

POSITION STATEMENT ON LIVING WAGES

In the past decade, retailers and brands have made some progress in getting their suppliers to pay workers their statutory entitlements (minimum wage plus any pension contributions, sickness or holiday pay they are entitled to). But the reality is that the vast majority of people making the products we import are struggling to survive on the wages they are paid. Brands and retailers need to do more to tackle this issue.

The Ethical Trading Initiative (ETI) is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. Our Base Code of labour practice states that living wages must be paid, meaning wages that are "enough to meet basic needs and to provide some discretionary income". ETI itself is an accredited UK Living Wage Employer.

Our company members adopt the ETI Base Code and commit to implementing this within their supply chains. We expect them to set themselves clear, time-bound targets for practical actions that will contribute to the achievement of living wages. We believe this should include supporting freedom of association and collective bargaining, and examining and adjusting purchasing practices to provide the commercial conditions that enable living wages to be paid. We also expect our members to communicate their progress on this issue.

But we must be clear that companies do not have sole responsibility for bringing about living wages, and neither can they do it alone. There are many economic, legislative, commercial and social dynamics that influence wage levels. These operate at global, national, regional and local levels and include economic stability; prevailing poverty levels; the existence of inclusive minimum wage setting mechanisms and representative trade unions; and strong and enforced labour laws.

Given the complexity of this issue, collective efforts are needed. Much can be achieved when companies join forces with each other and trade unions, and engage with governments over wage levels and policies. We actively support our members in these lobbying efforts. We recently brought together a group of 30 international brands (including many ETI members) and global trade unions, meeting with the Cambodian government over wage setting mechanisms in the garment sector. ETI will continue to support our members by sharing the latest thinking and research and championing a collective approach. We must work together, if we are to see meaningful progress in raising wage levels for workers in global supply chains.

To find out more, please visit the 'living wage' section of our website:

www.ethicaltrade.org/in-action/issues/living-wage