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Living Wage

A living wage should cover a decent standard of living for the worker and their family.



Why

Most factory workers in the apparel industry do not earn a living wage and must make trade-offs to cover their basic needs. Patagonia has worked hard to ensure that workers in our partner factories are paid according to the law with regard to the minimum wage, overtime pay and statutory benefits, and yet we know that those wages are too often not enough to afford a decent standard of living. This is particularly important to recognize during the COVID-19 pandemic when many workers have seen their wages reduced, while others have lost their jobs and source of income.

Living Wages: A Basic Human Right

The United Nations and its International Labour Organization (ILO) have declared living wages a basic human right.

After extensive research on living wages and discussions with other brands, NGOs and living-wage organizations, Patagonia supports the [Global Living Wage Coalition's](#) (GLWC) definition for a living wage:

The remuneration received for a standard workweek 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, transportation, clothing and other essential needs, including provision for unexpected events.

Historically, there had been little data on wages and the cost of living across different regions. The launch of the Anker Methodology in 2017 made it possible to estimate living wages and compare them across different countries while also looking at local costs for a typical family within a specific area. Patagonia supports this methodology because it works with local people and organizations to estimate the cost of a basic but decent lifestyle for a worker and their family in a particular place. This approach, which requires transparency and detailed research, leads to estimates of living-wage benchmarks that are solid and credible. The GLWC, one of the founders of the methodology, has already completed living-wage benchmarks across 20-plus countries, with more to come.

These benchmarks are also included in the Fair Labor Association's fair compensation and living-wage dashboard, which Patagonia helped to develop. The dashboard is consistent with the Anker Methodology and houses data collected by apparel and footwear brands about wages from hundreds of factories across the globe. The dashboard makes it easier for us to find differences between living wages and existing wages in specific factories, so we can work more effectively to close those gaps.

Where We Are

Patagonia believes that every worker has the right to fair compensation and a living wage. As a founding member of the Fair Labor Association (FLA), we have embedded its living-wage standard in our code of conduct and developed an approach to improving wages in our partner factories.

As of 2020, 39 percent (12 out of 31) of our apparel assembly factories are paying their workers a living wage, on average.

This data was gathered during the COVID-19 pandemic, which has impacted workers significantly and led to job loss throughout the apparel industry. We are currently working to understand the extent of this impact on wages, and we are looking into ways of strengthening our Responsible Purchasing Practices program to help our suppliers maintain their workforce.

We're also looking at different ways to help our suppliers and apparel workers face unpredictable economic or climate shocks—and living wages and safety nets for workers are foundational for this undertaking.

What's Next

You have the power to change the way clothes are made.

Informed customers can vote with their dollars and support brands that are working toward a living wage. Ask your favorite brands what they're doing to achieve a living wage. Demand better practices—what you buy is what the industry will become.

Are you a brand looking to start your journey toward a living wage for workers in your supply chain?

Companies play an important role in raising wages. Start by examining your company's supply chain and business practices and then talk with experts about living wages. Achieving a living wage is challenging for companies working with a large number of factories, but brand collaboration will be the catalyst for change. Here are some tips to get you started:

Read about the [history of our social responsibility work](#) including our 4-fold approach, Responsible Purchasing Practices, supplier buy-in, multi-stakeholder initiatives, transparency, management support, Supplier Workplace Code of Conduct, monitoring our supply chain, Fair Labor Association, Fair Trade certification and our living-wage journey. All these approaches have helped us get to where we are in implementing our living-wage strategy.

Familiarize yourself with the [Anker Methodology](#) for estimating living wages.

Read about our philosophy on [working with factories](#) to promote and sustain fair labor practices.

Seek out experts and organizations working to increase wages.

Join the [Fair Labor Association](#). The FLA's Fair Compensation Strategy offers a road map toward living wages, and its living-wage dashboard is a great tool to analyze global wage data as you develop your program.

Our Road to Living Wages

Our living-wage strategy is built on four key principles:

We believe in working directly with our factories to find and pilot tailored, multi-prong approaches to achieving and maintaining a living wage.

