

Fashion CEO Agenda- Policy Gaps and Opportunities

Better Wage Systems

19 May 2021, 14.00-14.35 CEST

Following the launch of the Fashion CEO Agenda 2021¹ on 12 May, Global Fashion Agenda takes a closer look at each of the five priorities set forth to discuss how policy potentially can support the further activation of each priority. Full draft programme available [here](#).

Priority context

An overarching challenge around the wage discussion is the current lack of a commonly agreed definition of a living wage, which is confounded further by the gap between legal minimum wages and varying conceptions of living wages in most garment-producing regions. For the broader fashion industry, research suggests that many factories fail to comply with applicable minimum wage laws and that, even when in compliance with minimum wages, the wages paid in some garment-producing countries remain too low to meet the basic needs of workers. Inadequate wages are often linked to broader issues, such as a lack of governance and institutional support mechanisms.

Policy Gaps and Opportunities

A significant proportion of garment workers operate in the informal economy and face increased vulnerability, often due to the lack of labour protection and health support for factory workers. COVID-19 affected these workers in particular, as there were no forms of protection available to them. This calls for strong governance structures, compliance and social protection schemes as part of compensation packages.

The conversation about wages in the fashion industry has to overcome its sensitivity for wages to move away from a race to the bottom and to include additional benefits for workers such as support systems and healthcare. This emphasises the importance of equally fair wages supported by purchasing practices, ring-fencing labour costs and excluding them from price negotiations.

Policy makers can encourage brands to explore how improvements in areas such as purchasing, productivity, training, data implementation, freedom of association, collective bargaining and social dialogue can contribute to the establishment of improved wage systems and to investigate systems of wage setting, such as collective bargaining agreements.

In response to the pandemic, industry players and governments can support and extend wage and social protection schemes through the period of lockdown, carefully consult plans to reopen factories to prioritise the safety of workers and ensure that garment workers are paid wages that meet their needs post-crisis. Governments can also play a vital role in developing policy frameworks, facilitating multi-stakeholder dialogue and leading by example in public procurement practices.

Focus of the discussions: At the European level, the forthcoming due diligence legislation is expected to have positive impacts namely on wages, work conditions and ending child labour in the supply chain². Yet: will it include an understanding of how wages should be measured and how systemic change towards better wage systems can be brought about? Policy action is most needed in this area in the development of clear roadmaps and benchmarks alongside increased transparency on wage data. This should be done

¹ The *Fashion CEO Agenda* is a guide to what every CEO in fashion needs to prioritise to future-proof their company. The publication outlines the most pressing issues and the biggest opportunities for environmental and social impact and provides guidance on how to move from words to action. Priorities include: Respectful and Secure Work Environments, Better Wage Systems, Circular Systems, Efficient Use of Resources and Smart Material Choices.

² European Commission's roadmap on the legislative initiative [EU Sustainable Corporate Governance Initiative](#) (Q2 2021)

through a collaborative approach taking into account the ongoing work of other organisations and existing initiatives such as OECD, ILO, Fair Wear Foundation, ACT and IndustryALL Global Union.

Main related legal conversations

- European Commission's legislative initiative [EU Sustainable Corporate Governance initiative](#) (Q2 2021) including mandatory due diligence duty for companies and an initiative meant to clarify directors' duties.

Speakers

- Christina Hajagos Clausen Director, Textile and Garment Industry, IndustriALL Global Union
- Dorothy Lovell, Policy Advisor Textile & Garment, OECD Centre for Responsible Business Conduct, Directorate for Financial and Enterprise Affairs
- Christian Smith, ESG Due Diligence and Stakeholder Engagement, Fair Wear Foundation
- Rick Lambell, member council, ACT and Head of Sustainable Development, Kmart Australia
- Miran Ali, Vice President Bangladesh Garment Manufacturers and Exporters Association (BGMEA)
- Moderator: Morten Lehmann, CSO, Global Fashion Agenda