

Living Wage Policy

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 have built strong and respectful relationships with our suppliers over many years, but without direct ownership of facilities, wages cannot easily be impacted by us.
- Paying more 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 – often our goods are paid for through exporting partners, who then pay factories which pay the workers. Simply paying more for our product without a suitable framework will likely result in the increase not reaching 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, there is a risk that companies will move their suppliers to other countries to seek out cheaper labour. This can leave 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.
- While a significant percentage of our suppliers have collective bargaining agreements, workers' unions and contact with local labour unions, we recognise that many do not. For those suppliers where workers are unable to organise their own collective bargaining agreements, we will endeavour to provide cost breakdowns that can support a fair wage for our share or segment of that supplier's production output.

Our Strategy

We are focused on the following objectives to improve the wage systems in our supply chain:

1. We will conduct a living wage gap analysis recurring every three years of our top suppliers by volume and spend, to identify suppliers that align with living wage best practice (the Global Living Wage Coalition and Asia Floor Wage Alliance). This exercise will also help to map progress among our top suppliers, and work closely with suppliers with low or no alignment. The data for this exercise will be gathered directly from suppliers and through our compliance platform SEDEX – SMETA audit reports. We:
 - a. Aim to establish visibility over suppliers' remuneration processes and action to progress alignment and apply best practice, and;
 - b. Acknowledge and reward high performing suppliers by offering continuous business with APG & Co.
 - c. Support low performing suppliers through training on living wage to understand the issue and work toward improving their performance.
2. Mandatory internal training on purchasing practices, modern slavery and living wage will be required for all staff engaging with external suppliers or contract negotiation across both product and services to ensure that they are aware of how their behaviour can impact supply chain and worker wages.
3. Mandatory garment supplier training to increase knowledge and awareness around living wages Through content that aims to:
 - a. Educate on the purpose of social auditing;
 - b. Ensure human rights risk in supply chain is being identified and mitigated;
 - c. Increase dialogue between employees and managers;
 - d. Highlight and educate on issues of gender equality that may prevent staff from organising in a predominantly female workforce;
 - e. Highlight the importance of collective bargaining agreements in reaching a living wage, and;
 - f. Incentivise action on living wages through a Preferred Supplier Program.