country and the number of supplier factories.

Vietnam, China, Bangladesh, Cambodia, Indonesia (in that order)
For numbers of supplier factories, please refer to our public factory list.

10.2 What kind of trade partners are part of the sourcing structure? Please indicate an approximate % of volume share of your production:

Production at factories owned by your company

Almost zero. We own one single small factory in Argentina for our local production.

Orders placed directly to supplier factories

Over 90%. We have an own sourcing organization (PUMA Group Sourcing), which is responsible for placing production orders directly to supplier factories.

Orders placed through agencies or intermediates

Some orders are placed locally by PUMA subsidiaries directly to suppliers. PUMA licensed goods such as glasses, watches or fragrances are sourced through licensees.

Other (please specify)

10.3 How many sites did you use to produce your goods in 2018?

First tier suppliers

536
10.4 How many supplier factories do you trade with where you have a regular production share of more than 25%?

We do not have any precise figures. Estimated figure between 20 and 50.

Your feedback

Is there anything else you would like to tell us about your work on the living wage in general? Or any feedback you would like to give to CCC?

Many answers in this questionnaire depend on the precise definition of the term living wage.

We have compared your definition with the definition of our Code element on wages and came to the conclusion that those are very similar, although we do not mention the term living wage in our Code.
PVH
About your company
Company name: PVH Corp.
Brands owned by company: Tommy Hilfiger, Calvin Klein, Heritage Brands (Izod, Speedo, Olga Intimates, Arrow1851, TrueandCo, Van Heusen, Warners)
Main contact person: SVP, Corporate Responsibility
Name: Marissa Pagnani McGowan
Email: marissapagnani@pvh.com
Contact phone number: 212-381-3720

1. Living wage commitment

<table>
<thead>
<tr>
<th>1.1</th>
<th>Has your company published a clear commitment to ensure a LW is paid across your supplier network?</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>If yes, please describe how your company defines a living wage and provide a link to where this commitment is publicly available.</td>
<td>Every worker has a right to compensation for a regular work week that is sufficient to meet the worker’s basic needs and provide some discretionary income. Our business partners must pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. If the compensation paid does not meet the workers’ basic needs and provide some discretionary income, our business partners are required to take appropriate actions that seek to progressively realize a level of compensation that does.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1.2</th>
<th>How do you monitor supplier compliance with the living wage commitment, both for tier 1 suppliers and across your supplier network?</th>
<th>PVH monitors compliance with all of our requirements, including worker compensation, by conducting pre-sourcing audits before a factory is allowed to produce PVH product and regular audits once production begins. We work closely with factories to remediate any identified risks or violations and, when necessary, terminate supplier factories that commit the most significant violations of our policies or fail to remediate other violations in accordance with corrective action plans (“CAPs”) that are put in place.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Please supply details about your approach to auditing for a living wage. Does your company hire auditors from</td>
<td>Factory audits are announced and conducted by our third party auditing partner, Elevate, and guided by a Corporate Responsibility</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| auditing firms? Are these announced or unannounced visits? Does your company use any external certifiers? How do you remedy non-compliances? | Assessment Tool that measures compliance through metrics based on the requirements of *A Shared Commitment*, including specific metrics tied to compensation and benefits. As part of the audit, we also seek workers’ views in confidence, so that we can hear, first hand, about factory conditions.

If an audit reveals that a factory has failed to comply with our standards, policies or other requirements, we work with the factory to remediate the issues. We engage factory managers in an open discussion on the findings, explore root causes, and support them in CAPs. In addition, we meet with our suppliers between audits to review their progress in implementing remediation activities and to provide further guidance. |
|---|---|

2. Benchmarks for a minimum living wage

<table>
<thead>
<tr>
<th>2.1 Does your company have internal or public figures that it uses to benchmark Living Wages for each sourcing country or region?</th>
<th>Yes.</th>
</tr>
</thead>
</table>
| If yes, please provide details | PVH follows the FLA’s Fair Compensation Work Plan and is working towards fair compensation in the Work Plan’s three phases: Taking Stock, Learning and Planning, and Making Change. 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. These analyses take into consideration income benchmarks, adjustments for inflation, and living wage figures to determine whether worker compensation can sufficiently meet basic needs.

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. PVH Corporate Responsibility team members continuously monitor changes in wages. |
through government reports, information from country-based International Labor Organization offices, and alerts from our third party auditing partner, which maintains a live database of wage data and labor laws. PVH works to ensure that all suppliers in our supply chain meet new wage requirements as they come into effect.

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.

As an FLA Accredited Company, we reference the FLA’s Fair Compensation research which includes on a benchmark of compensation data in specific countries relative to various living wage methodologies.

Additionally, 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. In joining ACT, PVH is supporting the principle that employers and worker representatives should reach agreement on what constitutes a living wage through collective bargaining at the industry level, with assistance from the national government.

2.3 Please give details of the number of your suppliers (both tier 1 and across your supplier network) that are currently paying your stated living wage benchmark to all workers in their factory. Do supply evidence for this where possible.

Not Available

3. Purchasing practices that make living wages possible

3.1 Does your company calculate whether FOB prices paid per piece are sufficient to allow for compliance with the living wage standard your company has committed to deliver?

As a member of ACT, PVH has adopted global purchasing practices commitments which include the commitment that purchasing prices include wages as itemised costs.

Link: [ACT Website Article about Adoption of Global Purchasing Practices Commitments](#)

If yes, please supply evidence. If no, how does your company ensure that the FOB prices paid to suppliers are sufficient to allow for compliance with your company’s living wage standard?
<table>
<thead>
<tr>
<th>3.2</th>
<th>Does your company make long-term sourcing commitments at a specific volume to suppliers?</th>
<th>Yes.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>If so, how long are these commitments, and at what volume?</td>
<td>As a member of ACT, PVH has adopted global purchasing practices commitments, one of which is a commitment to better planning and forecasting. At country level, ACT brands will make countries with a collective bargaining agreement at an industry level a preferred destination for sourcing and investment for a defined period of time. Based on a consultation process, ACT will agree specific sourcing commitments for each country that have high priority for suppliers and can be implemented by buyers.</td>
</tr>
</tbody>
</table>
|      | Links: | - ACT Website Article about Adoption of Global Purchasing Practices Commitments  
- ACT Country Support Commitments |
<p>| 3.3 | Is your company doing work to limit the use of subcontractors in your supply chain, and consolidate your supplier factory list? | Yes. Currently PVH collects market intelligence from sales and retailers to develop a single demand plan. This information is used to develop a supply plan with visibility to long-term material and capacity plans. In collaboration with suppliers, divisions review strategic production capacity plans and long-term buy plans. This process is intended to improve demand forecasting and thereby increase forecasting accuracy to enable suppliers to responsibly plan production. PVH considers the subcontracting of any part of a Purchase Order to a factory without prior written authorization from PVH CR a Zero Tolerance issue. PVH reserves the right to immediately and permanently discontinue business with any factory engaging in unauthorized subcontracting. During our assessment process we review certain “non-code” elements, which include unauthorized subcontracting. If this practice exists in our supply chain, we are informed through our assessment process, as well as by colleagues in the quality assurance department, brand protection departments etc. |</p>
<table>
<thead>
<tr>
<th>3.4</th>
<th><strong>Is your company doing work to limit the use of labour contractors?</strong></th>
<th>Yes. At the time of this survey, PVH is publishing an updated version of our Corporate Responsibility Supply Chain Guidelines which will contain a more robust migrant worker policy. According to this policy, our suppliers are responsible for ensuring that any labor contractors adhere to our legal requirements and PVH policies.</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Transparency</td>
<td><strong>4.1 Does your company publish a public list of suppliers, including address, parent company, products and numbers of workers, for tier 1 and your wider supplier network?</strong></td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>If yes, please supply a link.</td>
<td><a href="https://www.pvh.com/cr">https://www.pvh.com/cr</a> (See Factory List Disclosure at the bottom of the linked page)</td>
</tr>
<tr>
<td></td>
<td><strong>4.2 Does your company publish information on wages currently paid to workers at your suppliers?</strong></td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>If yes, please supply a link or further information.</td>
<td>N/A</td>
</tr>
<tr>
<td>5. A clear roadmap for implementing a living wage for all workers</td>
<td><strong>5.1 Does your company have a public roadmap / strategy for how it will achieve a living wage for all workers across your supplier network?</strong></td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>If yes, please supply a link to where this is published.</td>
<td><a href="https://www.pvh.com/responsibility/policy/Living-Wage-Strategy">https://www.pvh.com/responsibility/policy/Living-Wage-Strategy</a></td>
</tr>
</tbody>
</table>
| | **5.2 By what date does your strategy anticipate that a living wage will be paid to all workers at 100% of your suppliers (both tier 1 and across your supplier network)?** | In 2018, PVH became a member of ACT (Action, Collaboration, Transformation) and is working alongside other global brand owners and IndustriALL to support industry-wide collective bargaining agreements at a national level to establish living wages. In joining ACT,
PVH is supporting the principle that employers and worker representatives should reach agreement on what constitutes a living wage through collective bargaining at the industry level, with assistance from the national government.

### 6. Living wage projects

#### 6.1 What living wage projects are you participating in currently? How do these projects calculate a living wage and how will they achieve this level?

<table>
<thead>
<tr>
<th>Project name: ACT (Action, Collaboration, Transformation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnerships: ACT, IndustriALL</td>
</tr>
<tr>
<td>Countries: Cambodia and Turkey (other countries TBD).</td>
</tr>
<tr>
<td>Number of suppliers involved: <strong>Not available</strong></td>
</tr>
<tr>
<td>Project detail: In 2018, PVH became a member of ACT (Action, Collaboration, Transformation) and is working alongside other global brand owners and IndustriALL to support industry-wide collective bargaining agreements at a national level to establish living wages. In joining ACT, PVH is supporting the principle that employers and worker representatives should reach agreement on what constitutes a living wage through collective bargaining at the industry level, with assistance from the national government.</td>
</tr>
<tr>
<td><strong>Timescale:</strong> <strong>Not available</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By what date will this project achieve a living wage across your supplier network?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Not available</strong></td>
</tr>
</tbody>
</table>

#### 6.2 In the last 5 years, as a result of pilot projects to deliver a living wage that you have participated in, by how much have wages increased across your supplier network? Please state increases by country and number of suppliers impacted.

| **Not available** |

### 7. Advocacy for an increase in the minimum wage

#### 7.1 Has your company issued and sent any public statements supporting specific demands for increased minimum wages to governments and employers in countries where you suppliers are located, assuring country governments

<p>| <strong>Yes</strong> |</p>
<table>
<thead>
<tr>
<th>that production will not be relocated as a result of increases?</th>
<th>PVH has worked with multi-stakeholder organizations such as the Fair Labor Association and ACT on advocacy related to wage levels.</th>
</tr>
</thead>
<tbody>
<tr>
<td>If yes, please supply link to where this / these can be found.</td>
<td>PVH has worked with multi-stakeholder organizations such as the Fair Labor Association and ACT on advocacy related to wage levels.</td>
</tr>
</tbody>
</table>

### 8. Freedom of Association

8.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to employers and workers in your supplier factories and subcontractors?

