

November 2017



# ASN Bank and living wage in the garment sector

## The rating of 2017

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# 1 Introduction

It is still by no means a reality: fair pay for people who make everyday consumer goods. The minimum wage in sectors such as clothing, electronics, and food is often not enough to live on. In some cases it is even too low for survival. That is particularly true for workers employed by suppliers in these sectors. Although awareness of these problems is increasing, including at the companies themselves, the situation demands action. That is why ASN Bank decided last year to focus its efforts on living wages in the next few years.

## What is a living wage?

A living wage is a wage that allows workers to meet their own basic needs and those of their families. This covers: food, clothing, housing, education and healthcare. In addition, the breadwinner should be able to set aside around ten percent of their pay for unexpected costs. The amount of this living wage differs from country to country. The introduction of a living wage does not just help raise the standard of living of workers and their families – it is often a catalyst for the improvement of other working conditions as well. For example, the likelihood of child labour decreases if parents earn enough money.

## Long-term goal

The focus of our work towards living wages is on companies in the garment industry, particularly those in the ASN Investment Universe. Some of these companies are already making good progress, but none of them have reached a living wage yet. Consequently, we have set ourselves the following long-term goal: **All garment companies in the ASN Investment Universe are to pay their workers a living wage by 2030.**

## Considerations underlying this choice

There are numerous goals to choose from in the area of human rights. Our choice to pursue the long-term goal 'a living wage in the garment industry' was based on various considerations. We can actively contribute to this objective in our role as investor. By engaging with companies in that role, we expect to be able to promote living wages in the garment industry. In addition, we are pleased to offer other financial institutions the opportunity to join us in this process.<sup>1</sup> We aim to inspire them to do something about the living wage issue themselves. By joining forces, we can achieve our goal more quickly.

## Living wage: approach and baseline measurement

As the objective's essence lies in measuring the social impact of our investments in the garment industry, the Impact Centre Erasmus (ICE) made its expertise available. ICE uses its scientific knowledge to work with organisations helping them gain a better understanding of their impact as they try to achieve their social ambitions. This involves impact thinking, impact measurement and impact management. Together with ASN Bank, ICE performed a baseline measurement at the fourteen garment companies in the ASN Investment Universe in 2016. This measurement not only provided insight into the current situation, but was also useful in formulating the long-term goal. Last year, the baseline measurement identified where the fourteen garment companies stood at that time.

## Measurement 2017

We performed a new measurement this year to research the policies and practices of the fourteen garment companies. We based our measurement on desk research and information obtained directly from the companies. Furthermore, we confined ourselves to the activities of the companies in the top 25 textile producing countries as designated by the International Labour Organization (ILO). We surveyed the operations of the companies themselves and those of their first-tier suppliers.

## Open source

Social impact measurement is still in its infancy. A key precondition that we have set regarding the long-term goal is for the methodology developed to be accessible to other interested parties. The Impact Centre Erasmus, too, is convinced that it is imperative to share not only the results but especially also the methodology to measure the impact and the strategy to get there. In this way, we help build the collective knowledge on living wage and the knowledge on social impact measurement.

<sup>1</sup> Currently Triodos Investment Management and MN Investment Management have joined ASN Bank ABB in the process of engaging with the garment industry on living wage.

## 2 Findings and conclusions

### 2.1 Findings

#### Findings on ambition, policy and implementation

Figure 1 lists the total scores of the companies in terms of ambition, policy and implementation. Scorecards were made for each company, including a detailed overview. Our findings are presented here.

#### Definition of living wage:

- Not all companies are convinced of the merits of the concept of a living wage. They may or may not look for and work on terms that are related to living wage, such as 'fair wage' and 'fair living wage'. Although companies are aware of the importance of the subject, some of them avoid the debate on the definition and calculation of a living wage as they believe it distracts from its actual implementation.
- Some companies take the view that the minimum wage should be a living wage.
- Except for two companies - Marks & Spencer and Esprit -, all companies are rated 'poor' or 'insufficient' on definition. While they do indicate that the wage should provide for the basic needs, they do not define what those basic needs are (such as food, clothing, housing, healthcare and education and 10% discretionary income).

#### Reputable initiatives:

- Most businesses collaborate with other businesses in a sector or multistakeholder initiative, such as the Fair Labor Association (FLA), the Ethical Trading Initiative (ETI) and the ACT Process.

#### Goal and strategy:

- Only Puma and H&M have formulated a clear goal along with the corresponding KPIs for a living wage.
- Five companies – Adidas, Asos, Esprit, H&M and Inditex – regard collective bargaining (which includes wages) as a key strategy to achieve a living wage.

#### Implementation:

- Four companies are facing the challenge of further implementing living wage policies in their supply chains. They can do so, for example, by offering guidelines and tools for purchasing staff, entering into long-term relationships with suppliers and working on a pricing model.

Figure 4: Total scores on ambition, policy and implementation (scale of 0 to 5)

Ranking	Score	Company
1	4,00	H&M
2	4,00	Puma
3	3,71	Adidas
4	3,58	Gildan Activewear
5	3,57	Marks & Spencer
6	3,43	Inditex
7	3,43	Esprit
8	3,14	Asos
9	3,00	KappAhl
10	2,86	Nike
11	2,57	Gap
12	2,29	Amer Sports
13	2,25	ASICS
14	1,14	Lojas Renner

Please refer to Chapter 3 for the scorecards with the findings on each company.



## Findings on practice

The following stands out as regards the companies' practices:

- Ten companies state in their policies that they pay the industry average wage if it exceeds the minimum wage.
- Five companies regard collective bargaining as a key strategy to achieve a living wage. Three companies refer to a collectively bargained wage in their policies.
- Four companies can make major strides towards a living wage by introducing the industry average wage (if it exceeds the minimum wage).
- Some companies are transparent about the locations and activities in the supply chain. Nevertheless, it has proven difficult to obtain accurate information about the number of production staff in the supply chain, wages paid, types of contract, types of production, production volumes per country and/or production sites.
- Except for H&M, none of the companies are willing to disclose the wages they pay. In its sustainability report, H&M publishes information about part of the wages paid at strategic suppliers. The rest of the companies regard this as commercially sensitive information.

## 2.2 Conclusions

As the scorecards show, most companies – with a few exceptions – still have a long way to go in practice to implement a living wage. This is also evident from Figure 1. At the same time, quite a number of companies are already making good progress. We do find it important that companies continually move forwards and achieve results. We will therefore monitor the progress made by these companies and further fine-tune our methodology.

We have identified the following opportunities on the road towards a living wage:

- Quick wins:
  - It helps to join a sector or multistakeholder initiative. The problems regarding wages, especially in the supply chain, are difficult to solve by one company alone.
  - In many cases, paying the industry average wage takes companies a major step closer to living wage.

As we outlined above, there are also challenges:

- A lack of transparency makes it difficult for outsiders (including major stakeholders) to keep track of corporate practices. That is why we will continue to urge companies to provide openness and transparency.
- We are aware of the importance of an internationally recognised definition of 'living wage'. However, at this time the discussion on this point may distract from the main issue: bringing production staff's wages in line with what they and their families need to meet their basic needs and (some) unexpected costs. We are pleased that companies are as yet not deterred from taking action and that most companies in the ASN Investment Universe do so collectively. The role of local governments is vital in this process.

# 3 Scorecards

## 3.1 Adidas scorecard

### Adidas scorecard - Living wage

#### ABOUT THE COMPANY

Adidas is a garment company that designs, manufactures and sells sportswear worldwide. With 2,772 stores distributed across the globe, the company employs 59,661 staff. Adidas has production facilities of its own in countries that fall outside the scope of this survey. Adidas was founded in 1920 and is headquartered in Herzogenaurach, Germany.

#### ABOUT THE SUPPLY CHAIN

Adidas has suppliers in Bangladesh (7), Cambodia (25), China (182), Egypt (1), El Salvador (6), Guatemala (2), Honduras (5), India (27), Indonesia (48), South Korea (45), Malaysia (3), Mexico (8), Pakistan (13), the Philippines (11), Singapore (1), Sri Lanka (6), Taiwan (26), Thailand (15), Tunisia (3), Turkey (11) and Vietnam (69). A total of 1 million people work in the supply chain. The company does not share any data regarding the type of production taking place in the factories or any production percentages per country. Adidas encourages suppliers to give workers permanent contracts. Workers may not work for more than 48 hours per week plus 12 hours overtime. Workers receive the minimum wage or the prevailing industry wage (the higher of the two).

