

19 December 2019

FAIR WEAR WELCOMES ACT'S USE OF ITS LABOUR MINUTE COSTING TOOLS

Fair Wear Foundation and its 130 member brands support ACT's objective to work towards Living Wages for garment workers. With the support of IndustriALL and 21 major international garment brands, ACT supports the conclusion of Collective Bargaining Agreements (CBAs) that deliver on regular and substantial income growth. Fair Wear and ACT aim to collaborate to increase the impact and sustainability of, ideally sectoral, CBAs in production countries. The Fair Wear Labour Minute Costing methodology offers ACT member brands and their suppliers a tool to calculate labour costs, which is a key element of the ACT costing protocol.

FAIR WEAR'S APPROACH TO INCREASE WORKERS' WAGES

Fair Wear works with 130 pioneering brands on developing tools, methodologies and case studies that show how to improve labour conditions in the garment industry, including the payment of a living wage to garment workers. These methodologies are intended for wider use in the industry. We are therefore happy to support ACT brands and their suppliers in achieving fact-based labour costing under the ACT labour costing protocol through the use of Fair Wear's innovative Labour Minute Costing methodology.

The ACT labour costing principles embed the labour costing methodology in a comprehensive approach that ensures the correct incorporation of wages and wage increases in purchasing prices. The Fair Wear Labour Minute Costing methodology is a well-developed tool to support that process, while the ACT costing principles complement the guidance provided to Fair Wear members.

HOW WILL WE SUPPORT THESE OBJECTIVES?

Through Fair Wear membership, brands uphold similar principles as ACT members and commit to meeting Fair Wear's requirements, for which they are held accountable through Fair Wear's brand [performance check system](#). Among many others, Fair Wear assesses its members on the following points:

- Maintaining long-term relationship with suppliers (e.g. indicator 1.2) – brands' commitment to 'paying and staying' when prices go up as a result of collective bargaining is an important enabler for sustainable improvements.

- Responsible exit strategy (e.g. indicator 1.5 and 1.9)
- Purchasing practices that contribute to better labour conditions (planning and pricing policy in performance check – e.g. indicators 1.4, 1.5, 1.6, 1.7 and 1.8)

In addition to the above, Fair Wear will endow negotiated sectoral wages with a status similar to that of the legal minimum wage, which has a strict and fast implementation trajectory for Fair Wear members (indicator 1.9) and will overrule any lower 'target wage' (indicator 1.13).

Labour minute value calculators

In order to enable brands to start costing for increased wages, Fair Wear Foundation will provide labour minute value and product cost calculators for all countries where ACT achieves a CBA. Thus, brands can calculate and cover the costs of a higher wage. The introduction of this tool will go hand-in-hand with appropriate training on the use of these calculators. The currently available calculators (e.g. Turkey and Bangladesh) can also help in the CBA negotiations to identify the additional costs associated with a higher wage.

We are looking forward to increasing our support and hope other initiatives and companies will follow our example in order to jointly create a new normal in the garment industry where workers are paid a Living Wage.

A black ink signature of Alexander Kohnstamm, consisting of several bold, sweeping strokes.

Alexander Kohnstamm
Executive Director Fair Wear Foundation

A blue ink signature of Mark Held, written in a cursive style.

Mark Held
Chair of Fair Wear Foundation

For questions and answers, please contact [Jesse Bloemendaal](#): +31 6 1590 9317