According to our Code of Conduct, A Shared Commitment, suppliers are required to recognize and respect the right of their employees to freedom of association and collective bargaining. This is also communicated to our suppliers through our PVH Supplier Guidelines. PVH’s expectation is that our suppliers convey these rights to workers in their factories and subcontractors.

8.2 Do you require suppliers to sign union access agreements?

No

If yes, please provide details and a copy of any agreement that your suppliers have signed, either by a web link or file upload.

All business partners, including suppliers, contractors, vendors, licensees, and agents, must adhere to PVH’s code of conduct, A Shared Commitment, and our Supplier Guidelines. Both documents require our business partners to recognize and respect the rights of employees to freedom of association and collective bargaining.

https://www.pvh.com/~/media/PVH/Files/corporate-responsibility/PVH_CSR_SupplierGuidelines.ashx?la=en

https://www.pvh.com/responsibility/policy/shared-commitment

8.3 Do your suppliers provide workers with paid time off for union activities?

According to our PVH Supplier Guidelines, employers need to comply with all terms specified in legally-negotiated collective bargaining agreements. Our suppliers are therefore required to provide workers with paid time off for union activities when specified as part of a collective bargaining agreement.

If yes, please state how many suppliers this impacts.

Not available

8.4 Do your suppliers provide a dedicated space in the workplace for workers to meet and discuss union issues?

According to our PVH Supplier Guidelines, employers need to comply with all terms specified in legally-negotiated collective bargaining agreements. Our suppliers are therefore required to provide a dedicated space in the workplace for workers to meet and discuss union issues when specified as part of a collective bargaining agreement.
<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>If yes, please state how many suppliers this impacts.</td>
<td>Not available</td>
</tr>
<tr>
<td>8.5 Do you require your suppliers meet and bargain with duly constituted unions?</td>
<td>Our suppliers are required to meet and bargain with unions when a union is the recognized bargaining agent on behalf of workers consistent with national law.</td>
</tr>
<tr>
<td>If yes, how do you verify that they are doing so?</td>
<td>Factory audits that assess compliance with our Code of Conduct.</td>
</tr>
<tr>
<td>8.6 Do your buyers favour suppliers that support the establishment and functioning of genuine trade unions?</td>
<td>Our Code is based on the Core Conventions of the International Labour Organization (ILO), including Conventions 87 and 98, and our suppliers are audited for compliance with our Code. PVH terminates supplier factories that commit the most significant violations and buyers cannot do business with those factories.</td>
</tr>
<tr>
<td>If yes, please explain how these suppliers are determined and how preference is given.</td>
<td>PVH monitors compliance with all of our requirements, including worker compensation and freedom of association, by conducting pre-sourcing audits before a factory is allowed to produce PVH product and regular audits once production begins. PVH terminates supplier factories that commit the most significant violations and buyers cannot do business with those factories.</td>
</tr>
<tr>
<td>8.7 Does your 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?</td>
<td>Yes</td>
</tr>
<tr>
<td>If yes, how do you monitor that this can be accessed freely by workers? How do you ensure that workers do not face retaliation when filing complaints? How many complaints have you received in the past year? What is the process for investigating these complaints? How many of those complaints have been resolved?</td>
<td>PVH has established a formal hotline (website and phone) for associates and factory workers to report potential legal, regulatory, ethical and policy violations, including violations of A Shared Commitment. The hotline is available in the 15 principal languages spoken by associates (which includes the languages most workers in our supply chain would speak). Grievances can be made anonymously (where permitted by law).</td>
</tr>
<tr>
<td>8.8 Do you have a policy of terminating relationships with suppliers that fail to pro-actively support Freedom of Association through measures such as the above?</td>
<td>Yes</td>
</tr>
<tr>
<td>Please clarify your answer</td>
<td>PVH monitors compliance with all of our requirements throughout the product development process and partners with suppliers to address any identified risks or violations. We conduct pre-sourcing assessments before</td>
</tr>
</tbody>
</table>
a factory is allowed to produce PVH product, conduct regular audits once production begins, work closely with factories to remediate any identified deficiencies and, when necessary, terminate supplier factories that commit the most significant violations of our policies, procedures or guidelines or fail to remediate other violations in accordance with corrective action plans (“CAPs”) that are put in place.

9. Dialogue and negotiation with labour rights organisations

| 9.1 | Can your company demonstrate the existence of CBAs negotiated with independent trade unions in your supplier factories, which include agreement on paying above the legal minimum? | No. |
|     | If yes, how many such CBAs exist within your supplier network and in which countries? Please provide a link to where the text can be viewed or upload an example. | |
| 9.2 | Has your 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? | No. |
|     | If yes, please give details and provide a link to the public text. | |

10. Further questions about your supplier base

| 10.1 | What are your main production countries? Please state percentage of total production per country and the number of supplier factories. | Please refer to PVH Factory List Disclosure. |
| 10.2 | What kind of trade partners are part of the sourcing structure? Please indicate an approximate % of volume share of your production: | Not Available |
| 10.3 | How many sites did you use to produce your goods in 2018? | • First tier suppliers: 712 |
| 10.4 | How many supplier factories do you trade with where you have a regular production share of more than 25%? | Not available |

11. Your feedback
| 11.1 | Is there anything else you would like to tell us about your work on the living wage in general? Or any feedback you would like to give to CCC? |

Please note: deadline for responses to this survey is 11th January 2019.
Tchibo
Clean Clothes Campaign Living Wage Survey

This survey is being carried out on behalf of the Clean Clothes Campaign and will be used to update our study into brand progress towards payment of a living wage (last published as Tailored Wages - www.cleanclothes.org/livingwage/tailoredwages - in 2014). The outcomes of the study will be promoted to consumers across Europe and the US.

We firmly believe that there should be more evidence-backed information available for consumers and the wider public about garment supply chains, and wages in particular. As such, links and upload options are given for providing evidence to back up your answers throughout this survey. Please note that documents uploaded or links provided may be checked for verification reasons, but will not be used as part of the assessment. Please make sure to include any data you want to be read in the main body of your answers.

All the information that you provide to us may become publicly available. If however, in exceptional circumstances, there are sensitive pieces of information that you would like to provide to the assessment process but that can't be made public, please indicate these clearly.

Defining terms
For the purposes of this study, a living wage is defined by the following statement:

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income.

Specifically a living 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 hours
- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a family of four (or 3 consumption units, two adults and two children)
- Includes an additional 10% of the costs for basic needs as discretionary income.
(For more details see: https://cleanclothes.org/livingwage)

The latest Asia Floor Wage benchmark figures, last updated in 2017, can be found here:
https://asia.floorwage.org/what
The Clean Clothes Campaign estimates for Living Wage benchmarks in the European production region, based on worker interviews, can be found on p.25 of this report:
https://cleanclothes.org/livingwage/europe/europes-sweatshops

Your company

Company name: *

Tchibo
1. A Living Wage commitment

Our definition of a living wage is as follows:

"Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income."

Specifically a living 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 hours
- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a family of four (or 3 consumption units, two adults and two children)
- Includes an additional 10% of the costs for basic needs as discretionary income.
1.1 Has your company published a clear commitment to ensure a Living Wage is paid across your supplier network? *

- [ ] Yes
- [ ] No
If yes, please describe how your company defines a living wage and provide a link to where this commitment is publicly available.

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 (the social dialogue partners) over a number of years and in the form of legally binding collective bargaining agreements. Employers have to publicly recognize workers’ rights to organize and to bargain collectively. Brands and retailers have to support this process by fair purchasing practices and change their current ones accordingly. We believe that a broad and monitored collaborative approach can best lead to living wages sustainable for all partners, ensure long-term stability and provide an equal level playing field for all parties involved. Tchibo is a founding member of this Initiative.

Tchibo’s Living Wage commitment within ACT (purchasing practices) is formulated by our CEO Thomas Linemayr on the ACT website
- https://actonlivingwages.com/purchasing-practices/

Detailed commitments and explanations are published in our sustainability report and on our corporate Blog:

ACT’s Living Wage definition: “A ‘living wage’ is the minimum income necessary for a worker to meet the basic needs of himself/herself and his/her family including some discretionary income. This should be earned during legal normal working hour limits.”
- https://actonlivingwages.com/memorandum-of-understanding/

Tchibo Living Wage definition as per Social Code of Conduct (SCoC): “wages that always meet basic needs of employees and their families and provide some discretionary income”
- https://tchibo.com/SCoC
1.2 How do you monitor supplier compliance with this living wage commitment, both for tier 1 suppliers and across your supplier network?

* 

Our suppliers are obliged to understand and sign our SCoC which is part of our purchasing contract (They receive a supplier manual that explains the requirements and definitions, advises how to comply and provides a self-assessment.). In article 6 we point out that our suppliers shall pay living wages. We do not measure the payment of living wages as of yet, although this will come through ACT as soon as the first industry-wide binding CBA is negotiated and signed by the social partners in the ACT countries. In our own social auditing processes, the payrolls of employees are checked regularly, a system to identify falsifications is in place.