#### HOW APPROACHABLE IS THE COMPANY?

The company's approachability was **GOOD** during this survey.

#### 1. Vision, policy, implementation and transparency

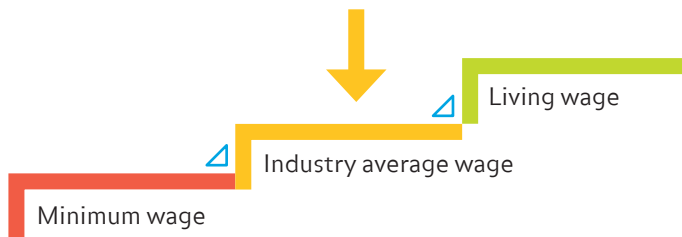
Supply chain	
1. Vision	Very good: 5
2. Aim/ambition	Poor: 2
3. Policy	Good: 4
4. Definition	Poor: 2
5. a. Implementation in country/industry	Very good: 5
b. Implementation in own company/chain	Good: 4
6. Transparency	Good: 4
TOTAL SCORE	Sufficient 26/7 = 3.71

#### Explanation:

Adidas' score is 3.71 out of 5, i.e. 'sufficient'.

## 2. Practice

### What does the company pay?



#### Explanation:

No empirical data or figures have been disclosed, but Adidas states in its Code of Conduct that it pays **the statutory minimum wage or the prevailing industry wage** (the higher of the two).

## 3. Advice

Adidas applies a Fair Wage. While we do not expect companies to use the term 'living wage', we do like to see evidence of the elements that lead to a living wage. In order to take the next step towards a living wage, we advise the company:

- With regard to their definition of a fair wage, to explain which elements fall under 'decent living' and 'basic standard of living', and to explain whether this applies to an employee or to an employee and his family;
- To draw up a clear living wage objective, including a time frame and clear KPIs;
- In practice, Adidas is still paying the minimum wage or the prevailing industry wage, whichever is higher. We would like to see this become a living wage, with this being amended in the Code of Conduct;
- To continue implementing a living wage in the supply chain, to share advances with stakeholders and, for example, to work on (reasonable) delivery periods for suppliers;
- To be transparent about the type of production taking place in the factories, production percentages per production country, the type of contract that workers receive and their salary.

## 4. Sources

- Adidas website (consulted between May and August 2017)
- Sustainability Report 2016
- Workplace Standards (as on the website in May 2017)
- Global Factory List (consulted in May 2017)
- Email from company (July 2017)

## 3.2 Amer Sports scorecard

### Amer Sports scorecard - Living wage

#### ABOUT THE COMPANY

Amer Sports designs, manufactures and sells sportswear, sports materials and sports shoes worldwide. The company itself employs 8,680 people. Amer Sports sells its products chiefly under the brand names Salomon, Wilson, Atomic, Arc'teryx, Mavic, Suunto and Precor. The company owns a few production facilities of its own in countries that fall outside the scope of this report. Amer Sports was founded in 1950 and is headquartered in Helsinki, Finland.

#### ABOUT THE SUPPLY CHAIN

Amer Sports has suppliers in China, Mexico, South Korea and Taiwan. A total of 100,000 people work in the first-tier supply chain, distributed between more than 200 production facilities. The company does not publish any data about the number of production facilities or workers per country, the type of production taking place there, the production percentages per country, or the type of contract that workers receive. Workers receive at least the statutory minimum wage .

#### HOW APPROACHABLE IS THE COMPANY?

The company's approachability was **GOOD** during this survey.

### 1. Vision, policy, implementation and transparency

	Supply chain
1. Vision	Poor: 2
2. Aim/ambition	Poor: 2
3. Policy	Poor: 2
4. Definition	Poor: 2
5. a. Implementation in country/industry	Sufficient: 3
b. Implementation in own company/chain	Poor: 2
6. Transparency	Sufficient: 3
TOTAL SCORE	Poor 16/7 = 2.29

#### Explanation:

Amer Sports' score is 2.29 out of 5, i.e. 'poor'.



## 2. Practice

What does the company pay?



### Explanation:

No empirical data/figures are known, but Amer Sports indicated during personal contact that it paid at least the **minimum wage**.

## 3. Advice

In order to take the next step towards a living wage, we advise the company:

- To state in its policy that it pays the prevailing industry wage in the production countries, which would be a major step towards a living wage;
- To draw up a definition for living wage, also indicating which basic needs are to be met with the wage (such as food, clothing, housing, healthcare and education and 10% discretionary income), and to include it in new or existing policy;
- To draw up a clear living wage objective, including a time frame and clear KPIs, and to publish such;
- To implement a living wage in the supply chain, for example by developing guidelines/tools for purchasing staff, entering into long-term relationships with suppliers and working on an adjusted pricing model;
- To be transparent about the number of production facilities and workers per country, the type of production taking place there, the type of contract workers receive and their salary.

## 4. Sources

- Corporate Responsibility Report 2016
- Amer Sports website (consulted between June and August 2016)
- Email from company (June 2017)

### 3.3 ASICS scorecard

#### ASICS scorecard - Living wage

##### ABOUT THE COMPANY

ASICS Corporation manufactures and sells sports items, sportswear and sports shoes, mainly in Asia, Europe, and North and South America. The company sells its products via its own stores and distributors. It employs 7,864 people. It has a single production facility in China, manufacturing technical sportswear. With 125 employees, less than 2% of the total production takes place there. These employees receive the higher of the statutory minimum wage and the prevailing industry wage. ASICS was founded in 1949 and is headquartered in Kobe, Japan.

##### ABOUT THE SUPPLY CHAIN

ASICS has suppliers in Cambodia, China, Indonesia and Vietnam. Together with Japan, these countries are responsible for 85% of the entire production. Between 140,000 and 150,000 people work in the first tier of the supply chain. The garment factories deal mainly with the assembly of garments, while work in the shoe factories includes manufacturing of shoe soles. The company does not publish any data about the number of production facilities or workers per country, the production percentages per country, or the type of contract that workers receive. Workers receive the statutory minimum wage or the prevailing industry wage (the higher of the two).

##### HOW APPROACHABLE IS THE COMPANY?

The company's approachability was **POOR** during this survey.

#### 1. Vision, policy, implementation and transparency

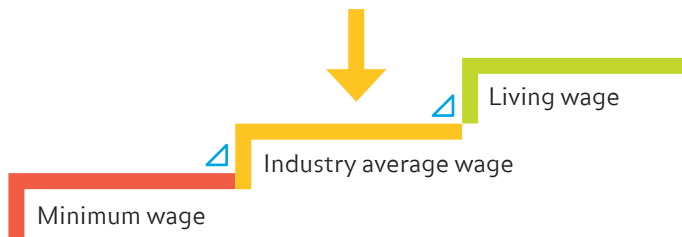
		Supply chain	
1. Vision		Sufficient: 3	3
2. Aim/ambition		Insufficient: 1	Insufficient: 1
3. Policy		Sufficient: 3	Sufficient: 3
4. Definition		Insufficient: 1	
5. a. Implementation in country/industry		Sufficient: 3	Sufficient: 3
b. Implementation in own company/chain		Poor: 2	Poor: 2
6. Transparency		Sufficient: 3	Poor: 2
TOTAL SCORE (maximum 5)		12	15
			Poor 27/12 = 2.25

##### Explanation:

ASICS' score is 2.25 out of 5, i.e. 'poor'.

## 2. Practice

### What does the company pay?



#### Explanation:

No empirical data/figures are known, but ASICS states in its policy that it pays **the statutory minimum wage or the prevailing industry wage** (the higher of the two).

## 3. Advice

As is evident from our analysis, ASICS has its own production facilities as well as production facilities in the supply chain. While it already has some guidelines for the supply chain, as far as we can tell it does not yet have such guidelines for its own production facilities. In order to take the next step towards a living wage, we advise the company:

- Via its policy, website or annual report, to provide information about its actions and plans in the context of a living wage;
- To draw up a definition of living wage for its own production facilities, indicating the basic needs that have to be met in order to guarantee a minimum standard of living;
- To draw up a clear living wage objective for both the supply chain and its own production facilities, including a time frame and clear KPIs;
- To continue to implement a living wage in the supply chain, for example by drawing up guidelines for employees, entering into long-term relationships with suppliers and working on the pricing model and a reasonable delivery period for suppliers;
- To provide more information about the number of production facilities per country and/or production site, the type of production taking place there, the type of contract that workers receive, and their salary.

