

# ACT

## Action Collaboration Transformation

### WHAT IS ACT?

ACT (Action, Collaboration, Transformation) is a ground-breaking agreement between global brands and retailers and trade unions to transform the garment and textile industry and achieve living wages for workers through industry-wide collective bargaining linked to purchasing practices.

Industry-wide collective bargaining means that workers in the garment and textile industry within a country can negotiate their wages under the same conditions, regardless of the factory they work in, and the retailers and brands they produce for. Linking to purchasing practices means that payment of the negotiated wage is supported and enabled by the terms of contracts with global brands and retailers.

ACT is the first global commitment on living wages in the sector that provides a framework through which all relevant actors, including brands and retailers, trade unions, manufacturers, and governments, can exercise their responsibility and role in achieving living wages.

ACT members have agreed the following the principles:

- A joint approach is needed where all participants in global supply chains assume their respective responsibilities in achieving freedom of association, collective bargaining and living wages.
- Agreement on a living wage should be reached through collective bargaining between employers and workers and their representatives, at national industry level.
- Workers must be free and able to exercise their right to organize and bargain collectively in accordance with ILO Conventions.



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“BY ADDRESSING THE STRUCTURAL BARRIERS TO LIVING WAGES, ACT HAS THE BEST CHANCE OF INCREASING GARMENT WORKERS’ WAGES IN A WAY THAT IS SCALABLE, SUSTAINABLE AND ENFORCEABLE.”

JENNY HOLDCROFT, ASSISTANT GENERAL SECRETARY, INDUSTRIALL

## WHY IS ACT NEEDED?

In most garment and textile producing countries, workers' wages are currently set well below what could be considered a living wage. There is increasing awareness that raising wages of workers in the textile and garment supply chain to a living wage cannot be achieved by retailers and brands acting alone. ACT aims at bringing together all relevant actors including global brands and retailers, trade unions, manufacturers and governments to work together to achieve living wages.

“ACT INITIATIVE BRINGS TOGETHER BRANDS, RETAILERS AND TRADE UNIONS WITH A JOINT GOAL; TO ACHIEVE FAIR LIVING WAGE FOR THE WORKERS IN THE TEXTILE INDUSTRY. IT'S A GROUND-BREAKING COLLABORATION AND THE ONLY WAY FORWARD TO CREATE LASTING, SYSTEMIC CHANGE.”

KARL-JOHAN PERSSON, CEO, H&M GROUP

Minimum wage mechanisms have proven to be insufficient in raising wages to a living wage standard. ACT will work to establish industry-wide collective bargaining agreements that build upon the minimum wage mechanism, enabling living wages to be achieved, negotiated by workers and manufacturers together.

The role of purchasing practices has been recognized as essential to achieving living wages. ACT members will ensure that their respective purchasing practices facilitate the payment of a living wage.



## HOW WILL ACT ACHIEVE LIVING WAGES?

ACT will establish programs in garment and textile producing countries to initiate and support negotiation between national representatives of manufacturers, such as employer organisations, and trade unions, towards industry-wide collective bargaining agreements.

Such agreements are legally binding and enforceable for the signatory parties, and can be extended to the whole industry within that country, and as such covering every worker within it.

ACT programs will be based on a consultative process to build support among manufacturers, trade unions and governments. They will include capacity-building to support the negotiations between manufacturers and trade unions as well as cooperation with the International Labour Organisation (ILO) and development cooperation organisations to provide the necessary technical assistance.

ACT members have also importantly committed to ensure that their respective purchasing practices facilitate the payment of a living wage. ACT will develop mechanisms to link purchasing practices to industry-wide collective bargaining, enabling manufacturers to meet the terms of the agreements on wages and working conditions that are negotiated.

At the same time, ACT will work with manufacturers in countries to develop and implement improvements to manufacturing standards and systems, such as efficient human resources and wage management systems, stimulating accelerated growth in productivity and industrial upgrading, recognising also that business security and commitment to production countries and manufacturers are a key enabler for paying living wages.

## HOW DOES ACT DEFINE A LIVING WAGE?

A living wage is the minimum income necessary for a worker to meet the basic needs of themselves and their family, including some discretionary income. This should be earned during legal working hour limits, and should not include overtime.

ACT members abide by the principle that employers and workers and their representatives should reach agreement on a living wage through industry-wide collective bargaining. 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. ACT global brands and retailers will work with their manufacturers and IndustriALL will work with its affiliated unions in target countries to bring them together to negotiate towards a living wage.

To reach living wages ACT aims to deliver a mechanism that is achievable, functional, scalable, and is legally recognised and enforceable.

“THE ACT INITIATIVE IS AN EXAMPLE OF HOW COMPANIES HAVE BEEN WORKING TOGETHER WITH TRADE UNIONS, GOVERNMENTS, AND OTHERS TO ADDRESS SOME OF THE MOST SEVERE AND SYSTEMIC LABOUR RIGHTS ABUSES IN THEIR SUPPLY CHAINS.

IT ILLUSTRATES THE PROMISE OF COLLECTIVE ACTION TO LEVERAGE CHANGE. IMPORTANTLY, INITIATIVES LIKE ACT ARE NOT JUST ABOUT VOLUNTARY PHILANTHROPIC CONTRIBUTIONS TO DEVELOPMENT, BUT ALSO THE PRODUCT OF A RECOGNISED RESPONSIBILITY OF COMPANIES TO ADDRESS SEVERE HUMAN RIGHTS RISKS IN THEIR SUPPLY CHAINS. IN MEETING THIS RESPONSIBILITY, ACT MAKES A CRITICAL CONTRIBUTION TO SUSTAINABLE DEVELOPMENT AS WELL.”

JOHN RUGGIE, FORMER SPECIAL REPRESENTATIVE OF THE UN SECRETARY-GENERAL ON BUSINESS AND HUMAN RIGHTS

## WHAT ARE PURCHASING PRACTICES?

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

Purchasing practices encompass strategic planning, sourcing, development, purchasing (buying) and the underlying behaviours, values and principles which impact workers.

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

The minimum wage is the lowest wage permitted legally within a country or sector. It is set by governments, sometimes in consultation with trade unions and employers' representatives. Typically, minimum wages are lower than living wages in textile and garment producing countries.

Industry-wide collective bargaining builds on minimum wage mechanisms by establishing wages and other conditions of employment that are appropriate for the industry and agreed by trade unions and representatives of manufacturers together.



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

There is strong evidence from the ILO on the benefits of industry-wide collective bargaining:

Ensuring that employers compete through innovation and quality and are not undercut by others with lower pay and conditions

Ensuring that many more workers are covered by a collective agreement, including migrants, contract workers and those employed in small firms

Reducing the need for, and costs of, labour enforcement by establishing a 'common rule'

Supporting productivity growth and industrial upgrading

Creating efficiency, requiring fewer resources for employers and trade unions

Providing certainty to business for investment and growth





FOR MORE INFORMATION  
AND MEMBERSHIP APPLICATION  
VISIT OUR WEBSITE  
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