Our WE – Worldwide Enhancement of Social Quality Program is a factory-based program to drive human rights dialogue and empowerment among workers and management. Besides others it aims at establishing fair wage systems. This includes enabling workers to identify and perceive as to whether they feel they are receiving a fair wage and voicing this in joint workers managers workshops. The facilitators carrying out the WE program also serve as grievance channels from employees to Tchibo and alert any violation of our Social Code of Conduct, including wage issues. The WE workshops are conducted by local workers’ rights organisations and consultancies which we have trained intensively over the past years and which receive on-going coaching through international consultants and Tchibo to support them in their facilitation and mediation role. The issue of wages is addressed by the trainers in different way as per the participants level of understanding, priority etc. In general, the country law of minimum wages is addressed, how the wage is calculated in the factory, what would be the wage for overtime, bonus etc. The trainers also focus on the dialogue between management and workers around wages such as why it is important to get salary on time, how does it affects the migration of workers etc. Furthermore, 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. Yet, we know that these measures alone are not sufficient to reach the goal of living wages but are a core piece of the puzzle. They support our industry-wide commitment.
Please supply details about your approach to auditing for a living wage. Does your company hire auditors from auditing firms? Are these announced or unannounced visits? Does your company use any external certifiers? How do you remedy non-compliances?

By signing the SCoC suppliers allow Tchibo to carry out unannounced audits at any time. In most countries we partner with auditing firms. In high-risk situations and in Bangladesh in general Tchibo staff conducts the social and environmental audits to not allow for any irregularities. New suppliers are made familiar with the monitoring process via the supplier manual, existing strategic/key suppliers are usually informed about upcoming assessments. After a self-assessment an onsite audit follows. Most visits are announced because we build our entire program on dialogue and cooperation with long-term strategic/key suppliers. However, suppliers are only given a timeframe of several weeks, in which the audit will be conducted. Our experience shows that factories without a management system cannot falsify flaws over a longer time. Therefore we get a fairly realistic picture of the measurable social and environmental issues.

If non-compliance is found, the supplier is requested to remedy the issue and effected employees and provide a corrective action plan (CAP). Remediation and its effectiveness will be controlled through a second audit max. 3 months after. Withholding of wages, systematic wage deductions and non-payment of statutory minimum wages are considered Zero Tolerances and have to be remediated immediately. This will be checked by a second audit shortly after remediation. As a last step, order placements can be withdrawn in case the SCoC is not complied with. Apart from these probably unavoidable measures we focus on partnership and cooperation in our relation with suppliers, rather than control. We have created and adapted the WE Program to face and answer the audit fatigue in our industry. It is designed to create a deeper impact than supervision by helping to identify root causes, responsibilities and countermeasures. If we see one or more types of violations repeatedly the supplier will be integrated into our WE program to enable workers and managers to identify root causes of the violations and jointly develop corrections and improvements. At the same time, WE serves as a grievance system (see Q 1.2).

To reduce complexity for Tchibo and for suppliers, we recognize other audit schemes if they are comparable to our monitoring program: WRAP, SA8000, BSCI, SMETA 4-pillar. We accept their certification only after a thorough document check. Some certifications are not accepted for production sites in high-risk countries, most need to be combined with another audit scheme or other validation.
2. Benchmarks for a minimum living wage

2.1 Does your company have internal or public figures that it uses to benchmark Living Wages for each sourcing country or region? *

- Yes
- No

If yes, please provide details.

The ACT process of industry-wide binding wage levels to be set through consecutive collective bargaining between trade unions and employer associations shall serve as wage setting mechanism. This implies that bargaining partners set levels by themselves according to economic abilities and robustness. They will reflect the needs of workers and employers. ACT takes into consideration several locally and internationally calculated living wage benchmarks as reference points such as from Asia Floor Wage, FWF wage ladder, local unions and civil society organizations and universities.

As Tchibo we have always appreciated and respected the Asia Floor Wage as a benchmark (e.g. survey in 70 sample factories on potential wage increase to AFW levels with simulated price impacts in 2011); local union figures are considered as well and on factory level workers calculate living wages in WE activities. We calculate the share of wages and labor costs in production prices in each country of production for Tchibo on a regular basis.

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.

https://actonlivingwages.com/living-wages/
https://asia.floorwage.org/what
2.3 Please give details of the number of your suppliers (both tier 1 and across your supplier network) that are currently paying your stated living wage benchmark to all workers in their factory. Do supply evidence for this where possible.*

None (0)
We steer the implementation of living wage at our suppliers via the ACT process, hence all suppliers of ACT brands in one country will implement the wages agreed on in the binding industry-wide CBAs. For example, once a CBA is signed in Cambodia, our 8 suppliers (as of December 2018, might be subject to change until the very date the CBA is signed) in the country will adapt and the brand’s country support commitments will come into effect.

After over three decades of turning a blind eye to workers’ incomes and livelihoods, ACT currently promises to be the best solution for a sustainable payment of living wages – step by step and in a foreseeable future. We trust this as indispensable mechanism to exclude the wage question from global price competition as the main hurdle for living wages.

For a larger company and its suppliers, single-supply-chain approaches are too complex to handle. In practice, current IT and management systems are not feasible to provide the transparency needed to reach a quick growth in wages but only increase the factor of control and decrease progress. Uni- or bilateral approaches and benchmarks might provide for concrete roadmaps and marketing catchphrases. However, our learnings from past projects have shown that they don’t reflect the reality of complexity in a competitive sector. Industry experts agree that solo runs will never solve an industry-wide problem. Instead, industry-wide actions are needed, and we urgently ask all committed business and civil society organizations to join hands for these.

Evidence upload

3. Purchasing practices that make living wages possible
3.1 Does your company calculate whether FOB prices paid per piece are sufficient to allow for compliance with the living wage standard your company has committed to deliver? *

- Yes
- No

If yes, please supply evidence. If no, how does your company ensure that the FOB prices paid to suppliers are sufficient to allow for compliance with your company’s living wage standard?

We do these calculations and found that FOB prices are not sufficient – but are necessary to maintain our business in the highly competitive retail market. Therefore, we co-founded ACT. This calculation is integral part of the ACT process. It is currently being worked on by an ACT working group comprising of brands and suppliers. The aim is to establish a mechanism to make wages and labor costs constantly visible in FOB pricing and fix it as non-negotiable factor of the FOB price. On the other hand, it will serve as a basis to monitor the unconfined transfer of the agreed wage increase to the workers. We are awaiting finalization in 2019.

Upload option.

3.2 Does your company make long-term sourcing commitments at a specific volume to suppliers? *

- Yes
- No
If so, how long are these commitments, and at what volume?

Tchibo: A larger part of our purchasing volume is handled via bundles/framework agreements that are agreed with a number of suppliers per apparel category over a period of 3 years or longer. We have also established long-term relationships with strategic partners respectively key suppliers. ACT: Once the first industry-wide binding CBA in a project country has been signed ACT brands commit to keep up business with the supplying countries and their suppliers/factories at a level no less than the latest volume and over a period of minimum 4 years (Cambodia, in following ACT countries to be decided later), respecting that labour costs and thus FOB prices will increase. This is one of the central commitments of ACT member companies. The mechanism might be subject to minor alternations from country to country though. Please see https://actonlivingwages.com/enabling-change-act-country-support-commitments/ for ACT country support commitments.

3.3 Is your company doing work to limit the use of subcontractors in your supply chain, and consolidate your supplier factory list? *

- Yes
- No

If yes, can you provide concrete evidence over time that shows how this is working?

Continuous supplier portfolio consolidation process since 2010: Higher order percentage per factory. We increase the percentage of direct business (ca. 80% of all orders) and framework agreements with key suppliers (see Q 3.2). Buyers can only source from the defined supplier pool. Unannounced subcontracting is not allowed as stated in every purchasing contract; compliance is monitored through quality audits conducted by Tchibo staff to make sure the factory has the capacities to produce the orders. Subcontracting as an exemption has to be agreed with by Tchibo and leads to a social and environmental audit at the premises of the subcontractor. Tchibo only works with audited factories, non-compliance can lead to blacklisting of the supplier. In 2018 we found 5 cases of unauthorized subcontracting, which is at a low level. These cases were solved according to our respective management guideline and SCoC.
3.4 Is your company doing work to limit the use of labour contractors?

- Yes
- No

If so, can you provide concrete evidence over time that shows how this is working?

We are surveying the number of contract workers per supplier in each social audit. Per our SCoC all workers all employees need to be granted the same rights and protection, regardless of their contractual relationship with the supplier. The supplier needs to ensure that the contractor complies with the provisions of our SCoC.

4. Ensuring transparency

See [https://cleanclothes.org/transparency/transparency-pledge](https://cleanclothes.org/transparency/transparency-pledge) for reference on definitions.

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

- Yes
- No

Please supply a link or further information.

[https://tchibo.com/SCoC](https://tchibo.com/SCoC)
4.2 Does your company publish information on wages currently paid to workers at your suppliers? *

- Yes
- No

If yes, please supply a link or further information.

Through a working group ACT develops a mechanism to monitor the unconfined transfer of wage increases agreed on in industry-wide binding CBAs to the workers. We are awaiting finalization in 2019. This could serve as a basis to publish wages in due course.

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

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

- Yes
- No
As ACT members we recognize that we as brands must be part of the solution. In 2018 we have identified purchasing practices which are obstacles to paying living wages. We have committed to change these to a set of improved purchasing practices which all ACT brands have to integrate in their daily business step by step, including the integration of the negotiated wages into FOB purchasing prices without deduction. Currently we are working intensely on how to integrate the commitments and improvements into our internal processes, e.g. how to ensure a Living Wage when working not only directly with suppliers but with agencies or importers. We look forward to an industry-wide binding CBA in Cambodia in the first quarter of 2019 after negotiations of 1 year between the local social dialogue partners. At the same time it needs to be acknowledged that due to the nature of the ACT approach – which involves a wide range of parties, interests and conditions and is entirely new to the countries including national governments – this process can never be expected to be a quick fix but as a deeply sustainable approach to the implementation of Living Wages as stated above.


Explanations are published in our sustainability report and on our corporate Blog:
https://blog.tchibo.com/aktuell/unternehmen/existenzsichernde-loehne-in-der-textilindustrie/
5.2 By what date does your strategy anticipate that a living wage will be paid to all workers at 100% of your suppliers (both tier 1 and across your supplier network)?