## 4. Sources

- ASICS Global Code of Conduct (as on the website in July 2017)
- ASICS Sustainability Report 2016
- Policy of Engagement (as on the website in July 2017)
- Partnering with our supply chain (as on the website in July 2017)
- ASICS website (visited between May and August 2017)

### 3.4 ASOS scorecard

#### ASOS scorecard - Living wage

##### ABOUT THE COMPANY

ASOS Plc sells clothing online in the United Kingdom, France, Germany, Italy, Spain, Australia, the United States, Russia and China. ASOS employs 2,038 people, and does not have any production facilities of its own. The company was founded in 2000 and is headquartered in London, United Kingdom.

##### ABOUT THE SUPPLY CHAIN

ASOS has suppliers in Cambodia (3), China (145), Egypt (1), India (70), Morocco (3), Sri Lanka (2), Taiwan (1), Thailand (3), Tunisia (3), Turkey (111) and Vietnam (9). A total of 101,198 people work in the first tier of the supply chain. The company does not publish any data about the type of production taking place per country, the production percentages per country or the type of contract that workers receive. Workers may not work for more than 48 hours per week plus 12 hours overtime. Workers receive the statutory minimum wage or the prevailing industry wage (the higher of the two).

##### HOW APPROACHABLE IS THE COMPANY?

The company's approachability was **GOOD** during this survey.

#### 1. Vision, policy, implementation and transparency

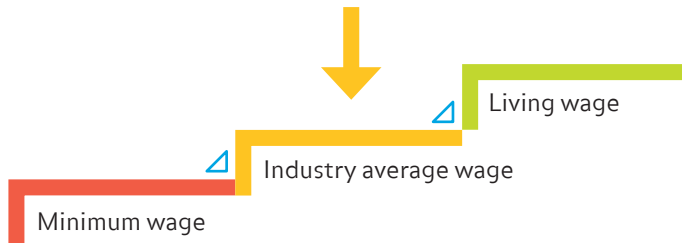
	Supply chain
1. Vision	Good: 4
2. Aim/ambition	Poor: 2
3. Policy	Good: 4
4. Definition	Poor: 2
5. a. Implementation in country/industry	Good: 4
b. Implementation in own company/chain	Sufficient: 3
6. Transparency	Sufficient: 3
TOTAL SCORE	Sufficient 22/7 = 3.14

##### Explanation:

ASOS' score is 3.14 out of 5, i.e. 'sufficient'.

## 2. Practice

What does the company pay?



### Explanation:

No empirical data/figures are known, but ASOS indicates in the Supplier Ethical Code that it pays **the statutory minimum wage or the prevailing industry wage** (the higher of the two).

## 3. Advice

In order to take the next step towards a living wage, we advise the company:

- To draw up a definition for living wage, also indicating which basic needs are to be met with the wage (such as food, clothing, housing, healthcare and education and 10% discretionary income), and to include it in their policy;
- To draw up a clear living wage objective, including a time frame and clear KPIs;
- To continue to implement a living wage in the supply chain, for example by offering guidelines/tools and training for purchasing staff and working on the pricing model for suppliers;
- To publish information about the type of production taking place there, the type of contract that workers receive and their salary.

## 4. Sources

- ASOS Supplier Ethical Code (as on the website in July 2017)
- ASOS Corporate Sustainability Section 2017 (as on the website in July 2017)
- ASOS website (consulted between May and August 2017)
- Email from company in July 2017

### 3.5 Esprit scorecard

#### Esprit scorecard - Living wage

##### ABOUT THE COMPANY

Esprit Holdings Limited sells and distributes clothing for men, women and children under the brand names Esprit and edc worldwide. With 890 stores, 7,500 retail outlets and an online shop, the company employs 7,800 people. It does not have any production facilities of its own. Esprit was founded in 1968 and is headquartered in Ratingen, Germany.

##### ABOUT THE SUPPLY CHAIN

Esprit has suppliers in Bangladesh (69 facilities, responsible for 28.77% of total production), Cambodia (11; 3.47%), China (245; 28.86%), Hong Kong (10; -), India (79; 6.52%), Indonesia (6; -), Morocco (10; -), Pakistan (17; 5.78%), South Korea (5; -), Sri Lanka (6; -), Taiwan (1; -), Tunisia (1; -), Turkey (92; 5.94%) and Vietnam (32; 8.25%). It is estimated that a total of 400,000 people work in the first-tier production supply chain. The company does not publish any data about the type of production per country or the type of contract that workers receive. Workers receive the statutory minimum wage or the prevailing industry wage (the higher of the two).

##### HOW APPROACHABLE IS THE COMPANY?

The company's approachability was **GOOD** during this survey.

#### 1. Vision, policy, implementation and transparency

Supply chain	
1. Vision	Good: 4
2. Aim/ambition	Poor: 2
3. Policy	Good: 4
4. Definition	Sufficient: 3
5. a. Implementation in country/industry	Good: 4
b. Implementation in own company/chain	Sufficient: 3
6. Transparency	Good: 4
TOTAL SCORE	Sufficient 24/7 = 3.43

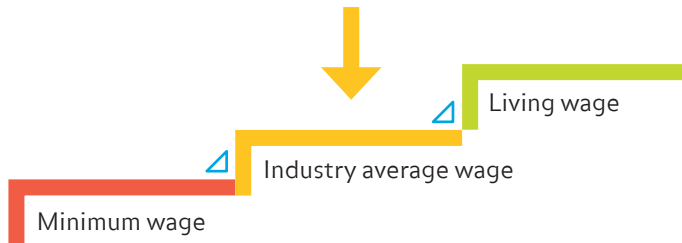
##### Explanation:

Esprit's score is 3.43 out of 5, i.e. 'sufficient'.



## 2. Practice

What does the company pay?



### Explanation:

No empirical data/figures are known, but Esprit states in its policy that it pays **the statutory minimum wage or the prevailing industry wage** (the higher of the two).

## 3. Advice

In order to take the next step towards a living wage, we advise the company:

- To draw up a clear living wage objective, including clear KPIs and a time frame;
- To continue to implement a living wage in the supply chain, by drawing up guidelines/tools for purchasing staff, and entering into long-term relationships with suppliers or working on the pricing model;
- To publish information about the type of production taking place in the production countries, the type of contract and the workers' salary.

## 4. Sources

- Sustainability Report 2015-2016
- Supplier Code of Conduct (consulted in August 2017)
- Esprit website (consulted between May and August 2017)
- Factory List (consulted in June 2017)
- Emails from company in July 2017

### 3.6 Gap scorecard

#### Gap scorecard - Living wage

##### ABOUT THE COMPANY

Gap Inc. sells clothing, accessories and personal care products for men, women and children worldwide under the brand names Gap, Banana Republic, Old Navy, Athleta and Intermix. The company has 3,721 stores throughout the world. Gap employs approximately 135,000 people. It does not have any production facilities of its own. Gap was founded in 1969 and is headquartered in San Francisco, United States.

##### ABOUT THE SUPPLY CHAIN

Gap has suppliers in Bangladesh (50), Cambodia (51), China (233), Egypt (9), El Salvador (3), Guatemala (18), Honduras (2), Hong Kong (1), India (118), Indonesia (88), Malaysia (6), Mexico (2), Pakistan, (13), the Philippines (8), South Korea (20), Sri Lanka, (53), Taiwan (1), Turkey (2) and Vietnam (126). The company does not publish any information about the production percentages per country or the type of contract workers receive. Workers receive the statutory minimum wage or the prevailing industry wage (the higher of the two).

##### HOW APPROACHABLE IS THE COMPANY?

The company's approachability was **GOOD** during this survey.

#### 1. Vision, policy, implementation and transparency

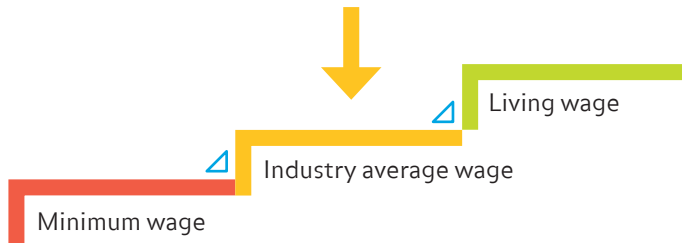
	Supply chain
1. Vision	Poor: 2
2. Aim/ambition	Insufficient: 1
3. Policy	Good: 4
4. Definition	Poor: 2
5. a. Implementation in country/industry b. Implementation in own company/chain	Sufficient: 3 Sufficient: 3
6. Transparency	Sufficient: 3
TOTAL SCORE	Poor 18/7 = 2.57

##### Explanation:

GAP's score is 2.57 out of 5, i.e. 'poor'.

