
COUNTRY ROAD GROUP'S COMMITMENT TO A LIVING WAGE

What is a living wage?

Governments of all countries in which we source raw materials and manufacture goods set minimum wages for their workers. It is widely recognised by corporations, NGOs, academics and industry bodies that these minimum wages are often insufficient for workers to afford a decent standard of living.

The Global Living Wage Coalition and Anker Methodology define a living wage as:

“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, healthcare, transport, clothing and other essential needs, including provision for unexpected events.”

Our commitment

Country Road Group endorses the [Global Living Wage Coalition](#) and [Anker Methodology](#) definition of a living wage, and is committed to promoting conditions that support every worker's opportunity to receive a living wage. Country Road Group's commitment to living wages forms part of our [Supplier Code of Labour Practice](#)

Context and challenges

There is currently no clear benchmark for what constitutes a living wage in each and every region in which we source raw materials and manufacture goods. However, progress is being made. Using the Anker Methodology, the Global Living Wage Coalition has developed 31 regional living wage benchmarks, only five of which have been developed for the garment and textile industry.

Country Road Group has consulted with our suppliers in various countries and interviewed both workers and their managers in factories in China, where the majority of our production takes place. This research will help us understand how we can mitigate some of the challenges associated with the provision of a living wage, and inform our work with industry partners, suppliers, NGOs and workers to enable change in our supply chain. Some of the challenges include:

- Living wage is a fluid benchmark that is specific to both time and location. Living wage benchmarks increase with economic development and continuously change due to factors such as commodity cost movements, inflation, taxation, government policies, food and rental price fluctuations. These factors can differ and fluctuate between countries, regions, cities and towns, so benchmarking a living wage in one country – let alone globally – is a real-time challenge
- The nature of the global supply chain means a retailer paying higher prices for goods doesn't necessarily translate to the payment of higher wages for workers. Retailers are reliant on suppliers passing on benefits to their own suppliers and in turn, their workers
- Collective bargaining is a common way for workers to unionise and push for better rights and working conditions, including wages. Specifically, in China, promoting higher wages through collective bargaining and freedom of association is a challenge due to the macro-environment in that country

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Our achievements and commitments

Country Road Group has commenced work to support the implementation of living wages and drive industry change. This is a complex global issue but one we are committed to addressing in partnership with our industry peers. We have recently reviewed and updated our actions as a result of COVID-19 and are committed to the following milestones:

1. In 2018 we developed an ethical sourcing framework to address the issue of living wage in our supply chain
2. In late 2019 we launched a research-based pilot project to improve our understanding of living wage benchmarks and the global variances that exist in ensuring a decent standing of living. This included visiting six of our top factories in China and conducting 15 interviews in three factories with both management and factory workers
3. We are currently developing our Responsible Buying Program, which will be completed and implemented in early 2021. We are committed to upholding fair terms of payment and reviewing and improving our practices and actions, which includes adding itemised workers' wages in our product cost breakdowns, setting product floor costs, reviewing our critical path timelines, educating workers on financial literacy and supporting various leading material certification schemes that promote fair wages further down the supply chain. We will undertake this work in collaboration with our direct factories, with whom we have the most leverage and determine how best to measure impact and outcomes
4. In 2021 Country Road Group will consult with workers and their managers in factories where a living wage has been identified and use this research to help understand how we can mitigate some of the challenges associated with the provision of a living wage, and inform our work with industry partners, suppliers, NGO's and workers to enable change in our supply chain
5. Further to this, we will design and test a multi-faceted, holistic project strategy that aims to create the conditions required for the successful implementation of living wage protocols
6. We will apply our learnings to develop a roadmap that addresses the various challenges in achieving a decent standard of living for all workers in the supply chain, and work with partners and industry peers towards implementation of this roadmap in our key regions of operation

In addition to these milestones, we are committed to upholding fair terms of payment and reviewing and improving our planning and forecasting practices. We will determine how best to measure impact and outcomes, and report these both internally and externally to key stakeholders at various stages throughout our journey towards achieving a living wage for all workers in our supply chain.

Outcomes:

By implementing the milestones outlined above, Country Road Group aims to achieve the following four outcomes:

1. **Engage:** Country Road Group's research-based pilot project is an important step to understanding the gaps and challenges that exist in ensuring a decent standing of living for all workers in the supply chain. As stated above, there is no clear benchmark for what constitutes a living wage in each and every region in which we source raw materials and manufacture goods. On-the-ground research is crucial to learn more about the contextual challenges our workers and suppliers face daily.
2. **Educate:** Team members at Country Road Group Support Centre will be trained in Responsible Buying Practices. Country Road Group is proudly committed to establishing long-term business partnerships, and has been working with some suppliers for more than 20 years. This training aims to strengthen the capacity of our team and foster collaboration within our supply chain. We remain committed to working with our long-term business partners to improve buying practices.
3. **Empower:** By developing and testing a project strategy within our supply chain, we will quickly identify the challenges and opportunities for applying living wage protocols. We will work collaboratively with industry

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stakeholders to implement key project components, such as grievance mechanisms, to increase workers' voice. Learning from this project, we will evaluate the effectiveness of our strategy and identify opportunities for improvement ahead of its broader implementation.

4. **Experience:** We will learn from our experiences to successfully design and implement a roadmap for our key regions of operation. As living wage benchmarks are regional and our supply chain spans multiple countries, the approach we take for each region and each country may need to be customised to address specific regional and contextual challenges.

For more information, please visit countryroadgroup.com.au/sustainability