ACT is a global project and has an iterative, ongoing design. We concentrate on 5 countries now, Cambodia to be the first, create impact and learnings. We will use these to adapt and improve the program to move forward in other countries which are important to the apparel industry. As with every living wage project across all industries, proposing a final date would fail to recognize the complexity of the target. We would be proud to reach the implementation of living wages across all countries within the next decade. Please help to enforce brand/retailer commitments to ACT internationally to guarantee pre-competitiveness and thus feasibility and shorten the process decisively.

6. Living Wage projects

6.1 What living wage projects are you participating in currently? How do these projects calculate a living wage and how will they achieve this level?

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Project description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>Wage according to living wage definition (see above, Q 1.1), achieved by a combination of industry-wide binding CBAs, recognition of Freedom of Association and the Right to Collective Bargaining by all parties involved, country and purchasing commitments of member brands/retailers, adaption of in-house purchasing practices to enable a living wage. See <a href="https://actonlivingwages.com/wp-content/uploads/2019/01/Questions-and-Answers.pdf">https://actonlivingwages.com/wp-content/uploads/2019/01/Questions-and-Answers.pdf</a>, sections 3, 4, and <a href="https://actonlivingwages.com/fact-sheet/#col_bar">https://actonlivingwages.com/fact-sheet/#col_bar</a>, section “Framework for Action”</td>
</tr>
</tbody>
</table>
Since 2018 ACT partners with German Partnership for Sustainable Textiles (BnT) – of which Tchibo is member as well – to make the ACT approach accessible to other BnT members, create additional leverage among German brands and retailers which are not ACT members yet and thus economies of scale. Since November 2018 Fair Wear Foundation partners with BnT to promote living wages and join forces together with ACT. A corresponding Partnership Initiative is under preparation and to be expected in February this year. ACT will offer their systems for participation, FWF will offer their knowledge with regards to living wage benchmarks, pricing and capacity building. Other Non-Governmental-Organizational members of BnT are invited to support the Partnership Initiative by their expertise and support on the ground.

Countries covered by the project

Cambodia, Turkey, Myanmar, Bangladesh, Vietnam

Number of suppliers impacted

n/a

Timescale

Ongoing

By what date will this project achieve a living wage across your supplier network?

See Q 5.2

6.1 Continued. Opportunity to add additional project.

Project name

WE
The WE Programme is a worldwide programme to enhance and establish human rights in production, running in several Asian factories. It is based on a dialogue approach and takes place on factory level. It is Tchibo's core initiative to ensure the application of International Labour Standards in the Tchibo Non Food supply chain; business aspects such as quality, productivity and efficiency are addressed to the extent that they correlate with labor issues, such as working hours or pay.

The issue of wages is addressed by the trainers in different way as per the participants level of understanding, priority etc. In general, the country law of minimum wages is addressed, how the wage is calculated in the factory, what would be the wage for overtime, bonus etc. The trainers also focus on the dialogue between management and workers around wages such as why it is important to get salary on time, how does it affects the migration of workers etc. Furthermore, 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. Yet, we know that these measures alone are not sufficient to reach the goal of living wages but are a core piece of the puzzle. They support our industry-wide commitment.

Partnerships involved

Countries covered by the project

Cambodia, Turkey, Myanmar, Bangladesh, Vietnam, India, China.

Number of suppliers impacted

370 + since inception, currently around 90+

Timescale

Ongoing. WE activities take place every 2 months at each factory, for min. 2 years.
By what date will this project achieve a living wage across your supplier network?

Probably never, but it supports our industry-wide activities within ACT from the other end.

6.2 In the last 5 years, as a result of pilot projects to deliver a living wage that you have participated in, by how much have wages increased across your supplier network? Please state increases by country and number of suppliers impacted.

n/a

7. Advocacy for an increase in the minimum wage

7.1 Has your company issued and sent any public statements supporting specific demands for increased minimum wages to governments and employers in countries where you suppliers are located, assuring country governments that production will not be relocated as a result of increases? *

☐ Yes

☐ No
We always support public political invitations to increase minimum wages, except if it would prove to be counterproductive in the specific situation. We have signed every official letter of the ETI while our membership until April 2018. They are not necessarily public but are addressed to governments such as in the case of the minimum wage increases in Bangladesh in November 2013 (to government and BGMEA), and in Cambodia in September 2014 (to government and GMAC).

We have made an exemption from this in the minimum wage process in Bangladesh in 2018 as we realize that a raise of the minimum wage in the country would simultaneously lead to a similar increase in living costs and thus would not result in an increment in extra income. Instead, we have concentrated on intensification of the ACT process in Bangladesh. Nevertheless, a significant increase of the minimum wage in the country is needed urgently.

We have publicly supported the AFW since 2009: https://tchibonachhaltigkeit.de/servlet/cb/954960/data/-/StellungnahmeAsiaFloorWage.pdf

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8. Freedom of Association

*For the purposes of this question, Freedom of Association is defined as per ILO convention 87 - https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C087. In particular, that ‘trade union’ means an entity established to represent the interests of workers, without the influence of management or outside forces, and, where allowed by law, an entity that is able to act and bargain on behalf of the workers. Parallel means mechanisms such as management controlled worker committees do not fall under this definition.
8.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to employers and workers in your supplier factories and subcontractors? *

Suppliers are obliged to respect our Social Code of Conduct which contains FoA and the right to Collective Bargaining. The SCoC needs to be posted in factory premises visible to all workers and translated into the local language. Implementation is checked through social audits.

Suppliers are handed out a supplier manual which explains these issues further. FoA and CB are one of the five pillars of the WE Program and are covered over a 2-year period.

We have signed a GFA (Global Framework Agreement) with IndustriALL in 2016 which aims at promoting FoA and CB even further. Suppliers are informed about this. The GFA is currently being integrated into the WE program. Trade unions use our GFA for worker trainings.

In Myanmar we facilitate worker trainings on labour rights over 2 years, they are conducted by trade unionists. Managers are trained separately. All our Myanmar suppliers participate in the program.

For more info see Q 1.2, 8.2, 8.7

The respect for Freedom of Association and the right to Collective Bargaining by all parties including suppliers is one of the core elements of ACT and the industry-wide binding collective bargaining process.

8.2 Do you require suppliers to sign union access agreements? *

- Yes
- No
If yes, please provide details and a copy of any agreement that your suppliers have signed, either by a web link or file upload.

Besides the legal aspect Tchibo does not require supplier factories to issue right-to-organize guarantees to workers for practical reasons. From our experience, a formal document does not eliminate the actual barriers to FoA, two of the most relevant reasons are: (1) mistrust between factory management and unions, manifested in a lack of interaction and communication, and (2) lacking understanding of factories regarding the constructive role unions can play in stabilizing working environments and increasing workplace collaboration.

With these barriers in place, a right-to-organize guarantee may be issued formally, however the likelihood is high that this might be accompanied by verbal threats to not to make use of this right. Tchibo would not be able to prevent such contraventions as we are not permanently in the factories.

Instead, we aim at addressing the lack of trust between the relevant stakeholders (between factory managers and workers, between factory managers and unions as well as between unions and workers). The WE Programme is a key stepping stone in promoting the necessary trust. We have signed a GFA with IndustriALL in 2016 to promote and empower FoA and Collective Bargaining in factories. This is currently implemented in project countries and integrated into the WE Programme. We aim at bringing together factory managers, workers and union members to build this trust in a transparent and open dialogue. The process is designed to step by step demonstrate that collaboration with and integration of unions creates wins on all sides, as long as all parties access their rights in a responsible manner. Such an approach has a higher likelihood of anchoring ownership and creating sustainable results.

Evidence upload

8.3 Do your suppliers provide workers with paid time off for union activities? *

- Yes
- No
- Some
We have just started to collect this information on a systematic basis. We know of several business partners which grant paid time off for union activities and can hand out information once survey and assessment are fully completed.

8.4 Do your suppliers provide a dedicated space in the workplace for workers to meet and discuss union issues?

- Yes
- No
- Some

If yes, please state how many suppliers this impacts.

See Q 8.3

8.5 Do you require your suppliers meet and bargain with duly constituted unions? *

- Yes
- No

If yes, how do you verify that they are doing so?

See Q 8.2 and 8.3

8.6 Do your buyers favour suppliers that support the establishment and functioning of genuine, independent trade unions*? *

- Yes
- No
If yes, please explain how these suppliers are identified and how preference is given.

With the implementation of ACT they are committed and thus obliged to do so. One of the buyers commitments is to prefer suppliers/factories having implemented the industrywide binding CBA. Currently we work with the principle of gradual “negative” selection: Suppliers that have shown acts of union busting or non-cooperation are either called upon to comply with our Social Code of Conduct and GFA, integrated into the WE programme in order to develop a deep understanding and ownership of labour rights, or will be blacklisted ultimately. Please also see Q 8.2

8.7 Does your 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

No

If yes, how do you monitor that this can be accessed freely by workers? How do you ensure that workers do not face retaliation when filing complaints? How many complaints have you received in the past year? What is the process for investigating these complaints? How many of those complaints have been resolved?

With the implementation of ACT they are committed and thus obliged to do so. One of the buyers commitments is to prefer suppliers/factories having implemented the industrywide binding CBA. Currently we work with the principle of gradual “negative” selection: Suppliers that have shown acts of union busting or non-cooperation are either called upon to comply with our Social Code of Conduct and GFA, integrated into the WE programme in order to develop a deep understanding and ownership of labour rights, or will be blacklisted ultimately. Please also see Q 8.2
8.8 Do you have a policy of terminating relationships with suppliers that fail to pro-actively support Freedom of Association through measures such as the above?

- Yes
- No

Please clarify your answer.

Termination is the last resort. See Q 8.2 and 8.6

9. Dialogue and negotiation with labour rights organisations

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

- Yes
- No
If yes, how many such CBAs exist within your supplier network and in which countries? Please provide a link to where the text can be viewed or upload an example.

We have just started to collect this information, see 8.3 and 8.4. We know of several business partners which have negotiated unilateral CBAs with trade unions and will disclose information once survey and assessment are fully completed. We trust on industry-wide binding CBAs to be delivered by the ACT mechanism to prevent single suppliers/factories to be phased out from business because of severe competitive disadvantages.

Evidence upload

9.2 Has your 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
- No

If yes, please give details and provide a link to the public text.