## 2. Practice

What does the company pay?



### Explanation:

No empirical data/figures are known, but Gap states in its Code of Conduct that it pays **the statutory minimum wage or the prevailing industry wage** (the higher of the two).

## 3. Advice

In order to take the next step towards a living wage, we advise the company:

- For the production in the first-tier supply chain, to draw up a definition for living wage, also indicating which basic needs are to be met with the wage, such as food, clothing, housing, healthcare and education and 10% discretionary income;
- For the production in the first-tier supply chain, to draw up a clear living wage objective, including a time frame and clear KPIs;
- To continue to implement a living wage in the supply chain, for example by performing internal and external audits and working on the pricing model;
- For both its own production and production in the first-tier supply chain, to be transparent about the type of production taking place there, the type of contract workers receive and their salary.

## 4. Sources

- Code of Vendor Conduct (examined in May 2017)
- Global Factory List (consulted in May 2017)
- Sustainability Report 2013-2014
- Human Rights Policy (consulted in May 2017)
- Gap website (consulted between May and August 2017)
- Gap's answers to questions posed by the Clean Clothes Campaign in relation to the Tailored Wages campaign of January 2014

### 3.7 Gildan Activewear scorecard

#### Gildan Activewear scorecard - Living wage

##### ABOUT THE COMPANY

Gildan Activewear Inc. manufactures and sells sportswear and other clothing under the brand names Gildan and New Balance, among others, in the US, Canada, Europe, Asia and South America. Gildan employs 48,000 people in total. The company owns eleven production facilities of its own in Bangladesh, Honduras and Mexico, focusing on screen-printing and the manufacturing of sportswear, underwear and socks. The company does not publish any precise data on the number of workers employed in these facilities or the percentage of total production for which these production facilities are responsible. Workers may not work for more than 60 hours per week, including overtime. They receive the statutory minimum wage or the prevailing industry wage (the higher of the two). The company was founded in 1984 and is headquartered in Montreal, Canada.

##### ABOUT THE SUPPLY CHAIN

Gildan Activewear Inc. has (a) supplier(s) in China. The company does not publish any data on the percentage of total production for which the supplier(s) is/are responsible or the type of contract that workers receive. Workers may not work for more than 60 hours per week, including overtime. They receive the statutory minimum wage or the prevailing wage (the higher of the two).

##### HOW APPROACHABLE IS THE COMPANY?

The company's approachability was **GOOD** during this survey.

#### 1. Vision, policy, implementation and transparency

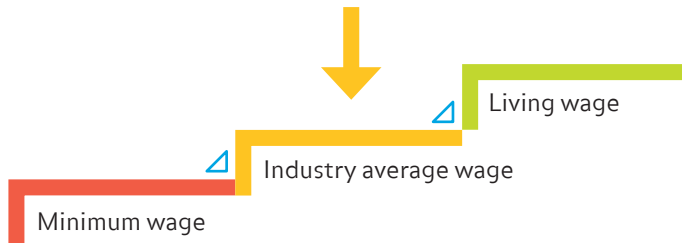
	Own production	Supply chain	
1. Vision	Very good: 5		5
2. Aim/ambition	Poor: 2	Poor: 2	2
3. Policy	Good: 4	Good: 4	6
4. Definition	Poor: 2		1
5. a. Implementation in country/industry	Good: 4	Good: 4	6
b. Implementation in own company/chain	Good: 4	Good: 4	4
6. Transparency	Good: 4	Good: 4	5
TOTAL SCORE (maximum 5)	18	25	<b>Sufficient</b> 43/12 = 3.58

##### Explanation:

Gildan's score is 3.58 out of 5, i.e. 'sufficient'.

## 2. Practice

What does the company pay?



### Explanation:

No empirical data/figures are known, but Gildan states in its Code of Conduct that it pays **the statutory minimum wage or the prevailing industry wage** (the higher of the two).

## 3. Advice

Gildan applies a Fair Wage. While we do not expect companies to use the term 'living wage', we do like to see evidence of the elements that lead to a living wage. In order to take the next step towards a living wage, we advise the company:

- With regard to their definition of a fair wage, to explain which elements fall under 'minimum standard of living', and to explain whether this applies to an employee or to an employee and his family;
- To draw up a clear living wage objective, including a time frame and clear KPIs, and to publish such;
- To be transparent about the production percentages per country, the number of workers per country, the type of contract they receive and their salary.

## 4. Sources

- Gildan Code of Conduct (consulted in August 2017)
- Gildan Code of Ethics (consulted in August 2017)
- Social Responsibility Report 2015
- Email from company (July 2017)

### 3.8 Hennes & Mauritz scorecard

#### Hennes & Mauritz scorecard - Living wage

##### ABOUT THE COMPANY

Hennes & Mauritz sells clothing, shoes and accessories for men, women and children under the brand names H&M, COS, Monki, Weekday, Cheap Monday and &Other Stories. The company has around 4,000 stores throughout the world and a web shop. The company employs 161,000 people. It does not have any production facilities of its own. H&M was founded in 1947 and is headquartered in Stockholm, Sweden.

##### ABOUT THE SUPPLY CHAIN

H&M has suppliers in Bangladesh (315), Cambodia (51), China (690), Egypt (1), India (237), Indonesia (86), Pakistan (39), South Korea (24), Sri Lanka (23), Thailand (1), Tunisia (5), Turkey (289) and Vietnam (35). The company does not publish any data about the number of workers per country, the type of production taking place there, the production percentages per country or the type of contract that workers receive. Workers may not work for more than 48 hours per week plus 12 hours overtime. H&M publishes the salaries received by workers in the production facilities in a number of countries (or regions): Bangladesh (87 USD), Cambodia (167 USD), China (Guangdong Province) (520 USD), India (Bangalore) (131 USD), Indonesia (168 USD), Turkey (550 USD) and Vietnam (220 USD). Workers in the remaining countries are paid the statutory minimum wage, the prevailing industry wage or the collectively bargained wage (the highest of the three).

##### HOW APPROACHABLE IS THE COMPANY?

The company's approachability was **GOOD** during this survey.

#### 1. Vision, policy, implementation and transparency

	Supply chain
1. Vision	Very good: 5
2. Aim/ambition	Good: 4
3. Policy	Good: 4
4. Definition	Poor: 2
5. a. Implementation in country/industry b. Implementation in own company/chain	Very good: 5 Good: 4
6. Transparency	Good: 4
TOTAL SCORE	Good 28/7 = 4.00

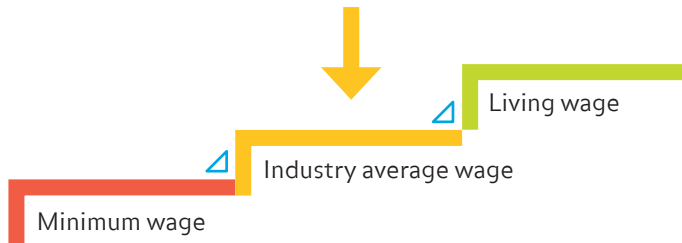
##### Explanation:

H&M's score is 4.00 out of 5, i.e. 'good'.



## 2. Practice

What does the company pay?



### Explanation:

H&M has disclosed the wage paid in a number of production countries; see 'About the supply chain'. The company states in the Code of Conduct that workers in the remaining countries are paid **the statutory minimum wage, the prevailing industry wage or the collectively bargained wage** (the highest of the three).

**NB:** We do not have any reliable figures available on the '**collectively bargained wage**', which is why we have not included this in the ladder. We do applaud the fact that H&M has included this as an element in its policy, certainly as it states that it pays the highest wage, which is important since, in practice, a bargained wage is not always higher than the minimum wage or the industry average.

## 3. Advice

H&M applies a 'fair living wage'. While we do not expect companies to use the term 'living wage', we do like to see evidence of the elements that lead to a living wage. In order to take the next step towards a living wage, we advise the company:

- With regard to their definition of a fair living wage, to explain which elements fall under 'basic needs and a discretionary income';
- To be transparent about the production percentages and number of workers per production country, the type of production taking place there, the type of contract that workers receive and their salary in all production countries (information which is currently publicly available for seven countries).

