

**MEMORANDUM OF UNDERSTANDING
BETWEEN ACT CORPORATE SIGNATORIES AND INDUSTRIALL GLOBAL UNION
ON ESTABLISHING WITHIN GLOBAL SUPPLY CHAINS FREEDOM OF ASSOCIATION,
COLLECTIVE BARGAINING AND LIVING WAGES**

GOALS AND PURPOSE

This Memorandum of Understanding (MoU) aims at creating a cooperation between IndustriALL Global Union and ACT (Action Collaboration Transformation) corporate signatories ("We") in order to achieve living wages for workers in the global textile and garment industry supply chains through mature industrial relations, freedom of association and collective bargaining.

The actions of the MoU are within the ambit of UN Guiding Principles on Business and Human Rights endorsed by the UN Human Rights Council in June 2011 (UNGP). The core labour conventions of the International Labour Organisation (ILO) frame the responsibilities and requirements for all actors.

Against that background, the signatories to this MoU recognise that:

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 normal working hour limits.

Workers must be free and able to exercise their right to organise and bargain collectively in accordance with ILO conventions.

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.

There are two sustainable mechanisms that we consider have the capacity to deliver freedom of association, collective bargaining and living wages to any scale, while setting a level playing field:

- Industrywide collective agreements
- National minimum wage fixing enforcement mechanisms

Agreement on a living wage should be reached through collective bargaining between employers, workers and their representatives, preferably at national industry level.

Minimum wages play a vital role in underpinning living wages and must be set in accordance with this level and regularly reviewed in line with cost of living increases. This should be underpinned by an adequately resourced regulatory, inspection and legal system that ensures that no less than legal minimum wages are paid to workers.

We recognise that business security and commitment to production countries and suppliers are a key enabler for paying living wages in conjunction with all other pillars of our joint approach.

FRAMEWORK FOR ACTION

- 1) We recognise that we require solutions to achieve our goals and requirements, including all actors, not limited to ILO, governments, brands, unions, suppliers and their relevant constituencies. Against this background, we intend to develop our strategies and actions jointly in a sphere of innovation.
- 2) We recognise the need to catalyse global support for a fair and stable global industry by demonstrating to each key participant the case for promoting a living wage system, which is collectively bargained on an industry basis.
- 3) We recognise the importance of the ILO in terms of framing and assisting the implementation of the ILO core labour conventions. We seek to use their practical and technical expertise, as well as their established space, country programmes and experience on tripartism. We aim to work with ILO to engage all their partners for a truly holistic approach to our joint goals and strategy.
- 4) Corporate signatories will work to ensure that their respective purchasing practices support long-term partnerships with manufacturers in support of ethical trade. We, ACT corporate signatories and IndustriALL, will jointly design a strategy for this which takes into account the nature of the industry.
- 5) Corporate signatories will ensure that their purchasing practices facilitate the payment of a living wage as defined in this document.
- 6) We will agree target countries in which to implement this approach and develop an agreed plan of action in relation to each country.
- 7) The corporate signatories will exchange the necessary information for this programme regarding their strategic supplier factories with IndustriALL for the purpose of effective implementation in the target countries.
- 8) The corporate signatories will work with their supplier factories and IndustriALL will work with its affiliated unions in target countries to bring them together to negotiate towards a living wage.
- 9) We will provide capacity building to both groups in support of this process, including training of managers and workers on freedom of association and collective bargaining.
- 10) IndustriALL will appoint coordinators at global and local levels to ensure effective implementation of joint goals.
- 11) We commit to design strategies on how to proactively promote freedom of association.
- 12) We will advocate that industrywide, collective agreements that result from this process, will be registered and legally enforceable under national laws.

- 13) We will work together to develop contractual or other mechanisms through which brands can support that their suppliers implement the negotiated wage.
- 14) IndustriALL and ACT signatories will make joint approaches to governments in support of higher minimum wage outcomes, including brand commitments to continued sourcing, taking into account the gap between the minimum wage and a living wage, cost of living increases, productivity and efficiency gains and the development of the skills of workers, carried out in cooperation with unions at workplace level.

We agree to work transparently, collaboratively and in good faith to ensure that the mutual responsibilities goals and purpose set out in this document are met.

We will allow ourselves the space to explore different solutions, make room for imperfection and continuously adapt our strategies to ensure implementation of our joint goals.

We jointly commit to driving a new culture of trust and participation between all relevant actors at both a sectoral and international level.