We have signed a Global Framework Agreement with IndustriALL which covers a range of ILO conventions of which C.026, 100, 131 focus on wage issues. Wage is not a central issue in the GFA, yet it serves as an important basis for the ACT process with regards to the empowerment of FoA and the right to CB.

Evidence upload
10. Further questions about your supplier base

(for context only)

10.1 What are your main production countries? Please state percentage of total production per country and the number of supplier factories.

All following information refers to sourcing of apparel, footwear and accessories which were sold in 2018.
China 43% - 109
Bangladesh 16% - 21
Turkey 12% - 12
Myanmar 8% - 4
India 5% - 20

10.2 What kind of trade partners are part of the sourcing structure?

Please indicate an approximate % of volume share of your production:
Production at factories owned by your company
0

Orders placed directly to supplier factories
84%

Orders placed through agencies or intermediates
16%

Other (please specify)
n/a

10.3 How many sites did you use to produce your goods in 2018?

First tier suppliers
: 213 (apparel, footwear, accessories)
10.4 How many supplier factories do you trade with where you have a regular production share of more than 25%?

We do not collect this information but in general we estimate ourself not large enough to cover those or higher shares.
Is there anything else you would like to tell us about your work on the living wage in general? Or any feedback you would like to give to CCC?

We highly acknowledge the attempt of CCC to push the living wage agenda forward. Unfortunately, we don’t see the heterogeneity of living wage approaches being reflected in the survey nor do we see an acknowledgment of the complex and systemic nature of the topic. This limits outcomes and learnings of the survey from our point of view. We would therefore like to ask you to break down complex questions into separate questions, phrase them more openly and allow for a wider range of approaches in the next survey.

We think that living wage approaches via benchmarks and single-actor-strategies as exclusive measures are not sustainable. Let us shortly lay out why.

After many years of meaningful engagement for sustainable supply chains and fair working conditions, especially in the apparel industry, we have learned that unilateral or bilateral pioneering on systemic issues like living wages comes at a high cost. Singular supply chains rarely exist – we are part of global production networks, interconnected with a wide range of suppliers, other businesses and through them with direct competitors. Volunteering uni- or bilaterally for living wages in these networks almost necessarily leads to unfair competition. As a company heavily investing in sustainability we see the impact on our costs and competitiveness. At the same time the industry needs to realize that it failed to address the wellbeing of workers for a long time.

Today we see the huge gap between minimum wages and local living wages in apparel production countries – with the former being as much as five times higher than the latter – with no meaningful development to the better. At the same time, we know that labour costs make up 15% to 26% of purchasing prices FOB. Combining these two insights against the background of the current dangerous competition on prices at every end of value chains in our markets, we need to acknowledge that a uni- or bilateral living wage strategy has a high chance to become unbearable for a committed company – this is not sustainable for any stakeholder.

Therefore we engage actively in industry-wide approaches and support building local structures by co-founding ACT and signing a Global Framework Agreement (GFA) with IndustriALL Global Union, amongst other things. For a national living wage, we need to raise the floor nationally and take out competition on wages. ACT shares this approach with the Asia Floor Wage. Lifting minimum wages to a living wage level is not yet in sight. We as group of ACT brands commit to support industry-wide Collective Bargaining Agreements (CBAs) with real wage increases. This is a complex endeavor. Suggesting otherwise only stops progress as everyone tends to simplistic solutions. We all know nowadays that there is no quick fix.

When we talk about a living wage we are not talking about a fixed number. We believe that a living wage is what is considered to be a living wage by workers and their union
representatives. And it is arrived at through negotiation with employers and their associations recognized as legal social dialogue partners by the governments. We should neither specify a living wage level nor a timeline. It all depends on the way the actors of the ACT process work together and do their share step by step: brands and retailers, governments, suppliers and their associations, workers and their trade unions. This creates sustainability.

Tchibo is convinced that multilateral approaches create the binding nature among all parties that is needed to follow the path towards a living wage that the Asia Floor Wage Alliance, the Anker methodology and other living wage initiatives have successfully carved over a long time. At the same time this shall not lead to increased control in supplier-brand relations but to ownership, trust, quality, and transparency. What brings all different approaches together in the end is the need to convince those who do not believe in the feasibility of living wages in the apparel industry. A multitude of strategies – uni-, bi-, multilateral – is most certainly most effective to reach this goal.
Under Armour
CCC Living Wage Survey

Our definition of a living wage is as follows:

"Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income."

Specifically, a living 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 hours
- Is the basic net salary, after taxes and (where applicable) before bonuses, allowances or overtime
- Covers the basic needs of a family of four (or 3 consumption units, two adults and two children)
- Includes an additional 10% of the costs for basic needs as discretionary income

1. Living Wage Commitment:
   1.1. Has your company published a clear commitment to ensure a LW is paid across your supplier network? Yes or No. If yes, please describe how your company defines a living wage and provide a link to where this commitment is publicly available.

   Under Armour’s Supplier Code of Conduct, which reflects core ILO conventions, includes a Compensation provision that states:

   Every worker has a right to compensation for a regular work week that is sufficient to meet the worker’s basic needs and provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. Where compensation does not meet workers’ basic needs and provide some discretionary income, each employer shall work with the FLA to take appropriate actions that seek to progressively realize a level of compensation that does.

   Under Armour is a Participating Company affiliate of the Fair Labor Association, so our Code is aligned with the FLA’s Code of Conduct and Compliance Benchmarks, including its Compensation provision and related benchmarks.

   1.2. How do you monitor supplier compliance with the living wage commitment, both for tier 1 suppliers and across your supplier network?

   Please supply details about your approach to auditing for a living wage. Does your company hire auditors for a living wage? Does your company hire auditors from auditing firms? Are these announced or unannounced visits? Does your company use any external certifiers? How do you remedy non-compliances?

   Under Armour’s work in this area, in general, follows the FLA’s Fair Compensation Strategy and Workplan and aspects of that strategy, plan and related work may been seen here and in related FLA country reports on compensation. This strategy, plan and reporting, reflects the complexity, scope and scale of this work and also recognizes that progress towards Fair Compensation will only be achieved through the collective work of an array of stakeholders,
including companies, and supported by other stakeholders and governmental engagement. For information summarizing our approach to factory assessments, please see the Labor, Health and Safety page of our Sustainability website, as well as the FLA’s Sustainable Compliance Initiative methodology overview. Our 2017 Sustainability Report also contains detailed information about our approach to audits and remediation, which is summarized below.

Under Armour seeks to assess annually how the independent third-party manufacturers that make our products perform, including measuring through assessments their operations against the FLA and Under Armour Codes and benchmarks, evaluating whether they meet their legal compliance obligations to their employees and analyzing their compensation practices related to minimum wage, fringe benefits, and overtime payment calculations. We also conduct these assessments as part of a due diligence and on-boarding process for new manufacturers before we place production orders with them.

Our licensees’ manufacturers are also assessed, even though the licensees are contractually required to have supplier monitoring programs in place to ensure, and to assess, their suppliers’ compliance, including with the FLA and Under Armour Codes and applicable laws. Some of our licensees and suppliers are also FLA Affiliates and Participating Suppliers in their own right, having chosen to make a commitment to meet the FLA’s requirements and being subject to its oversight.

Most of our assessments are conducted on a semi-announced basis. This means factories are given a date range, usually a period of about two weeks within, but not the actual dates during, which the assessment will be conducted. Some factories are assessed without notice. In other cases, factories receive notice prior to assessments, in particular, those conducted by the FLA.

We engage third-party assessment firms and assessors, some of which are FLA-accredited, to evaluate suppliers. The FLA also conducts assessments of some of our factories, amounting to about 5% of applicable suppliers each year, which often have at least one other FLA affiliate as a customer. FLA Accreditation means that some of our assessors have extensive experience in conducting social compliance assessments, and they may also reside in the countries and regions where they conduct assessments. The assessors are expected to be fluent in at least one of the languages understood by the personnel they will interview during assessments, and they also may have specific knowledge and experience about the country where they conduct assessments. One of the assessment firms that conducts assessments of, and capacity building for, suppliers is also a Civil Society Organization (CSO) in addition to being FLA accredited.

The FLA, however, does not have accredited service providers in all regions where Under Armour partners with manufacturing facilities, so we engage other experienced assessment firms in those situations. We also train the assessors we engage to help them develop and enhance their capacity to evaluate suppliers using the FLA’s Sustainable Compliance Initiative (SCI) assessment methodology and assessment tool. We also train them on topics such as the Worker Life Cycle (see “Worker Life Cycle Analysis,” below), how to conduct Root Cause Analysis, as part of an effort to identify why non-compliance occurs, and how to develop and present to suppliers focused and effective remediation plans also known as IMAP. In order to further align on assessment expectations and procedures, Under Armour’s Sustainability department also conducts periodic refresher and new training for field assessors and
Sustainability team staff. The Sustainability team also sends our assessors materials, including those prepared by CSOs on country, region and macro and micro issue specific risks and trends.

We use two main approaches to issue remediation. In our IMAPs, corrective actions are categorized into either “Immediate Action Required” or “Sustainable Improvement Required”. In general, our goal is for Factory management to address “Immediate Actions Required” in about 7 days, as they largely relate to issues that can be fixed quickly. Additional time of about seven to 14 days is often granted, as needed, to address issues or to complete work in process. For “Sustainable Improvement Required”, we understand that building new and better processes will generally take longer if the changes are to be sustainable over time. In those cases, we set a longer initial action time frame, usually around 30-45 days. Actions related to “Sustainable Improvement” are generally needed to create or enhance a management system and may include establishing, improving and implementing policies, procedures, training, communication, accountability, and the review/update process. They are intended to instill and create the conditions necessary to achieve lasting change.

Suppliers respond to the IMAP with their own plan to address the action items identified in it, as well as by sending supporting materials showing how they are working to address them. The Sustainability team then reviews suppliers' corrective actions by engaging with them during the follow-up process in subsequent assessments and/or visits. We are asking assessors to report to us any recurrence of issues, year over year, from one assessment to the next, for which we will do further root cause analysis. In certain cases, manufacturers may benefit from additional expertise, resources, or structure - so we may require a factory's management to hire a local third-party firm to conduct documented training and capacity building on a short-term or periodic basis.