## 4. Sources

- Code of Conduct (consulted in July 2017)
- Sustainability Report 2016
- Sustainability Commitment (consulted in July 2017)
- H&M website (consulted between May and August 2017)
- Email from the company (July 2017)

### 3.9 Inditex scorecard

#### Inditex scorecard - Living wage

##### ABOUT THE COMPANY

Inditex designs, manufactures and sells clothing worldwide under various brand names, including Zara, Bershka, Pull&Bear and Massimo Dutti. The company has 7,292 stores and employs 162,450 people. Inditex was founded in 1963 and is headquartered in A Coruña, Spain.

##### ABOUT THE SUPPLY CHAIN

Inditex has suppliers in Bangladesh (262 facilities, 479,859 workers), Cambodia (125; 126,843), China (1,654; 368,428), India (394; 200,139), Morocco (283; 73,772), Pakistan (107; 125,316), Turkey (1,427; 192,173) and Vietnam (134; 152,101). The company does not publish any data about the type of production taking place per country or the production percentage. Workers may not work for more than 48 hours per week plus 12 hours overtime. They receive the statutory minimum wage or the collectively bargained wage (the higher of the two).

##### HOW APPROACHABLE IS THE COMPANY?

The company's approachability was **GOOD** during this survey.

#### 1. Vision, policy, implementation and transparency

	Supply chain
1. Vision	Good: 4
2. Aim/ambition	Poor: 2
3. Policy	Good: 4
4. Definition	Poor: 2
5. a. Implementation in country/industry b. Implementation in own company/chain	Good: 4 Good: 4
6. Transparency	Good: 4
TOTAL SCORE	Sufficient 24/7 = 3.43

##### Explanation:

Inditex' score is 3.43 out of 5, i.e. 'sufficient'.

## 2. Practice

### What does the company pay?



#### Explanation:

No empirical data/figures are known, but Inditex states in its Code of Conduct that it pays **the statutory minimum wage or the collectively bargained wage**, whichever is higher. Via its membership of the Ethical Trading Initiative (ETI), Inditex has committed itself to paying **the minimum wage or the industry average wage** (the higher of the two). Once Inditex incorporates this into its own policy, we will change the wage that it pays to the industry average wage.

**NB:** We do not have any reliable figures available on the '**collectively bargained wage**', which is why we have not included this in the ladder. We do applaud the fact that Inditex has included this as an element in its policy, certainly as it states that it pays the highest wage, which is important since, in practice, a bargained wage is not always higher than the minimum wage or the industry average.

## 3. Advice

In order to take the next step towards a living wage, we advise the company:

- To state in its policy, in addition to the reference to the minimum wage and bargained wage, that it pays the prevailing industry wage in the production countries (whichever is higher);
- To draw up a definition for living wage, indicating which basic needs are to be met with the wage, such as food, clothing, housing, healthcare and education and 10% discretionary income;
- To draw up a clear living wage objective, including a time frame and clear KPIs, and to explain whether this applies to an employee or to an employee and his family;
- To implement a living wage in the supply chain, for example by offering suppliers training regarding living wage;
- To be transparent about the production percentages per production country, the type of production taking place there, the type of contract that workers receive and their salary.

## 4. Sources

- Annual Report 2016
- Code of Conduct for Manufacturers and Suppliers (consulted in July 2017)
- Inditex website (consulted between May 2017 and August 2017)

### 3.10 KappAhl scorecard

#### KappAhl scorecard - Living wage

##### ABOUT THE COMPANY

KappAhl AB designs clothing for men, women and children, and sells it in Europe. The company has 368 stores in Sweden, Norway, Finland and Poland, plus an online shop. The company itself employs 4,000 people. It does not have any production facilities of its own. KappAhl was founded in 1953 and is headquartered in Mölndal, Sweden.

##### ABOUT THE SUPPLY CHAIN

KappAhl has suppliers in Bangladesh (22), China (137), India (22), Indonesia (1), South Korea (1) and Turkey (6). The company does not share any data regarding the number of workers in the supply chain per country, the type of production taking place there or production percentages per country relative to production as a whole. Workers in the supply chain must be given a written contract and they may not work more than 60 hours per week, including overtime. Workers receive the statutory minimum wage or the prevailing wage (the higher of the two).

##### HOW APPROACHABLE IS THE COMPANY?

The company's approachability was **GOOD** during this survey.

#### 1. Vision, policy, implementation and transparency

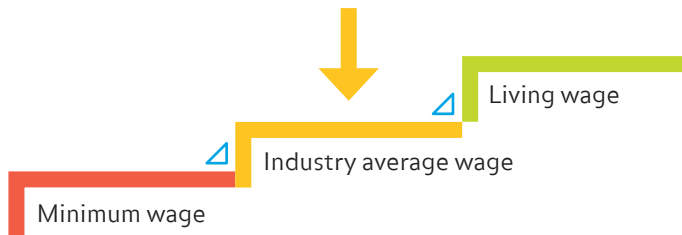
Supply chain	
1. Vision	Sufficient: 3
2. Aim/ambition	Poor: 2
3. Policy	Good: 4
4. Definition	Poor: 2
5. a. Implementation in country/industry	Good: 4
b. Implementation in own company/chain	Poor: 2
6. Transparency	Good: 4
TOTAL SCORE	Sufficient 21/7 = 3.00

##### Explanation:

KappAhl's score is 3.00 out of 5, i.e. 'sufficient'.

## 2. Practice

What does the company pay?



### Explanation:

No empirical data or figures have been disclosed, but KappAhl states in its Code of Conduct that it pays **the statutory minimum wage or the prevailing industry wage** (the higher of the two).

## 3. Advice

KappAhl applies a Fair Wage. While we do not expect companies to use the term 'living wage', we do like to see evidence of the elements that lead to a living wage. In order to take the next step towards a living wage, we advise the company:

- With regard to their wage definition to explain what it believes falls under 'basic needs';
- To draw up a clear living wage objective, including a time frame and clear KPIs, and to publish such;
- To continue to implement a living wage in the supply chain, for example by developing guidelines/tools for purchasing staff, entering into long-term relationships with suppliers and working on a pricing model;
- To be transparent about the production percentages per country, the number of workers per country, the type of production taking place there, the type of contract workers receive and their salary.

## 4. Sources

- Sustainability Report 2015 – 2016
- Code of Conduct for Suppliers (consulted in August 2017)
- KappAhl Supplier List April 2017
- KappAhl Sustainability Strategy 2015-2020 (consulted in August 2017)
- KappAhl website (consulted between June and August 2017)

### 3.11 Lojas Renner

#### Lojas Renner scorecard - Living wage

##### ABOUT THE COMPANY

Lojas Renner S.A. sells clothing, sports items, accessories and make-up from over 300 stores in Brazil. The company employs 19,018 people. Lojas Renner was founded in 1912 and is headquartered in Porto Alegre, Brazil.

##### ABOUT THE SUPPLY CHAIN

Lojas Renner has suppliers in Bangladesh (23), China (106), Hong Kong (12), India (18), Indonesia (2), Peru (1), Singapore (1), Taiwan (1) and Thailand (4). The company does not publish any data about the number of workers and the type of production per country, the production percentages per country or the type of contract that workers receive. Workers may not work for more than 48 hours per week plus 12 hours overtime. They are paid the statutory minimum wage.

##### HOW APPROACHABLE IS THE COMPANY?

The company's approachability was **GOOD** during this survey.

#### 1. Vision, policy, implementation and transparency

Supply chain	
1. Vision	Insufficient: 1
2. Aim/ambition	Insufficient: 1
3. Policy	Poor: 2
4. Definition	Insufficient: 1
5. a. Implementation in country/industry	Insufficient: 1
b. Implementation in own company/chain	Poor: 2
6. Transparency	Poor: 2
TOTAL SCORE	Insufficient 10/7 = 1.43

##### Explanation:

Lojas Renner's score is 1.43 out of 5, i.e. 'insufficient'.



## 2. Practice

What does the company pay?



### Explanation:

No empirical data/figures are known, but Lojas Renner indicated during personal contact that it paid **the statutory minimum wage**.

