

# PRIMARK

Brands: Primark, Atmosphere, Cedarwood State, B&W, Denim Co., Love to Lounge, Young Dimension, No Secret, Ocean Club, Secret Possessions



## COMPANY POSITION ON THE LIVING WAGE:

“We agree with the principle that a living wage should cover basic needs, provide for discretionary income and savings, and cater for dependants. We acknowledge the inherent challenges in defining and calculating a living

wage figure and have concluded that the negotiated approach remains the most practical and sustainable, and therefore support the development of mature industrial relations in achieving this.”

## WHAT WE SAY:

Primark’s submission shows some proof of real work that will improve wages for workers making its clothes and a high level of commitment and practice. However, at a

strategy level, projects are still at pilot or research stage and rely heavily on Ethical Trading Initiative (ETI) base code rather than long-term building blocks to pay a living wage.

## IN MORE DETAIL:

### Has living-wage benchmarks?

No.

of IndustriALL Global Union], ILO [the International Labor Association], audit companies, and other experts”, and hopes to use this to set standards.

### Worker empowerment:

Primark says: “We fully recognize the importance of FOA [freedom of association] as an enabling right for workers to achieve a living wage, and have included this as a key aspect in our strategy. This builds upon our work to date to fully understand the complexities of freedom of association, the spectrum of approaches, the legal contexts underpinning it, and the roles and responsibilities of stakeholders including Primark as a responsible retailer.” Primark has commissioned research into what good practice on FOA looks like “in consultation with TUC [the Trades Union Congress], ITGLWF [now part

Primark says it has “several pilots that incorporate training for workers on FOA”. It has been running a programme in South India since 2009 that provides education to workers on “workplace rights, labour laws, trade unions, and FOA.” This has been delivered in non-factory discussion-group settings in association with the NGO SAVE (Social Awareness and Voluntary Education).

Primark is developing hotlines in North India and Bangladesh to act as grievance mechanisms. A hotline in South India is already in place.

### **Commitment and practices:**

Primark says: “Our current focus is consolidating our supply base with the aim of strengthening relationships with existing strategic suppliers and developing strong relationships with those newer suppliers who demonstrate an ability to efficiently grow their business whilst pro-actively engaging on key performance issues, including ethical trade issues.”

Primark has a factory-ranking system that “enables buyers to continuously assess suppliers’ performance in relation to all aspects of our Code of Conduct including wages, and to move production towards those suppliers demonstrating improved and sustained ethical performance.” It is also developing a scorecard system to further aid buyers.

Primark states that: “Open costings with suppliers are becoming standard practice within our business. We have developed cost models for all product types which provide clarity on a factory’s costs, including labour and overhead costs ... In this way we have visibility of the payment of fair wages to factory workers at all production sites.”

### **Collaborative approach:**

Primark is a member of the ETI, and is taking part in work with other ETI corporate members on the living-wage topic. Primark has worked with IndustriALL and the IndustriALL Bangladesh Council on short-term relief and long-term compensation for the victims of Rana Plaza – although this is not wage-related work.

### **Strategy:**

Primark is working on pilot projects in seven factories in Bangladesh and China, in collaboration with various consultants, government bodies and manufacturers associations. Projects focused on “worker needs assessments, training and support on productivity enhancements, human resources, compliance, worker-management dialogue and negotiation, and workplace resolution.” Results in terms of actual wage increases were not given. Primark says this is because results varied from factory to factory: “at one factory workers negotiated increases in piece rates on three separate occasions through the skills and training they had received in the pilot. Similarly, another factory initiated a new bonus scheme whereby 1% of profit was distributed to the entire workforce.”

Primark says: “Primark is developing a holistic strategy to look at wages, with country-specific approaches. The strategy builds upon our pilot programmes and research conducted over the past two years, and will focus on key areas including, but not limited to, worker empowerment, factory improvements, stakeholder engagement and benchmarking supplier performance.”

### **Production overview:**

**Number of suppliers:** Primark did not disclose this information.

**Main production countries listed as:** Primark did not disclose this information.

Primark does not publish a full public list of the names and addresses of its supplier factories.

### **COMMENTS:**

Primark is a member of ETI, with the commitment to a living wage written in its code of conduct, but it still has yet to define what this means in terms of real wage figures and check if this is being paid to the workers making its clothes. For a company that has a lot to prove, when it says that it is not exploiting its workers by selling things so cheaply, more needs to be done.

Primark says its approach to paying a living wage is to support “the negotiated approach”, by which it means that it supports unions to negotiate better wages. However, there was little evidence of work with, or in consultation with, local unions given, and little evidence of work with international unions outside of the Bangladesh disasters. Its research into developing a standard of good practice on FOA sounds good, but without a solid plan or timescale for putting this in place we will wait to hear more.

Primark says that because there are “inherent challenges” in calculating a living-wage figure, it has chosen instead to adopt a negotiated approach. For us, it is not an either/or situation, but a both/and. There is a pressing need to define a goal in any commitment, because without putting a real figure on the commitment how will you know if you have achieved it? A living-wage commitment can only be an effective performance indicator if it is measurable. The negotiated approach is the ‘how’ of delivering a living wage, and the definition of the figure is the ‘what’. Without either of these, the commitment is meaningless. We hope that Primark will consider this and work towards adopting a living-wage benchmark – the Asia Floor Wage springs to mind. Primark indicated some work on starting “open costings” with suppliers. This is a step in the right direction. Transparency about the labour cost of each product will lay the ground for work to cost a living-wage figure into pricing.

Primark currently lacks a strategy for delivering a living wage. The various current pilot projects cited give little data about real wage improvements and no indication of plans to use the learning gained in other parts of the supply chain, which is disappointing. Primark informed us at the last minute that it is now working on a strategy. We look forward to reading more about this as it progresses.