

# 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, textile and footwear industry and achieve living wages for workers through collective bargaining at industry level linked to purchasing practices.

Collective bargaining at industry level means that workers 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



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.

## WHY IS ACT NEEDED?

In most garment, textile and footwear 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 these supply chains 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.

Minimum wage mechanisms have proven to be insufficient in raising wages to a living wage standard. ACT will work to establish collective bargaining agreements at industry level 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 DOES ACT DEFINE A LIVING WAGE?



“A living wage is the minimum income necessary for a worker to meet the basic needs of himself/herself and his/her family, including some discretionary income. This should be earned during legal working hour limits (i.e. without overtime).”  
ACT definition

ACT members abide by the principle that employers and trade unions should reach agreement on a living wage through collective bargaining at industry level.

This means that the negotiated wage will differ according to national contexts, and will reflect the needs of workers and employers, rather than external benchmarks.

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



## HOW WILL ACT ACHIEVE LIVING WAGES?

ACT will support negotiation between national representatives of manufacturers, and trade unions, towards collective bargaining agreements at industry level. 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. The work of ACT is based on the collaboration between global brands and retailers with manufacturers, national and international trade unions and governments. ACT members and retailers have agreed to commitments to link purchasing practices to collective bargaining at industry level, 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 at country level 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.

## WHAT ARE PURCHASING PRACTICES?

Purchasing practices are the way that global retailers and 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.

**“Brands and retailers will ensure that their purchasing practices facilitate the payment of a living wage.”**

ACT Memorandum of Understanding

**“The ACT initiative illustrates the promise of collective action to leverage change. Importantly, initiatives like ACT are 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

## HOW DOES INDUSTRY 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, garment and footwear producing countries.

Collective bargaining at industry level 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 COLLECTIVE BARGAINING AGREEMENTS AT INDUSTRY LEVEL?

Supporting productivity growth and industrial upgrading

Creating efficiency, requiring fewer resources for employers and trade unions

Providing certainty to business for investment and growth

Supporting skills development and retaining of qualified workers

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

Securing social peace and constructive relations between employers and workers

Offering tailor-made solutions for business needs for economic flexibility and workers' needs for basic security

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

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

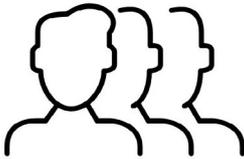
**“By addressing the structural barriers to living wages, ACT has the best chance of increasing garment workers’ wages in a way that is scalable, sustainable and enforceable.”**

Jenny Holdcroft, Assistant General Secretary, IndustriALL

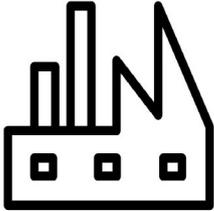
**“ACT initiative brings together brands, retailers and trade unions with a joint goal; to achieve fair living wage for the workers in the textile industry. It’s a ground-breaking collaboration and the only way forward to create lasting, systemic change.”**

Karl-Johan Persson, CEO, H&M group

# INDUSTRY BARGAINING what's in it for...



**WORKERS**  
Better wages, working conditions and genuine representation



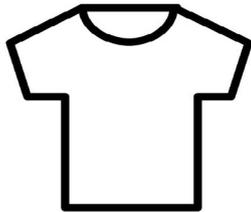
**MANUFACTURERS**  
Motivated workers and higher productivity, better industrial relations, predictable wage setting



**COUNTRIES**  
Social peace, rising income, modernization of the industry and economic development



**CONSUMERS**  
Sustainable fashion and ethical shopping



**BRANDS**  
Meeting human rights due diligence responsibilities in global value chains



**GLOBAL COMMUNITY**  
Greater fairness in an open global economy