## 3. Advice

In order to take the next step towards a living wage, we advise the company:

- To state in its policy that it pays the prevailing industry wage in the production countries, which would be a major step towards a living wage;
- To draw up a definition for living wage, also indicating which basic needs are to be met with the wage (such as food, clothing, housing, healthcare and education and 10% discretionary income), and to include it in new or existing policy;
- To draw up a clear living wage objective in order to introduce a living wage for first-tier production suppliers;
- To join a reputable partnership between industry, local government, unions and/or civic organisations;
- To continue to implement a living wage in the supply chain, for example by offering guidelines/tools for purchasing staff, entering into long-term relationships with suppliers and working on a pricing model;
- To be transparent about the type of production and the production volume of the production sites outside Brazil, the type of contract that workers receive there and their salary.

## 4. Sources

- Annual Report 2016
- Sustainability Policy (consulted in August 2017)
- Email from company (July 2017)

### 3.12 Marks & Spencer

#### Marks & Spencer scorecard - Living wage

##### ABOUT THE COMPANY

Marks and Spencer Group plc (M&S) sells, among other things, clothing for men, women and children from over 1,000 stores in Europe, Asia and the Middle East. The company employs 85,209 people worldwide, and does not have any production facilities of its own. M&S was founded in 1884 and is headquartered in London, United Kingdom.

##### ABOUT THE SUPPLY CHAIN

M&S has suppliers in Bangladesh (69 facilities; 192,724 workers), Cambodia (33; 54,707), China (214; 105,406), Egypt (4; 7,306), India (89; 90,792), Indonesia (3; 6,581), Morocco (4; 1,526), Pakistan (3; 7,841), the Philippines (1; 55), Sri Lanka (43; 43,568), Taiwan (1; 63), Tunisia (1; 50), Turkey (80; 31,613) and Vietnam (25; 32,270). The company does not publish any data on the exact production percentages of those countries. Clothing is assembled at all production facilities. Workers may not work for more than 48 hours per week plus 12 hours overtime and are given permanent contracts. Workers are paid a fair wage: the statutory minimum wage, the prevailing industry wage or the collectively bargained wage (the highest of the three).

##### HOW APPROACHABLE IS THE COMPANY?

The company's approachability was **GOOD** during this survey.

#### 1. Vision, policy, implementation and transparency

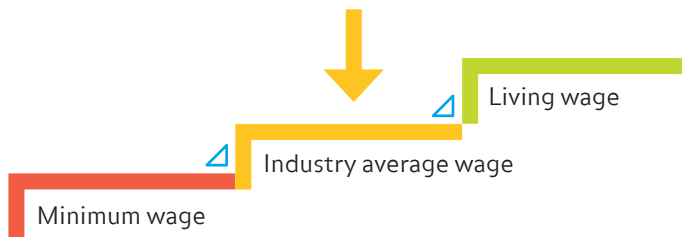
	Supply chain
1. Vision	Very good: 5
2. Aim/ambition	Poor: 2
3. Policy	Good: 4
4. Definition	Sufficient: 3
5. a. Implementation in country/industry	Good: 4
b. Implementation in own company/chain	Sufficient: 3
6. Transparency	Good: 4
TOTAL SCORE	Sufficient 25/7 = 3.57

##### Explanation:

M&S's score is 3.57 out of 5, i.e. 'sufficient'.

## 2. Practice

What does the company pay?



### Explanation:

No empirical data/figures are known, but M&S states in its policy that it pays **the fair wage, the statutory minimum wage, the prevailing industry wage or the collectively bargained wage**, whichever is higher.

**NB:** We do not have any reliable figures available on the '**collectively bargained wage**', which is why we have not included this in the ladder. We do applaud the fact that M&S has included this in its policy, certainly as it states that it pays the highest wage, which is important since, in practice, a bargained wage is not always higher than the minimum wage or the industry average.

## 3. Advice

M&S applies a Fair Wage. While we do not expect companies to use the term 'living wage', we do like to see evidence of the elements that lead to a living wage. In order to take the next step towards a living wage, we advise the company:

- To flesh out the objective drawn up by M&S, including a time frame and clear KPIs;
- To continue to implement a living wage in the supply chain, for example by offering guidelines/tools and training for purchasing staff and entering into long-term relationships with suppliers;
- To be transparent about production percentages per country and the salary that workers at production sites earn.

## 4. Sources

- Marks & Spencer Global Sourcing Principles (consulted in August 2017)
- Plan A 2025 Commitment
- Human Rights Report 2017 (consulted in August 2017)
- Sustainability Report 2017 (consulted in August 2017)
- M&S website (consulted between June and August 2017)

### 3.13 Nike

#### Nike scorecard - Living wage

##### ABOUT THE COMPANY

Nike, Inc. designs, develops and sells sportswear, sports items, sports shoes and accessories for men, women and children worldwide. The company sells under the brand names Nike, All Starr, Converse and Chuck Taylor, among others. Nike employs 74,400 people, and does not have any production facilities of its own. Nike was founded in 1964 and is headquartered in Beaverton, Oregon.

##### ABOUT THE SUPPLY CHAIN

Nike has suppliers in Bangladesh (2 facilities; 6,080 workers), Cambodia (7; 21,789), China (151; 190,860), Egypt (3; 3,954), El Salvador (4; 5,062), Guatemala (5; 3,624), Honduras (7; 18,703), India (13; 30,586), Indonesia (41; 202,180), Malaysia (18; 8,527), Mexico (16; 11,780), Pakistan (7; 18,097), Peru (1; 65), South Korea (9; 2,704), Sri Lanka (22; 34,296), Taiwan (16; 5,502), Thailand (33; 35,409), Turkey (6; 4,013) and Vietnam (84; 392,453). The company does not publish any data about the type of production per country, the production percentages per country or the type of contract that workers receive. Workers may not work for more than 48 hours per week plus 12 hours overtime. They are paid the statutory minimum wage.

##### HOW APPROACHABLE IS THE COMPANY?

The company's approachability was **GOOD** during this survey.

#### 1. Vision, policy, implementation and transparency

	Supply chain
1. Vision	Insufficient: 1
2. Aim/ambition	Insufficient: 1
3. Policy	Good: 4
4. Definition	Poor: 2
5. a. Implementation in country/industry b. Implementation in own company/chain	Good: 4 Good: 4
6. Transparency	Good: 4
TOTAL SCORE	Poor 20/7 = 2.86

##### Explanation:

Nike's score is 2.86 out of 5, i.e. 'poor'.

## 2. Practice

What does the company pay?



### Explanation:

No empirical data/figures are known, but Nike indicates in the Code of Conduct that it pays **the statutory minimum wage**. Via its membership of the Fair Labor Association, the company has committed itself to paying the minimum wage or the industry average wage (the higher of the two). When Nike also incorporates this into its policy, we will adjust its rung on the wage ladder to the industry average wage.

## 3. Advice

In order to take the next step towards a living wage, we advise the company:

- To state in its policy that it pays the prevailing industry wage in the production countries, which would be a major step towards a living wage;
- To explain the concept of 'fair compensation' mentioned in the 'Nike Sustainable Sourcing Index', including by indicating which basic needs are to be met with the wage (such as food, clothing, housing, healthcare and education and 10% discretionary income), and to include it in new or existing policy;
- To draw up a clear living wage objective in order to introduce a living wage for first-tier production suppliers;
- To implement a living wage in the supply chain, for example by drawing up guidelines for purchasing staff, engaging with factory owners and working on the pricing model;
- To be transparent about the type of production taking place in the production countries, the production percentages per country, the type of contract that workers receive and their salary.

## 4. Sources

- Code of Conduct (consulted in August 2017)
- Code Leadership Standards (consulted in August 2017)
- Sustainability Report 2014-2015
- Nike website (consulted between June and August 2017)

### 3.14 Puma

#### Puma scorecard - Living wage

##### ABOUT THE COMPANY

Puma SE designs, manufactures and sells sports items, sport shoes and sportswear. The company employs 11,172 people, and does not have any production facilities of its own. Puma was founded in 1948 and is headquartered in Herzogenaurach, Germany.

##### ABOUT THE SUPPLY CHAIN

Puma has suppliers in Bangladesh (5 facilities responsible for 10% of total production), Cambodia (6; 12%), China (19; 23%), El Salvador (1; -), India (2; 3%), Indonesia (4; 5%), Malaysia (1; -), Mexico (1; -), Pakistan (2; -), the Philippines (1; -), Turkey (3; -) and Vietnam (17; 32%). Clothing is assembled at all production facilities. The company does not publish any data about the type of production. Workers may not work for more than 48 hours per week plus 12 hours overtime. They are paid the statutory minimum wage or the prevailing industry wage (the higher of the two). They are paid the statutory minimum wage.

