

# SWITCHER

Brands: Switcher, Whale



## COMPANY POSITION ON THE LIVING WAGE:

“The payment of a living wage is a central element considered before entering into a business relationship with a supplier – we uphold this for all production countries.”

Switcher’s code of conduct says: “Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income.”

## WHAT WE SAY:

Switcher is committed to paying a living wage and uses the Asia Floor Wage as a benchmark. The company is collaborating with the Fair Wage Foundation (FWF) on ways to implement payment of a living wage and has initiated a project in Bangladesh to raise wages through creating a solidarity fund. Overall, Switcher has helped push forward the international debate on a living wage and is working on this important topic throughout its supply chain.

## IN MORE DETAIL:

### Has living-wage benchmarks?

Yes.

### Worker empowerment:

Switcher includes statements on freedom of association in its code of conduct, as stipulated in the FWF Code of Labour Practice, which is implemented in supplier factories.

Switcher says it takes part in a ‘Workplace Education Programme’ as part of the implementation of the FWF Code of Labour Practice. This has been jointly developed with local trade unions and labour-rights NGOs. To date, only one Switcher supplier from Turkey has participated in the training.

Switcher also uses the FWF’s grievance mechanism, whereby workers can report problems in the factories with local persons of trust. Incoming complaints are handled by the FWF and outcomes are made public in a report.

## Commitment and practices:

Switcher uses the FWF's wage ladders to calculate the difference between the target living wages and the wages actually paid in its supplier factories. Results are integrated into a corrective action plan after the audit.

According to Switcher, four of its suppliers in China currently pay a living wage (as defined by the Asia Floor Wage benchmark).

Switcher provided the CCC with detailed information on the wage structure of its main suppliers. Switcher's supply chain is transparent and publicly accessible.

Before entering into a business relationship, Switcher systematically evaluates the difference between the wages paid and a living wage. Wages play an important role in determining whether or not to source from a specific supplier.

## Collaborative approach:

Switcher is a member of the Fair Wear Foundation and is actively engaging, together with other companies, on an initiative to implement a living wage.

Switcher publishes a list of its suppliers and enables traceability of all its products through an online tool (respect-code.org). Switcher also uses Sedex, a database that allows the company to systematically collect information on suppliers and which provides an overview of production sites.

## COMMENTS:

Unlike many other companies, Switcher uses a concrete benchmark for the implementation of a living wage. The FWF requires its members to adapt their purchasing policies and practices in order to allow the payment of a living wage at factory level. Any progress towards the realisation of a living wage is documented and published in annual progress reports for each company. The FWF sets out clear requirements for its members, taking it a step further than other standard-setting initiatives. Switcher clearly has a pioneering role – both within and outside of the FWF – when it comes to transparency and sustainability management.

Switcher reacted very openly to the CCC company survey. Its business practices build on transparency, which is a very important prerequisite for the improvement of working conditions in the supply chain and for raising salaries to a living wage.

Moreover, Switcher demonstrates more initiative than other companies regarding the implementation of a living wage. The solidarity fund in Bangladesh, one of Switcher's projects, is internationally acclaimed and has great potential for use in other factories. This fund demonstrates

Switcher says it plans to publish in its next annual report (due March 2014) the calculation of sewing time (in minutes) and 'sewing wage' for each product.

## Strategy:

Switcher has initiated a project to raise wages in one of its supplier factories: "Since March 2013, Switcher has implemented a solidarity fund for ALL workers of its unique supplier in Bangladesh, 'Karoooni Ltd', made with 1% added on each unit FOB [free-on-board] price. This amount will be used for the creation of a separated, direct and annual payment to ALL workers of the factory."

This project was put together following a consultation held with local trade unions in Bangladesh.

Switcher is just one of many buyers at this factory, so its payout will not top-up wages very significantly. Switcher says it is trying to convince other companies sourcing from the same factory to commit to the solidarity fund. It hopes the project can be expanded to other factories and countries.

## Production overview:

**Number of suppliers:** 24 supplier factories

**Main production countries listed as:** Portugal (44%), Romania (19%), China (16%), Bangladesh (12%), India (4%), Turkey (3%), Taiwan (1%)

Switcher publishes a full public list of the names and addresses of its supplier factories.

one possible way in which all the brands sourcing from the same factory can jointly contribute to an increase in wages. The project is still in its infancy, many questions remain and it's unclear whether this will or will not be the way to go in the future. The increase in wages created by the solidarity fund is, as yet, marginal and still a long way off a living wage, due to the fact that Switcher is only one small buyer amongst many other buyers at that factory. This means that the amount of money paid into the fund is very low. It is crucial to convince other companies to commit to the fund. Nevertheless, this is one of few projects aimed at ensuring a living wage that is being implemented in consultation with local trade unions.

Switcher now needs to work systematically on the implementation of a living wage in other areas of its supply chain outside of Bangladesh. According to Switcher, in four out of six of its supplier factories in China, all workers receive a living wage equivalent to the Asia Floor Wage. However, in its supplier factory in Romania, actual wages are far below a living wage. With a purchase volume of more than 20%, Switcher is in a good position to work towards the payment of a living wage in this case.