We learn from these assessments about issues and areas in which suppliers need to improve their performance, as well as those where we need to provide them with improved guidance, training, and educational materials. Mindful that we may have limited influence given the amount of business we have with them, we seek to support suppliers to build sustainable compliance capability by engaging with them in person, by phone, and by webinar, as well as written communication. In certain cases, we may support financially the cost of capacity-building programs either alone or in collaboration with other FLA affiliates or supplier customers. When audit firms identify issues during assessments, we engage with suppliers so that they work to implement improvements. We will work with suppliers (active or new) who demonstrate that they are committed to continuous improvement, even when they need to improve their performance. Rejecting a supplier because it needs to perform better means that we have no chance to help improve conditions for its workers.

2. Benchmarks for minimum living wage
   2.1. Does your company have internal or public figures that it uses to benchmark LW for each sourcing country or region?
   If yes, please provide details.

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.

The FLA uses a compensation data collection methodology that takes into account all relevant aspects of worker pay that is earned within a regular work week. The FLA does not commit to define one living wage, but is informed by/cognizant of, and draws from, other organizations’ expertise in setting living wage benchmarks – including the Global Living Wage Coalition and the Asia Floor Wage.

The FLA Wage Data Collection Tool allows FLA affiliates including Under Armour to collect related data from factories and to support this work. Through our affiliation with the FLA, we are partnering with it to analyze the data gathered, mapping it against relevant living wage benchmarks, and developing practical strategies to advance fair compensation based upon a multi-stakeholder approach to this issue.

2.2. Please supply LW benchmarks for the countries from which you source or alternatively provide a link to a LW methodology that your company uses to provide specific LW benchmarks for production countries.

See answer to 2.1.

2.3. Please provide details of the number of your suppliers (both tier 1 and across your supplier network) that are currently paying your stated living wage benchmark to all workers in their facility. Do supply evidence for this where appropriate.

See answer to 2.1.

3. Purchasing practices that make LW possible

3.1. Does your company calculate whether FOB prices paid per piece are sufficient to allow for compliance with the LW standard your company has committed to deliver? If yes, please supply evidence. If no, does your company ensure that the FOB prices paid to suppliers are sufficient to allow for compliance with your company’s LW standard?

As part of our Responsible Sourcing strategy and commitment to operational excellence, we formalized and enhanced our approach in 2018 through our Responsible Sourcing Policy. This policy reflects and further aligns with our commitment as an FLA Participating Company Affiliate to the FLA Principles of Fair Labor and Responsible Sourcing. Related implementation and training is ongoing.

Under Armour’s Responsible Sourcing Policy underscores the importance of maintaining an open dialogue with suppliers and avoiding purchasing practices that could trigger instances of rushed on-boarding, excessive overtime, compressed production schedules or unauthorized subcontracting. Scope, supply chain complexities, financial and contractual terms, balanced planning, accountability, training, communication, and review are all addressed in the policy.
Under Armour also has procedures to standardize the processes for supply and demand planning, level-loading, forecasting, and a strategy for mills and supplier consolidation. In 2018, Under Armour became a Better Buying program participant. Better Buying enables suppliers to communicate with their buyers about purchasing practices that are working well and those that need improvement, without risking their business relationship because their feedback is received in the Better Buying platform and presented in an anonymous form to participants such as Under Armour.

3.2. Does your company make long-term sourcing commitments at a specific volume to suppliers? If so, how long are these commitments, and at what volume?

See answer to 3.1.

3.3. Is your company doing work to limit the use of subcontractors in your supply chain, and at what volume? If so, can you provide concrete evidence over time that shows how this is working?

Unauthorized subcontracting is specifically prohibited. See also answer to 3.1.

3.4. Is your company doing work to limit the use of labor contractors? If so, can you provide concrete evidence over time that shows this is working?

See the last sentence to 1.1 and the answer to 3.1 above.

4. Transparency

4.1. Does your company publish a public list of suppliers, including address, parent company, products and number of workers, for tier 1 and your wider supplier network? If yes, please supply a link.

Yes, our list is posted [here](#) on our website.

4.2. Does your company publish information on wages currently paid to workers at your suppliers? If yes, please supply a link or further information.

No.

5. A clear roadmap for implementing a LW for all workers

5.1. Does your company have a public roadmap / strategy for how it will achieve a LW for all workers across your supplier network? If yes, please supply a link to where this is published.

We collect wage-related data through our annual factory assessment process and more recently through the FLA Wage Data Collection Toolkit. The FLA released a detailed work plan related to their Fair Compensation Strategy, including the development and deployment of this tool. The most recent public update on the strategy states that, “rather than a simple data collection exercise, this Toolkit is a means for sparking action oriented conversations between
buyers and suppliers around compensation levels. As affiliates use the new toolkit, they will share their learnings with the FLA and with each other. Together we will then build a menu of joint strategies and actions to address wage gaps in a sustainable and just way”. Under Armour is actively engaging in this learning exchange with the FLA and other affiliates.

Please also see answers to 1.1 and 1.2 above. To achieve sustainable progress in this area, there will need to be individual and collective work by an array of stakeholders, including brands, that is supported by their individual and collaborative action and related governmental engagement by such stakeholders.

5.2. By what date does your strategy anticipate that a LW will be paid to all workers at 100% of your suppliers (both tier 1 and across your supplier network?)

See answers to 1.1, 1.2 and 5.1 above.

6. LW projects
6.1. What LW projects are you participating in currently? How do these projects calculate a LW and how will they achieve this level?
   By what date will this project achieve a LW across your supplier network?
   Option to add an additional project

See answers to 1.1., 1.2, 2.1 and 5.1 above.

6.2. In the past 5 years, as a result of pilot projects to deliver a LW that you have participated in, by how much have wages increased across your supplier network? Please state increases by country and number of suppliers impacted.

See answers to 1.1., 1.2, 2.1 and 5.1 above.

7. Advocacy for an increased in the minimum wage
7.1. Has your company issued and sent any public statements supporting specific demands for increased minimum wages to governments and employers in countries where your suppliers are located, assuring country governments that production will not be relocated as a result of increases? If yes, please supply link to where this / these can be found.

Under Armour has engaged publicly with governments and suppliers to help advance progress on fair compensation. Most of these engagements have occurred in collaboration with other brands and as part of our affiliation with the FLA. For examples, please see:

8. Freedom of Association

8.1. How has the rights to FOA and CBA been clearly communicated to employers and workers in your supplier factories and subcontractors?

Under Armour suppliers and their sub-contractors are expected to comply with all applicable laws, with our [Supplier Code of Conduct](http://www.fairlabor.org/blog/entry/leading-apparel-and-footwear-brands-meet-cambodian-government-express-concerns-about), which includes a provision on Freedom of Association and Collective Bargaining (FOA and CB), and with the [FLA’s Workplace Code of Conduct](http://www.fairlabor.org/report/social-benefit-verification-factories-operated-pou-chen), including its FOA and CB provision and related benchmarks:

Under Armour suppliers and their subcontractors shall recognize and respect the right of employees to freedom of association and collective bargaining. Employers must develop and implement effective industrial relations systems and mechanisms to resolve industrial disputes, including employee grievances and ensure effective communication with employees.

All active, authorized, suppliers and their subcontractors are expected to post our Code in prominent and readily accessible areas and in each of the primary and native languages of the workers/employees and their management, including at the parent company, agent or licensee, as applicable. We expect all managers and workers, at the factory, parent company, vendor group, licensee, and agent, to be aware of, and knowledgeable about, all applicable laws, the Codes’ and related benchmarks, standards and expectations. They also are directed to, and provide with a means to contact Under Armour’s Sustainability team with related questions and concerns, without fear of reprisal, retribution or adverse action. See the Reporting Misconduct provision of the Under Armour [Supplier Code of Conduct](http://www.fairlabor.org/report/cofaco-peru).

We strive for continuous improvement by suppliers, informed by factory assessments, to ensure that factory management trains new hires on their legal rights, including their applicable legal rights to FOA and CB, and related provisions of the [Under Armour Supplier Code of Conduct](http://www.fairlabor.org/report/social-benefit-verification-factories-operated-pou-chen) and the [FLA Workplace Code of Conduct and Compliance Benchmarks](http://www.fairlabor.org/report/cofaco-peru). We also expect new hires to receive the suppliers’ written personnel policies covering these rights and all other employment aspects and practices. Active workers are expected to receive documented refresher sessions covering these and other topics. Such training should be interactive and conducted with materials in local language and/or any applicable dialects to ensure it can be fully understood by workers, supervisors and managers.

While we strive for continuous improvement in conditions by suppliers who employ the workers who make our products, in the event of unremediated legal and/or code of conduct
violations, based upon the facts and circumstances, we reserve the right to take related actions including the termination of a business relationship with a supplier.

8.2. Do you require suppliers to sign union access agreements?
If yes, please provide details and a copy of any agreement that your suppliers have signed, either by a web link or file upload.

No.

8.3. Do your supplier provide workers with paid time off for union activities? If yes, please state how many suppliers this impacts:

Suppliers are expected to provide worker representatives with the necessary time off without loss of pay to carry out union activities where, and if, required by applicable laws, or if such a benefit is included as a provision/clause in a valid Collective Bargaining Agreement. During our assessments, we review supplier’s compliance with the above and the related provisions in the Under Armour Supplier Code of Conduct and the FLA Workplace Code of Conduct and Compliance Benchmarks. In 2018, approximately 250 suppliers were assessed.

8.4. Do your suppliers provide a dedicated space in the workplace for workers to meet and discuss union issues? If yes, please state how many suppliers this impacts.

Suppliers are expected to meet their legal obligations to their employees - including compliance with all applicable laws concerning FAO and CB - and comply with the related provisions of the Under Armour Supplier Code of Conduct and the FLA Workplace Code of Conduct and Compliance Benchmarks. We seek to evaluate this in our factory assessment work. In 2018, approximately 250 suppliers were assessed.

8.5. Do you require your supplier meet and bargain with duly constituted unions?
If yes, how do you verify that they are doing so?

