

Key learnings for advancing living wages

Project: United for Fair Wages: Phase I

Supported by State Secretariat for Economic Affairs SECO

Project facts	STS target	Working conditions
Focus topic	Wages	
Project country & scope (phase I)	Vietnam, Tier I	
Supporting organizations (phase I)	amfori, Fair Wear Vietnam & Netherlands, ILO & ILO Vietnam, Better Work Vietnam, Swiss Fair Trade, Swiss Textiles	
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This document summarises the key learnings gained in the context outlined. It does not claim to be exhaustive and contains the results of the project without additions or evaluations.

Roadmap as a strategic tool

An individual living wage roadmap helps brands define terms and methodologies, prioritise actions, plan next steps, build internal alignment and communicate externally. It provides a clear basis to engage and align with suppliers.

Joint roadmaps between brands that share suppliers can additionally support a unified approach toward wage improvements and create clarity for factories.



The [Guide Roadmap to Fair Wages](#) offers a step-by-step template and examples to support the development of your own roadmap.

Trust and collaboration for reliable wage data

- Wage data is generally available, but quality and methodology differ across standards and sources. Greater alignment between standards would support the process.
- Audit-based data from partners such as Fair Wear and amfori is valuable to verify living wage data and crucial to support credible strategies and claims about living wages. Direct surveys with factories work well to obtain up-to-date and more accurate information.
- Trust is essential: data collection without trust may create pressure, leading suppliers to withhold information. Clearly explain the purpose of data collection and involve suppliers throughout the process to build shared understanding.
- When suppliers feel respected and informed, they are more willing to share meaningful data.
- Inflation in production countries often exceeds inflation in selling markets, which complicates wage calculations.

☆ Inflation needs to be systematically factored into wage calculations.

Alignment on wage definitions and methodologies

- Divergent living wage definitions, standards, and calculation approaches across brands and between brands and suppliers can create confusion and hinder progress.

☆ A shared definition of living wage and methodology for wage data between brands and suppliers significantly increases comparability and trust.

☆ The Anker methodology is recommended and approved by STS. It is an easily attainable and frequently updated benchmark. Country estimates are available in the [ARL country index](#).

☆ Harmonising the wage ladder, benefit inclusion and benchmarks across brands and in dialogue with suppliers reduces complexity and helps suppliers provide reliable data.

☆ In-kind benefits require careful classification: under the Anker methodology, the total value of in-kind benefits must not exceed 30% of total wages, with specific limits for housing (max. 15%) and for other benefits such as meals or transportation (max. 10% each). More information: [ARL guideline for in-kind benefits](#).

- Available wage data is challenging to verify and classify. Calculating the share of wage costs in the purchase price is seen as a meaningful but complex way to contribute.

☆ Joint evaluation with the factories to ensure valid results can help.

- Uncertainty about accuracy and sufficiency of the data. No consistency of different factories in the calculation of costs.

☆ Alignment with the factories is needed to verify the data and understand their costs and calculation methods.

- Cost models: Traditional cost-per-minute models do not always reflect wage realities. Especially dynamic production environments with frequent style changes and differences in calculations across suppliers make it inconsistent.

☆ Think beyond the cost-per-minute approach.

Trust-based and long-term brand-supplier relationships

- Trust, transparency and long-term collaboration between brands and suppliers are the foundation for wage improvements. They enable access to accurate data, a deeper understanding of wage systems and effective implementation of measures.
- Suppliers are more willing to share data and co-create solutions when the relationship moves beyond compliance toward genuine partnership.
- Prioritise engaging with suppliers where collaboration is already strong and where the potential for impact is highest.

Collaboration between brands and peer-to-peer learning

- Collaboration of brands with shared suppliers is seen as key leverage and can strengthen trust at factory level. Coordinated data requests, joint meetings and shared approaches reduce confusion and increase impact.

☆ Identify shared suppliers using [Open supply hub](#).

- Direct exchange between brands on practical and technical challenges creates strong learning outcomes.

Cross-department alignment within the company

- Internal alignment and buy-in: It is challenging to collaborate with other departments to apply certain responsible purchasing practices as they sometimes follow different goals. Thus, incentives are different and sometimes contradict wage ambitions.

☆ Top-down support and alignment of KPIs across teams (e.g. buying, sustainability, product development, finance) is needed to ensure wage targets are embedded in business decisions.

- Disconnect between brands product - / design teams and factories: Designers and developers often have limited understanding of wage implications and production realities in factories which impacts wages.

☆ Provide training for teams to bridge the knowledge gap.

Shared responsibilities

Acknowledge power dynamics: Buyers often set the terms, and pressure gets passed down the supply chain. Brands need to be aware of their influence.

Each supplier context is different – one-size-fits-all approaches rarely work.

☆ Approaches need to be adapted to individual contexts.

Clarifying ownership is essential: Brands and suppliers benefit from jointly defining what “ownership” means for improving wages in their specific context (e.g. defining ownership principles).

Key principles

Foster equal partnerships	Aim for win-win outcomes	Share the responsibility for improving working conditions	Invest in long-term relationships to create stability and confidence
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Better production planning for wage stability

Production instability can lead to overtime.

☆ Early and stable production and capacity planning to reducing overtime can improve workload predictability and wages. Responsible planning must address both peak and low seasons. Good and longterm supplier partnerships can enable better planning.

Direct-impact measures as quick wins

Direct measures can create rapid benefits and complement long-term wage improvements (e.g. private health insurance, childcare support or others). It is important to understand how suppliers and workers perceive the value of these measures.

1 Define collaboration



2 Develop roadmap



3 Collect wage data and determine living wages



4 Wage-gap analysis



6 Develop and disseminate learnings



5 Measures to close the wage gap



Worker empowerment and social dialogue

Worker empowerment (e.g. through capacity building) to negotiate own wages is seen as a key lever for change.

Foster clarity and shared understanding of what social dialogue and collective bargaining (CBA) actually mean in practice.

A brand's role is not to lead social dialogue or collective bargaining between workers and suppliers. It is to create an enabling environment with sourcing practices.

Limited freedom of association, language and cultural barriers, and a lack of local presence of brands make trust-building and dialogue difficult.

Recognising overtime realities

A living wage must be earned within standard working hours; overtime payments are therefore excluded. At the same time, overtime remains a structural reality and contributes substantially to workers' wages.

☆ It is considered important that living wage approaches acknowledge existing overtime dynamics while defining realistic transition pathways.

Understand context factors supporting living wages

Living wage pilots are more effective when started in contexts where underlying conditions are favourable. Relevant factors include:

- Strength and clarity of local wage structures (e.g. regular minimum wage revisions).
- Availability and reliability of wage data
- Worker bargaining power and labour market dynamics (e.g. signs of increasing labour demand)
- Political and institutional context: Labour laws, union structures, degree of centralisation, and upcoming regulatory changes.
- Presence of strong local support organisations.
- Sensitivity of the topic: Cultural norms, political space for wage discussions.

Pilot measures

Concrete business cases help brands assess feasibility, financial implications, and secure internal buy-in for wage improvements.

☆ Piloting different wage strategies together with selected partner factories (e.g., FairShare bonus, adjustment of FOB prices, long-term supply contracts) allow to test approaches; followed by systematic evaluation and derivation of best practices.