##### HOW APPROACHABLE IS THE COMPANY?

The company's approachability was **GOOD** during this survey.

#### 1. Vision, policy, implementation and transparency

Supply chain	
1. Vision	Very good: 5
2. Aim/ambition	Very good: 5
3. Policy	Good: 4
4. Definition	Poor: 2
5. a. Implementation in country/industry b. Implementation in own company/chain	Good: 4 Good: 4
6. Transparency	Good: 4
TOTAL SCORE	Good 28/7 = 4.00

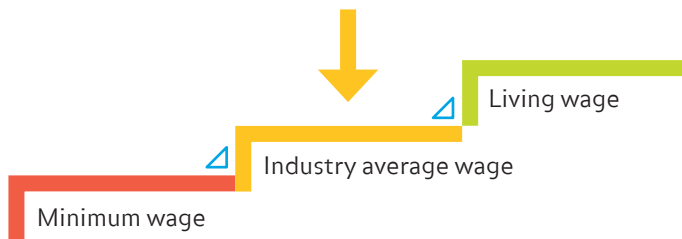
##### Explanation:

Puma's score is 4.00 out of 5, i.e. 'good'.



## 2. Practice

### What does the company pay?



#### Explanation:

No empirical data/figures are known, but Puma states in the Code of Conduct that it pays **the statutory minimum wage or the prevailing industry wage** (the higher of the two).

## 3. Advice

In order to take the next step towards a living wage, we advise the company:

- To further explain the definition for living wage used by the company, including by indicating which basic needs are to be met with the wage (such as food, clothing, housing, healthcare and education and 10% discretionary income), and to include it in new or existing policy;
- To further flesh out the ambition expressed by the company in the 2015 annual report of working towards paying a living wage and to draw up a clear living wage objective, including a time frame and clear KPIs;
- To continue to implement a living wage in the supply chain, by offering training for purchasing staff and suppliers and working on reasonable delivery periods and the pricing model;
- To be transparent about production percentages in El Salvador, Malaysia, Mexico, Pakistan, the Philippines and Turkey (the company has published the production percentages for the other countries in the 2016 annual report) and their salary.

## 4. Sources

- Code of Conduct (consulted in July 2017)
- Annual Report 2016
- Sustainability Handbook (consulted in July 2017)
- Global Factory List 2017
- Puma website (examined between June and August 2017)
- Call with company (July 2017)

# Appendix - Policy score table

## Score calculation:

Organisations that only have their own production facilities or only use first-tier suppliers can obtain 35 points in the assessment matrix. They are rated on seven aspects (see below). The total number of points must therefore be divided by seven to determine the total scores for their policies and ambitions.

Organisations that have their own production facilities but also outsource garment production to first-tier suppliers can obtain 60 points, as they are rated on twelve aspects (see below). The total number of points achieved must therefore be divided by twelve to determine the final scores for their policies and ambitions.

Final score	Assessment
0 – 0.9	Wholly insufficient
1 – 1.9	Insufficient
2 – 2.9	Poor
3 – 3.9	Sufficient
4 – 4.9	Good
5	Very good

## Scores

	Very good	Good	Sufficient	Poor	Insufficient	Wholly insufficient	Very good	Good	Sufficient	Poor	Insufficient	Wholly insufficient	TOTAL SCORE
1 Vision	5	4	3	2	1	0	N/A						
2 Definition	5	4	3	2	1	0	N/A						
In own production facilities							In first-tier supply chain						TOTAL SCORE
3 Aim/ambition	5	4	3	2	1	0	5	4	3	2	1	0	
4 Policy	5	4	3	2	1	0	5	4	3	2	1	0	
5 Implementation	5	4	3	2	1	0	5	4	3	2	1	0	
6 Transparency	5	4	3	2	1	0	5	4	3	2	1	0	
TOTAL SCORE													

Explanation of policy score table	Supply chain (based on first-tier suppliers)	Own operations
<b>1. Endorses living wage (Vision)</b> Question: Does the company have a vision?  Elements: - Statement of Vision document	<b>5 points</b> <b>Very good:</b> the company indicates that it considers living wage to be paramount in the years ahead and already has concrete plans/action plans. <b>4 points</b> <b>Good:</b> the company indicates that it considers living wage to be paramount in the years ahead. <b>3 points</b> <b>Sufficient:</b> the company indicates on its website or in vision documents that it wants to do 'something' about living wage. <b>2 points</b> <b>Poor:</b> the company mentions living wage but does not say anything about any measures the company might take. <b>1 point</b> <b>Insufficient:</b> the company does not mention living wage on its website or in vision documents. <b>0 points</b> <b>Wholly insufficient:</b> the company does not mention living wage on its website or in vision documents; talks with the company reveal that this topic will not be on the agenda any time soon.	
<b>2. Aim/ambition</b> Question: Has the company formulated an ambition or aim?  Elements: 1 Is there an aim? Yes/no 2 If so, is it concrete? A concrete aim is an aim with a time frame and clear KPIs. 3 If so, to what percentage of production/production sites/production staff does it apply?	- <b>5 points</b> <b>Very good:</b> the company has a concrete aim to implement living wage for all first-tier suppliers. <b>4 points</b> <b>Good:</b> the company has a concrete aim to implement living wage for most first-tier suppliers. <b>3 points</b> <b>Sufficient:</b> the company has a concrete aim to introduce living wage for a part of the production/production sites/production staff of first-tier suppliers. <b>2 points</b> <b>Poor:</b> the company has an aim, but it is not concrete and/or the aim has not been set for a percentage of production, production sites or production staff. <b>1 point</b> <b>Insufficient:</b> the company has not formulated any aim or ambition, but is willing to put it on the agenda. <b>0 points</b> <b>Wholly insufficient:</b> the company has not formulated any aim or ambition and is not willing to do so.	N/A The company does not have any production sites of its own. <b>5 points</b> <b>Very good:</b> the company has a concrete aim to implement living wage for all of its own production sites. <b>4 points</b> <b>Good:</b> the company has a concrete aim to implement living wage for most of its own production sites. <b>3 points</b> <b>Sufficient:</b> the company has a concrete aim to introduce living wage for a part of its own production/production sites/production staff. <b>2 points</b> <b>Poor:</b> the company has an aim, but has not linked it to a concrete percentage of production, production sites or production staff. <b>1 point</b> <b>Insufficient:</b> the company has not formulated any aim or ambition, but is willing to put it on the agenda. <b>0 points</b> <b>Wholly insufficient:</b> the company has not formulated any aim or ambition and is not willing to do so.
<b>3. Policy</b> Question: Is there a policy?  Elements: 1. (Description and/or definition of living wage 2. Wage (e.g. wage/minimum wage/bargained wage/industry average/ etc.)  NB This may be a stand-alone policy on living wages, but the subject of living wages may also be integrated into existing policy. The company may also actively refer to the code of a reputable initiative such as the ACT Process, Ethical Trading Initiative (ETI) or Fair Labor Association (FLA).  The form is irrelevant here (formal document or description on the website).	- <b>5 points</b> <b>Very good:</b> the company has policy stating that it pays living wage. <b>4 points</b> <b>Good:</b> the company's policy states that it pays more than the minimum wage; the company explicitly mentions that it always pays the highest wage. Here, it may refer to other types of wage, such as industry average wage and prevailing industry wage. <b>3 points</b> <b>Sufficient:</b> the company mentions the minimum wage and refers to other types of wage, such as industry average wage and prevailing industry wage. <b>2 points</b> <b>Poor:</b> the company states in its policy that it pays the minimum wage. <b>1 point</b> <b>Insufficient:</b> the company only refers to the minimum wage. -	N/A The company does not have any production sites of its own. <b>5 points</b> <b>Very good:</b> the company's policy states that it pays living wage. <b>4 points</b> <b>Good:</b> the company's policy states that it pays more than the minimum wage; the company explicitly mentions that it always pays the highest wage. Here, it may refer to other types of wage, such as industry average wage and prevailing industry wage. <b>3 points</b> <b>Sufficient:</b> the company mentions the minimum wage and refers to other types of wage, such as industry average wage and prevailing industry wage. <b>2 points</b> <b>Poor:</b> the company states in its policy that it pays the minimum wage. <b>1 point</b> <b>Insufficient:</b> the company only refers to the minimum wage. -
Explanation of policy score table	Supply chain (based on first-tier suppliers)	Own operations

#### 4. Definition

Question: Has the company formulated a definition?