We are committed to working with other companies, suppliers, workers, NGOs, unions, experts, academics and customers to achieve these goals.

We want to implement a sustainable living-wage strategy that makes it easier for suppliers to pay a living wage even during fluctuations in their business.

We want to share our lessons, including what has worked and what hasn't, so that solutions can be scaled up. We're accomplishing this goal by joining industry conferences and meetings, as well as engaging in one-on-one calls with other brands and NGOs.

Phase 1: Launch

2010-2011: Patagonia's Social and Environmental Responsibility (SER) team helped develop the Fair Labor Association's Supplier Code of Conduct language that requires its member brands to work toward a living wage.

2013: We began our partnership with Fair Trade USA, our [first step](#) on the journey toward a living wage. We also published our revised Supplier Code of Conduct, which included a living-wage component.

2014: We were part of a multi-stakeholder consultation to create the FLA's Fair Compensation Workplan: their vision for how to achieve living wages in apparel and footwear assembly factories. In anticipation of the workplan, we created a Patagonia internal Fair Wage Taskforce, a cross-departmental team tasked with supporting the FLA and figuring out Patagonia's pathway to achieving living wages in our supply chain.

Phase 2: Taking Stock

2015: The FLA published its Fair Compensation Workplan, which we used as the foundation for an internal goal to reach living wages in our apparel assembly factories by 2025.

2016: We began our work with FLA members to build the best method for gathering and analyzing wage data for

our apparel assembly factories. We piloted a tool to collect wage data with 10 of our apparel assembly factories.

2017: We continued to work with the FLA by completing our pilot to gather wages for 10 apparel assembly factories. As we tried to understand which of Patagonia's apparel assembly factories deserved immediate attention to narrow the gap between current wages and a living wage, we asked MIT students in the Sustainable Business Lab to help us find an easier way to gather wage data across a large supply chain. The students developed a model for streamlined collection of this data.

2018: Early in the year we piloted the FLA's improved wage data collection tool with 10 apparel assembly factories. The pilot went well, so we scheduled interactive training webinars with our apparel assembly suppliers. In the webinars we officially launched our living-wage program, announced our goal, defined the living wage, showed the importance of the living wage, communicated our strategy for achieving a living wage, discussed the next steps and our program timeline, and answered questions and received feedback. After the official launch of our program with our suppliers, we finished collecting wage data. With this data in hand, we enlisted the help of the MIT Sustainable Business Lab to help analyze it.

2019: We updated our analysis of living wages in our apparel assembly supply chain. Our report showed that 35 percent, or 11 out of 31 apparel assembly factories, were paying a living wage, on average, at that time. This data was gathered before the COVID-19 pandemic and reflects a significantly different economic reality for these workers and factories.

2020: We updated our analysis of living wages in our apparel assembly supply chain. Our report showed that 39 percent, or 12 out of 31 apparel assembly factories, were paying a living wage, on average, at that time.

Phase 3: Learning, Planning & Making Change

2021 and ongoing: We started planning pilots for how to partner with our apparel assembly suppliers to increase workers' wages without jeopardizing the competitiveness of these factories. Our plan was to roll out one or two pilots per year and to share the results with the FLA in order to create a helpful forum in which participating brands and suppliers could work together toward a common goal. However, with the onset of the COVID-19 pandemic in 2020, we have been unable to move forward with the pilots as a result of the significant economic impacts on our business and our suppliers, as well as the logistical difficulties involved in doing work onsite with the associated risks of spreading COVID-19. We are now reevaluating where our suppliers are, and we will adapt our work to see how we can make the most impact.

In the meantime, in 2021 we partnered with the FLA to fund three living-wage benchmark studies in El Salvador, Colombia and Thailand. These estimates are being produced using the Anker Methodology and will be available on the GLWC website when they are completed. This is important work because it increases the quality of data available to global stakeholders, which helps them progress their living-wage work, and we look forward to helping produce additional benchmark studies around the world.

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