Suppliers are expected to meet their legal obligations to their employees - including compliance with all applicable laws concerning FAO and CB - and comply with the related provisions of the Under Armour Supplier Code of Conduct and the FLA Workplace Code of Conduct and Compliance Benchmarks. We seek to evaluate this in our factory assessment work.

8.6. Do your buyers favor suppliers that support the establishment and functioning of genuine trade unions? If yes, please explain how these suppliers are determined and how preference is given.

We seek to work with suppliers that meet their legal obligations to their employees - including compliance with all applicable laws concerning FAO and CB - and comply with the related provisions of the Under Armour Supplier Code of Conduct and the FLA Workplace Code of Conduct and Compliance Benchmarks.
8.7. Does your company have an accessible independent, confidential means by which workers at supplier factories can file and follow up on complaints about violations of FOA and CBA rights? If yes, how do you monitor that this can be accessed freely by workers? How do you ensure that workers do not face retaliation when filing complaints? How many complaints have you received in the past year? What is the process for investigating these complaints? How many of those complaints have been resolved?

Yes - Under Armour’s code requires suppliers to have and to communicate to all personnel, a Non-retaliation policy, supported by procedures as described below:

Under Armour suppliers and subcontractors are expected to effectively implement a non-retaliation policy, procedures and reporting channels that enable workers to express anonymously and safely their concerns about workplace conditions directly to factory management and to other parties without fear of retribution, retaliation or any other adverse action.

Our Supplier Code of Conduct also includes a Reporting Potential Misconduct provision that by which workers and other parties may report related concerns using a hotline and/or by email to Under Armour’s Sustainability team. The hotline allows for the option to report anonymously, depending on location. Suppliers and their subcontractors are required to provide reasonable support during an investigation of a potential violation.

All active suppliers and their subcontractors are also expected to develop and effectively implement a comprehensive written grievance policy, which complies with the FLA’s benchmarks and related standards. To support this policy, suppliers are expected to have procedures which allow for easy, effective and confidential grievance reporting to top managers/human resources (for example, by sending text messages; email and making free phone call to a dedicated H.R. manager/top executive). Suppliers are also expected to build employee and other personnel’s awareness about these policies and procedures by conducting periodic and documented training.

As an FLA affiliate, workers in Under Armour’s supply chain may also employ the FLA’s Safeguard Mechanism to address alleged issues of, and/or violations related to an array of issues, including legal rights of FOA and CB, and related provisions of the Under Armour Supplier Code of Conduct and the FLA Workplace Code of Conduct and Compliance Benchmarks. For examples of this process, please see:

<table>
<thead>
<tr>
<th>Company</th>
<th>Website</th>
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</table>
8.8. Do you have a policy of terminating relationships with suppliers that fail to pro-actively support FOA through measures such as the above? Please clarify your answer.

See answers to 8.1 and 1.2.

9. Dialog and negotiation with labor rights organizations
9.1. Can your company demonstrate the existence of CBA’s negotiated with independent trade unions in your supplier factories, which include agreement on paying above the legal minimum? If yes, how many such CBAs exist within your supplier network and in which countries? Please provide a link to where the text can be viewed or upload an example.

During supplier assessments, assessors are expected to collect data on CBAs and unions, as well as compliance related to applicable laws and compliance with related provisions of the Under Armour Supplier Code of Conduct and the FLA Workplace Code of Conduct and Compliance Benchmarks.

9.2. Has your company signed any legal binding agreements with workers in garment exporting countries, concerning prices paid to suppliers, wage above the legal minimum and other conditions? If yes, please give details and provide a link to the public text.

No.

10. Further questions about your supplier base
10.1. What are your main production countries? Please state percentage of total production per country and the number of supplier factories.

Please see our 2017 Annual Report.

10.2. What kind of trade partners are part of the sourcing structure? Please indicate an appropriate % of volume share of your production:

See answer to 10.1.

10.3. How many sites did you use to produce your goods in 2018?

See answer to 10.1 and for additional information, please also see our Supplier List, which is available here.

10.4. How many supplier factories do you trade with where you have a regular production share of more than 25%
See answer to 10.1.

11. Your feedback

11.1. Is there anything else you would like to tell us about your work on the LW in general? Or any feedback you would like to give to CCC?

Thank you for the opportunity to share information about our Sustainability program with you.
UNIQLO
1. Living wage commitment

1.1 Has your company published a clear commitment to ensure a LW is paid across your supplier network?

Yes

If yes, please describe how your company defines a living wage and provide a link to where this commitment is publicly available.

Fast Retailing defines living wage in its Code of Conduct as wages that meet workers’ basic needs and provides some discretionary income and makes the commitment to take appropriate actions to progressively realize a level of compensation that meets this definition.

Code of Conduct for business Partners

Fast Retailing Code of Conduct on Wages & Benefits: Production partners shall furnish wages and benefits, make monetary deductions, and provide workers with employment contracts in compliance with all applicable Law. Production partners shall also maintain wage-related documentation. No monetary deductions shall be permitted for disciplinary action.

Production partners shall recognize that each worker has a right to wages that meet the worker’s basic needs and provide some discretionary income. Such wages shall be equal or better than the higher of minimum wage or the prevailing industry wage. Where compensation does not meet workers' basic needs and provide some discretionary income, each employer shall work with Fast Retailing and other organizations to take appropriate actions that seek to progressively realize a level of compensation that does. (ILO Conventions 26 and 131)

1.2 How do you monitor supplier compliance with the living wage commitment, both for tier 1 suppliers and across your supplier network?

We conduct audits at all Tier 1 facilities and some of our core fabric manufacturers against our code of conduct to ensure that suppliers are implementing our workplace standards. The audits ensure that facilities are paying workers accurately and maintaining these records. To monitor our supplier’s commitment to fair compensation, we collect some anonymous wage data through the FLA’s Wage Data Collection Tool Kit.

http://www.fairlabor.org/global-issues/fair-compensation/tools-for-companies

Please supply details about your approach to auditing for a living wage. Does your company hire auditors from auditing firms? Are these announced or unannounced visits? Does your company use any external certifiers? How do you remedy noncompliances?
Fast Retailing uses our Code of Conduct for Production Partners as a template to audit partner sewing factories and key fabric manufacturers for human rights abuses, poor labor conditions, environmental preservation practices, and other issues. We disclose the results of our audits to the public. We contract with third-party entities to perform regular audits of labor and environmental conditions at partner factories, reporting the findings of these audits to our partners. When improvements are required, we send Fast Retailing personnel to visit the site in person, helping our partners implement measures for improvement. We perform due diligence of potential partners to identify and improve any labor environment issues as early in the process as possible.

https://www.fastretailing.com/eng/sustainability/labor/partner.html

Production partners must allow FAST RETAILING and its designated agents to access all workers, all facilities, including manufacturing and worker housing facilities, and relevant documents to confirm compliance with the code of conduct, with or without notice provided in advance.

Code of Conduct for business Partners

2. Benchmarks for a minimum living wage

2.1 Does your company have internal or public figures that it uses to benchmark Living Wages for each sourcing country or region? Y/N

Yes

If yes, please provide details. Free text box

With guidance from the FLA, Fast Retailing uses various wage benchmarks that have been collected as part of the FLA’s Fair Compensation Work. For example, for China: Asia Floor Wage, Average Wage for Manufacturing Workers.

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.

Fast Retailing uses benchmarks from FLA’s Fair Compensation Work described in Appendix B: Compensation Benchmarks Guidelines.


2.3 Please give details of the number of your suppliers (both tier 1 and across your supplier network) that are currently paying your stated living wage benchmark to all workers in their factory. Do supply evidence for this where possible.
Fast Retailing is currently analyzing the data collected towards the benchmarks.

3. Purchasing practices that make living wages possible

3.1 Does your company calculate whether FOB prices paid per piece are sufficient to allow for compliance with the living wage standard your company has committed to deliver?

Fast Retailing places orders via proper procedures, protecting the labor conditions and human rights of employees working at partner factories. To promote responsible procurement, we have formulated guidelines consistent with procurement policies and business activities. The Fast Retailing procurement policy consists of three main principles:
1) We protect the health, safety, human rights, and rights guaranteed by law for workers at partner factories, contributing to improved living and labor conditions.
2) We encourage the growth of our partner factories by expanding our transaction volume steadily over time.
3) We meet customer expectations through products manufactured via appropriate processes.
If we are to engage in responsible procurement, our production-related departments must practice appropriate procurement procedures. Our guidelines specify these procedures. Further, we provide regular training to employees in our production-related departments, covering these guidelines and other matters.

https://www.fastretailing.com/eng/sustainability/labor/procurement.html

If yes, please supply evidence. If no, how does your company ensure that the FOB prices paid to suppliers are sufficient to allow for compliance with your company’s living wage standard?

3.2 Does your company make long-term sourcing commitments at a specific volume to suppliers?

Yes

If so, how long are these commitments, and at what volume? Free text box

Fast Retailing has had long term relationship with its core business partners and provides one-year advance visibility of production. We engage in dialogue regularly with our core business partner in case of any revision.

3.3 Is your company doing work to limit the use of subcontractors in your supply chain, and consolidate your supplier factory list?

When production partners subcontract production orders submitted by any Fast Retailing group company to subcontractors, production partners shall ensure that all business activities by such subcontractors are in compliance with this code of conduct. Additionally, when production partners procure raw materials or indirect materials necessary for the manufacture of our
products from third parties, production partners shall not conduct business with suppliers whose business activities violate this code of conduct. In the event that production partners will use any subcontractors and/or procure any raw materials or indirect materials necessary for the manufacture of our products from third parties, the consent of Fast Retailing shall be obtained prior to engaging such third party. In the event Fast Retailing wishes to confirm that the business activities of the subcontractors and/or suppliers of a production partner are in compliance with this code of conduct, the production partner shall address such requests in good faith and cooperate as required by Fast Retailing.

**Code of Conduct for business Partners**


If so, can you provide concrete evidence over time that shows how this is working? Free text box

3.4 Is your company doing work to limit the use of labour contractors? Y/N

No

If so, can you provide concrete evidence over time that shows how this is working?

4. Transparency

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

Yes

If yes, please supply a link.