Elements:

1. Living wage is a wage that is enough to live on for:
    - a. a person
    - b. and his family.
  2. Including:
    - a. food,
    - b. clothing,
    - c. housing,
    - d. education,
    - e. healthcare,
    - f. +/-10% discretionary income
- Bonus
- g. savings,
  - h. vision on overtime and wage.

NB It does not matter whether the company uses the terms 'living wage', 'fair wage' or any other terms; what is important are the elements included in the definition.

**5 points**

**Very good:** the company has formulated a definition that meets all elements of the definition used by ASN Bank.

**4 points**

**Good:** the company has formulated a definition that meets eight or nine elements of the definition used by ASN Bank.

**3 points**

**Sufficient:** the company has formulated a definition featuring six or seven elements of the definition used by ASN Bank.

**2 points**

**Poor:** the company has formulated a definition featuring three to five elements of the definition used by ASN Bank.

**1 point**

**Insufficient:** the company has formulated a definition featuring one or two elements of the definition used by ASN Bank.

**0 points**

**Wholly insufficient:** the company has not formulated any definition.

#### 5. Policy implementation

Question: What progress has been made with the policy's implementation?

##### 5. a. Implementation at the local/industry/international level (how do you achieve that?)

Elements:

1. Engagement or collaboration:
  - engagement with unions
  - engagement with local government
  - collaboration with civil society organisations
2. Joining relevant national, sector or international initiatives

NB It is not possible to give an exhaustive definition of 'reputable' initiatives. We assess who facilitates the process, who has joined the process and what is required of companies. For example: ACT Process, Ethical Trading Initiative (ETI), Fair Wage Network, Fair Labor Association.

**5 points**

**Very good:** the company actively collaborates with industry, local government, unions and/or civil society organisations via a reputable partnership and leads the way in this partnership.

**4 points**

**Good:** the company actively collaborates with industry, local government, unions and/or civil society organisations via a reputable partnership.

**3 points**

**Sufficient:** the company has joined a reputable partnership between industry, local government, unions and/or civil society organisations.

**2 points**

**Poor:** the company engages with one or more actors.

**1 point**

**Insufficient:** the company indicates that it intends to do 'something' about engagement or collaboration at the local, international or industry level, but has not yet revealed what that might be.

**0 points**

**Wholly insufficient:** the company is not working on implementation at the country or industry level.

N/A

The company does not have any production sites of its own.

**5 points**

**Very good:** the company actively collaborates with industry, local government, unions and/or civil society organisations via a reputable partnership and leads the way in this partnership.

**4 points**

**Good:** the company actively collaborates with industry, local government, unions and/or civil society organisations via a reputable partnership.

**3 points**

**Sufficient:** the company has joined a reputable partnership between industry, local government, unions and/or civil society organisations.

**2 points**

**Poor:** the company engages with one or more actors.

**1 point**

**Insufficient:** the company indicates that it intends to do 'something' about engagement or collaboration at the local, international or industry level, but has not yet revealed what that might be.

**0 points**

**Wholly insufficient:** the company is not working on implementation at the country or industry level.

Explanation of policy score table

Supply chain (based on first-tier suppliers)

Own operations

<b>5. b. Implementation in own production and supply chain</b>		-		N/A	The company does not have any production sites of its own.
	<b>5 points</b>	<b>Very good:</b> the company meets all elements.	<b>5 points</b>	<b>Very good:</b> the company meets all elements.	
Elements:	<b>4 points</b>	<b>Good:</b> the company meets at least five or six elements.	<b>4 points</b>	<b>Good:</b> the company meets at least five of the seven elements.	
1. guidelines/resources for staff	<b>3 points</b>	<b>Sufficient:</b> the company meets three or four of the seven elements.	<b>3 points</b>	<b>Sufficient:</b> the company meets three or four of the seven elements.	
2. engagement with factory owners (chain)	<b>2 points</b>	<b>Poor:</b> the company meets two of the seven elements.	<b>2 points</b>	<b>Poor:</b> the company meets two of the seven elements.	
3. training of staff and suppliers	<b>1 point</b>	<b>Insufficient:</b> the company meets one of the seven elements.	<b>1 point</b>	<b>Insufficient:</b> the company meets one of the seven elements.	
4. control systems (internal & external audits/measurements)	<b>0 points</b>	<b>Wholly insufficient:</b> the company is not working on implementation in the chain.	<b>0 points</b>	<b>Wholly insufficient:</b> the company is not working on implementation in the chain.	
5. working on pricing model					
6. long-term relationship with suppliers					
7. reasonable delivery periods (to be requested from suppliers)					
<b>6. Transparency</b>		-		N/A	The company does not have any production sites of its own.
Question: How transparent is the company?	<b>5 punten</b>	<b>Very Good:</b> the company is transparent about ten or more elements through publicly available sources.	<b>5 punten</b>	<b>Very Good:</b> the company is transparent about six to eight elements through publicly available sources.	
Elements:	<b>4 points</b>	<b>Good:</b> the company is transparent about six to eight elements through publicly available sources.	<b>4 points</b>	<b>Good:</b> bedrijf is transparant over zes tot acht elementen via publiek beschikbare bronnen.	
1. living wage policy	<b>3 points</b>	<b>Sufficient:</b> the company is transparent about six or more elements, but the information on one or more elements was not obtained through publicly available sources but through personal contact with the company.	<b>3 points</b>	<b>Sufficient:</b> the company is transparent about six or more elements, but the information on one or more elements was not obtained through publicly available sources but through personal contact with the company.	
2. living wage vision	<b>2 points</b>	<b>Poor:</b> the company is transparent about four to six elements through publicly available sources	<b>2 points</b>	<b>Poor:</b> the company is transparent about four to six elements through publicly available sources	
3. aim/ambition for living wage		OR		OR	
4. implementation of living wage		the company is transparent about four to six elements; the information on one or more of these elements was obtained during personal contact with the company.		the company is transparent about four to six elements; the information on one or more of these elements was obtained during personal contact with the company.	
5. number of production sites	<b>1 point</b>	<b>Insufficient:</b> the company is transparent about one to four elements through publicly available sources	<b>1 point</b>	<b>Insufficient:</b> the company is transparent about one to four elements through publicly available sources	
6. production countries		OR		OR	
7. number of staff per production country	<b>0 points</b>	<b>Wholly insufficient:</b> the company is not transparent about any of the elements mentioned.	<b>0 points</b>	<b>Wholly insufficient:</b> the company is not transparent about any of the elements mentioned.	
8. production volume (in percentages or in exact figures)					
9. type of production					
10. paid wage/salary					
11. type of contract					
12. working hours					
How is the company transparent about this?					
1. Publicly available sources					
2. During personal contact with ASN Bank, both by telephone and by email					
NB If information on one or more elements can only be obtained through personal contact with the company, the company's score can never be more than sufficient. In that case, the number of elements on which information can be obtained through publicly available sources does not matter. We find it important for companies to be transparent and checkable. Companies that are not transparent but are still frank during personal contact are rewarded on other substantive aspects.					

#### NB: additional assessment guideline for leading initiatives:

Having assessed the following leading initiatives, we included their vision, ambition, definition and implementation in our assessment of a company if the company refers to those initiatives. We identified the guideline endorsed by each company and examined what the guideline prescribes for the company in question, enabling us to draw up the following assessment guideline. This assessment counts towards the score of the companies that endorse these initiatives. In the event of inconsistencies in the documents and communications from a company, we checked which guideline(s) the company considers to take precedence.

### **Ethical Trading Initiative**

**(Asos, Gap, H&M, Inditex, KappAhl, M&S)**

Assessment guideline:

- Definition: poor
- Policy: good
- Implementation (5a): sufficient

### **ACT Process**

**(Esprit, Inditex, Asos, H&M)**

- Ambition: poor
- Vision: sufficient
- Implementation (5a): good

### **FLA**

**(Adidas, Gildan, Nike Puma)**

- Definition: poor
- Policy: good
- Implementation (5a): good
- Implementation (5b): good

### **BSCI**

**(Esprit)**

- Definition: Insufficient
- Policy: good
- Implementation (5a): poor



