

# ACT

## Action Collaboration Transformation

### WHAT IS ACT?

ACT (Action, Collaboration, Transformation) is an initiative between international brands & retailers, manufacturers, and trade unions to address the issue of living wages in the textile and garment sector.

### WHY DO WE NEED AN INITIATIVE ON LIVING WAGES?

Brands & retailers are increasingly aware that raising wages of workers in the textile and garment supply chain to a 'living wage' is something that cannot be solved by individual retailers and brands.

ACT is the first initiative on living wages in the garment sector that brings together all relevant stakeholders; identifying 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.

### HOW WILL ACT ACHIEVE THIS?

ACT aims to improve wages in the industry by establishing **industry collective bargaining** in key garment and textile sourcing countries, supported by world class **manufacturing standards** and responsible **purchasing practices**.



ESPRIT

Arcadia

N BROWN  
GROUP PLC  
*where fashion fits!*

TESCO

Pentland

DEBENHAMS

C&A

TOPSHOP  
TOPMAN

INDITEX

Tchibo

ASOS  
discover fashion online

H&M

PRIMARK

NEW LOOK

next

coles

Kmart

Target

"WE ARE WORKING IN A WAY  
THAT WE HAVE NEVER BEEN  
ABLE TO DO BEFORE, WITH  
BRANDS THAT WANT TO  
MAKE A DIFFERENCE."

JENNY HOLDCROFT, POLICY DIRECTOR, INDUSTRIALL

## WHAT IS INDUSTRY COLLECTIVE BARGAINING?

Industry collective bargaining is a mechanism that brings together representatives of manufacturers and workers - namely employer associations and trade unions - to negotiate and agree wages and conditions that will apply to a **whole industry sector**. The collective agreements that result are legally binding and enforceable.

Industry-wide agreements set a benchmark that applies to all manufacturers, while still allowing for individual manufacturers to offer higher pay and conditions.

## HOW DOES INDUSTRY COLLECTIVE BARGAINING DIFFER FROM MINIMUM WAGE SETTING MECHANISMS?

The minimum wage is the lowest wage permitted legally within a country or sector. Setting the minimum wage is done by governments, sometimes in consultation with trade unions and manufacturers associations. It establishes a common baseline for wages, but this is typically below the level of a living wage in most major garment producing countries.

Industry collective bargaining builds on these minimum wage setting mechanisms, where they exist, and establishes wages and conditions that are appropriate for the industry, and agreed by workers and manufacturers together.

## WHY IS INDUSTRY COLLECTIVE BARGAINING VITAL TO ACHIEVING LIVING WAGES?

Industry collective bargaining differs from minimum wage setting mechanisms as it means that all workers and manufacturers in the garment industry can negotiate their wages under the same conditions, regardless of which factory they work for, and which retailers and brands they produce for.



## WHAT ARE THE BENEFITS OF INDUSTRY COLLECTIVE BARGAINING AGREEMENTS?

They **take the labour costs out of competition**, enabling conditions to improve for all workers in that industry.

They can be designed to ensure that **all workers** - including out-sourced, sub-contracted, migrant and agency workers - **are included**.

They mean that individual brands & retailers can be assured that the factories that supply them are **required to adhere to the same labour standards**, while manufacturers are assured that they are not undercut by competitors paying lower wages.

They **set a level playing field for manufacturers**, enabling them to compete on the basis of efficiency and skills, rather than by squeezing wages and working conditions; providing the certainty that business needs for investment and growth.

By providing an agreed base of pay and conditions, industry collective bargaining agreements are shown to **increase compliance among employers**, thus reducing the need for enforcement by governments and brands.

Bargaining at the industry level can assist in **reducing conflict at the workplace** and requires fewer resources for employers and trade unions to participate in it.



“WHAT IS NEEDED IS A  
WAY TO FIX WAGES AT A  
FAIR LEVEL THAT APPLIES  
TO ALL WORKERS, NO  
MATTER WHICH BRAND  
THEY MAKE CLOTHES FOR.”

ALEIX GONZALEZ BUSQUETS, C&A



## ARE THERE ANY EXAMPLES OF INDUSTRY COLLECTIVE BARGAINING AGREEMENTS IN THE GARMENT INDUSTRY TODAY?

Outside of the developed world, there are very few examples of industry collective bargaining agreements in the garment industry, which is why retailers & brands, trade unions, and manufacturers are working towards this goal.

## HOW IS THE LIVING WAGE LINKED TO PURCHASING PRACTICES AND MANUFACTURING STANDARDS?

Purchasing practices are the way that international retailers & brands interact and do business with the manufacturers that supply their products.

ACT will develop mechanisms to link purchasing practices to the outcome of industry bargaining; supporting and enabling manufacturers to provide their workers with a living wage and working conditions that meet the retailers and brands' requirements. At the same time, ACT will work with suppliers to develop and implement best practices on manufacturing standards and systems, including efficient human resource and wage management systems.





# FOR FURTHER INFORMATION

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