Fast Retailing discloses and updates information on its partner factories on the company website and in its annual Sustainability Report. In 2017, it published a list of UNIQLO core sewing factories in February followed by a list of GU core sewing factories in December, with the goals of increasing the transparency of its supply chain and taking on a greater responsibility to ensure good labor conditions and address issues concerning human rights and the environment. In November 2018, a list of UNIQLO core fabric mills was published.

[https://www.fastretailing.com/eng/sustainability/labor/list.html](https://www.fastretailing.com/eng/sustainability/labor/list.html)

4.2 Does your company publish information on wages currently paid to workers at your suppliers? Y/N

No
If yes, please supply a link or further information.

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

5.1. Does your company have a public roadmap / strategy for how it will achieve a living wage for all workers across your supplier network? Y/N

No

If yes, please supply a link to where this is published. Free text box

5.2. By what date does your strategy anticipate that a living wage will be paid to all workers at 100% of your suppliers (both tier 1 and across your supplier network)?

6. Living wage projects

What living wage projects are you participating in currently? How do these projects calculate a living wage and how will they achieve this level?

*Fast Retailing is a member of the Fair Labor Association, which established a commitment to fair compensation in 2015. The FLA uses compensation data collection methodology derived from the Ankers’ methodology (of the Global Living Wage Coalition). The FLA’s fair compensation work is unique, as it does not commit to define one living wage, but takes into account other organizations expertise in setting living wage benchmarks. Fast Retailing’s membership with the FLA means we are partnering with them to understand the compensation data and begin to understand how solutions could be implemented to address identified wage gaps.*

By what date will this project achieve a living wage across your supplier network?

6.2 In the last 5 years, as a result of pilot projects to deliver a living wage that you have participated in, by how much have wages increased across your supplier network? Please state increases by country and number of suppliers impacted.

7. Advocacy for an increase in the minimum wage

7.1 Has your company issued and sent any public statements supporting specific demands for increased minimum wages to governments and employers in countries where you suppliers are located, assuring country governments that production will not be relocated as a result of increases?

No

If yes, please supply link to where this / these can be found.
8. Freedom of Association

8.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to employers and workers in your supplier factories and subcontractors?

Free text box

As per Fast Retailing for Business partners, production partners shall recognize and respect the right of workers to associate, organize, and bargain collectively. In addition, all production partners shall implement grievance mechanisms to allow all workers to confidentially communicate concerns to the production partner’s management and the worker representative without the risk of retaliation and provide effective means remedy such grievances.

Code of Conduct for business Partners

We conduct regular training to ensure production partners understand the Fast Retailing Code of Conduct for Production Partners and the latest in labor standards, etc. For example, we offer programs that cover revisions to the code of conduct (e.g. requiring partners to establish hotlines in fiscal 2017), fire prevention safety standards, correct pay calculations for overtime work, and other matters. During fiscal 2017, we conducted training for a total of 488 factories across seven different countries.

https://www.fastretailing.com/eng/sustainability/labor/partner.html

8.2 Do you require suppliers to sign union access agreements? Y/N

No

Fast Retailing is a member of Fair Labor Association. In case of any issue around Freedom Of Association, we enter in a dialogue with our business partners for them to hold an all-employee meeting stating their neutral position regarding trade union activities in their factories. We actively follow remedy toward affected trade union leaders/members.

If yes, please provide details and a copy of any agreement that your suppliers have signed, either by a web link or file upload. Free text box and file upload option

8.3 Do your suppliers provide workers with paid time off for union activities? Y/N/Some

Some

If yes, please state how many suppliers this impacts. Free text box

Fast Retailing is unable to disclose this information, but monitors the number of factories which has signed a Collective Bargaining agreement under which such condition would be negotiated.
8.4 Do your suppliers provide a dedicated space in the workplace for workers to meet and discuss union issues? 

Some

If yes, please state how many suppliers this impacts.

Fast Retailing is unable to disclose this information, but monitors the number of factories which has signed a Collective Bargaining agreement under which such condition would be negotiated.

8.5 Do you require your suppliers meet and bargain with duly constituted unions? Y/N

Yes

If yes, how do you verify that they are doing so? Free text box

As per Fast Retailing Code of Conduct for Business partners: Production partners shall recognize and respect the right of workers to associate, organize, and bargain collectively. Production partners must comply with all applicable local, national laws and regulations, legal requirements, and applicable treaties in the country or countries in which they operate including collectively bargain with duly constituted unions. When improvements are required, we send Fast Retailing personnel to visit the site in person, helping our partners implement measures for improvement.

Code of Conduct for business Partners

8.6 Do your buyers favour suppliers that support the establishment and functioning of genuine trade unions? Y/N

No

If yes, please explain how these suppliers are determined and how preference is given. Free text box

8.7 Does your 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

If yes, how do you monitor that this can be accessed freely by workers? How do you ensure that workers do not face retaliation when filing complaints? How many complaints have you received in the past year? What is the process for investigating these complaints? How many of those complaints have been resolved?
Fast Retailing asks partner factories to establish their own hotlines as part of proper business management. In addition, we monitor partner labor conditions to assess whether their business management meets Fair Labor Association standards. We established a Worker Counseling Program that provides a channel for employees at major production partners to contact us directly. These programs exist in Shanghai, Ho Chi Minh City, Dakar, Jakarta, Tokyo, and other locations. Our Sustainability and Production departments take the lead in dealing with complaints received through this program. We ask partners to make improvements and corrections in line with our Code of Conduct for Production Partners, International Labor Organization Standards, and local labor laws. We believe this process leads to improved human rights standards and labor conditions among our partner factories. 

https://www.fastretailing.com/eng/sustainability/labor/partner.html

8.8 Do you have a policy of terminating relationships with suppliers that fail to pro-actively support Freedom of Association through measures such as the above?

Yes

Please clarify your answer.

As per Fast Retailing Code of Conduct for Business partners, production partners shall recognize and respect the right of workers to associate, organize, and bargain collectively, which is part of the supplier agreements that they need to sign. The agreement also includes that suppliers are expected to uphold the Code of Conduct and remediate violations, when found. Breaching the agreement can be escalated to the Business Ethics Committee, in which one possible outcome could be terminating business relationships.

This committee ensures the Group does not use an advantageous position to exert undue pressure on business counterparts such as partner factories and suppliers. The committee provides advice and counsel to departments based on external field inspections and partner company surveys. The committee is chaired by the head of the Sustainability Department and committee members include a lawyer acting in the capacity of an external auditor. The Committee also carefully discusses the cases of terminating business and gives advice to business lines considering the impact on the factory’s business and employment.

However, Fast Retailing prefers to work with its suppliers to remediate violations, instead of leaving the factory with the violation unresolved.

9. Dialogue and negotiation with labour rights organisations

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

No
If yes, how many such CBAs exist within your supplier network and in which countries? Please provide a link to where the text can be viewed or upload an example.
Free text box and file upload option

9.2 Has your 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?

No

If yes, please

10. Further questions about your supplier base

10.1. What are your main production countries? Please state percentage of total production per country and the number of supplier factories. Free text box

Fast Retailing is unable to disclose this information, but has production offices in its key production countries such as China, Vietnam, Bangladesh and Indonesia.

10.2. What kind of trade partners are part of the sourcing structure? Please indicate an approximate % of volume share of your production:
Free text fields showing:
• Production at factories owned by your company
• Orders placed directly to supplier factories
• Orders placed through agencies or intermediates
• Other (please specify)

We work mainly with Japanese trade companies and also have direct business with our business partners.

10.3 How many sites did you use to produce your goods in 2018?
Free text fields showing:
• First tier suppliers
• Sub contracted suppliers

In 2017, we produced in at least 576 1st tier factories. 2018 number of factories is not yet published.

10.4 How many supplier factories do you trade with where you have a regular production share of more than 25%?

Fast Retailing is unable to disclose this information.
11. Your feedback

11.1 Is there anything else you would like to tell us about your work on the living wage in general? Or any feedback you would like to give to CCC?

*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 and to understand the contributing factors and success from factories which are currently paying a living wage so that Fast Retailing and its suppliers can take sustainable actions to addressing the wage gap. From there Fast Retailing will continue to scale and develop its program committed to achieving fair compensation for workers.*
Zalando
Dear Anna,

Thank you very much for reaching out to us.

This is an important topic for us which is why 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.

Further information about the zLabels standards you can find here.

Kind regards,
Kirsten

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Kirsten Siegler
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Zalando SE
Mobile: +49 152 524 30 516
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Jobs: jobs.zalando.de
From: cr@zalando.de <cr@zalando.de> On Behalf Of Anna Bryher
Sent: Thursday, December 20, 2018 2:29 PM
To: cr <cr@zalando.de>
Cc: Hinzmann Berndt <hinzmann@inkota.de>; Gisela Burckhardt <gisela.burckhardt@femnet-ev.de>; Sabine Ferenschild <ferenschild@suedwind-institut.de>
Subject: Invitation to Clean Clothes Campaign wage survey 2018/19

- With attachments -

Dear Denis Hoenig-Ohnsorg,

I’m writing to invite Zalando to make a submission to the Clean Clothes Campaign 2018/19 Wage Survey. This survey will provide a definitive resource for consumers in Europe and the US on which brands are doing more and which are doing less to combat the problem of poverty pay in clothing factories supplying to the European and US market. We’re asking you to take part in the survey as a top global company with an influential presence across retail.

Attached is a letter giving you details of the process, and a copy of the survey text. The survey is available to fill in online here: https://goo.gl/forms/PNu1YIY92dX4GtC13

We hope that taking part will be a useful evaluation process both for your brand and for consumers we will promote the outcomes to. Do bear in mind that if you do not fill in the survey, a profile will be published about your company using data that is publicly available nonetheless.

Deadline for responses is Friday 11 January, 2019. If you have any questions or concerns, don't hesitate to get in touch. Please also reply to confirm that you have received this information. I do hope you will be able to take part in this process and share some of the work you have been doing.

All the best,
Anna

On behalf of Clean Clothes Campaign International.

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Anna Bryher (formerly McMullen) | Labour Behind the Label
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Labour Behind the Label works to improve conditions and empower workers in the global garment industry. We are the UK platform of the Clean Clothes Campaign, a coalition of campaigns with 250 organizational members worldwide.

All Labour Behind the Label staff work part-time. I work two days a week. If you need an urgent response, you can reach me on the mobile number above at other times.