

Living Wage Strategy

APG & Co's Commitment to a Living Wage:

At APG & Co we have built our business on designing and producing quality clothing, and endeavour to provide quality work for the people who are involved in our supply chains. As part of our wider strategy on human rights, we want to understand how we can improve wage systems for the workers who are engaged within our business and supply chains. At APG & Co we have adopted the living wage definition below, as stated by The Global Living Wage Coalition utilising the Anker Methodology:

“Remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events.”

Collaboration:

We recognise that we cannot achieve living wages alone. There are many barriers to its implementation, as highlighted in the challenges and context section below. While we recognise that a living wage is a key method to reduce modern slavery and eradicate poverty, it requires a collective effort. Through engaging with brands and civil society we will be part of a global movement to assist in bringing living wages to the forefront of the global agenda.

We also acknowledge that worker unionisation and forming collective bargaining agreements, puts power into the hands of the workers to improve their own wages. These types of agreements which increase workers own negotiation influence in their workplaces is the driving force for change.

Challenges and Context:

Living wage is an exceptionally complex topic, which needs to be approached in a holistic and partnered way to achieve the best possible long-term benefits. Some of the barriers which APG & Co and the wider apparel industry face in the implementation of living wages are mentioned below:

- At APG & Co we do not own any of our factories, instead we closely partner with a range of suppliers in several countries. We are proud of the strong relationships we have built over many years with our suppliers, but without direct ownership of facilities, wages cannot easily be impacted by us.
- Paying extra for products does not necessarily mean that workers will be paid higher wages. APG & Co does not directly pay our garment workers in our supply chain directly, often we pay for our goods through exporting partners who then pay factories which pay the workers. Simply paying more for our product will likely not reach the garment workers.
- The government in each country sets the minimum wage for workers in each industry. This is done by considering a range of different factors including labour price competitiveness. If you raise the labour cost within a country to a point which is no longer competitive, then some companies will move their suppliers to other countries to seek out cheaper labour, which then leaves some workers unemployed.
- Within the factories which we source from, we only utilise a small portion of the entire factory's production. Only holding a portion of the production space means that even if we paid a living wage for our portion of worker's labour, this would not completely close the gap between minimum wage and living wage for all workers.

Milestones:

Over the coming financial year (FY22), we are focused on the following objectives to improve the wage systems in our supply chain:

1. We are committed to gathering in-depth wage data from minimum 25% of our factories to develop wage ladders within facilities. These wage ladders will unveil what each group of workers within the factory are paid, which can highlight a range of different wage categories such as lowest paid and prevailing wage (most commonly paid).
 - a. The ladders will be built based on data collection over a couple of months to gauge any changes that may occur in the factory.
2. Living wage impacts are built into our wider Responsible Buying Strategy around ensuring that all our internal buying processes follow a set of guidelines which can support wage growth within our suppliers.
 - a. Internal training on buying practices and living wage will be provided to all staff to ensure that they are aware of how their behaviour impacts those in the supply chain.
3. Seek collaboration in this space with other brands or civil society which are also striving for living wages within their supply chain.
 - a. Utilise tools which allow for collaborative comparison of global supply chains to seek partnerships in this space.
 - b. Work collaboratively with civil society to increase knowledge sharing in this space around improvements and roadblocks which may impact us in the long term.
4. Improve knowledge on and promote collective bargaining agreements within suppliers in our supply chain.
 - a. Provide training to suppliers on living wages and collective bargaining.