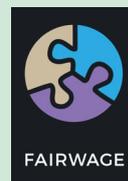


SOCIAL SUSTAINABILITY ROAD MAP



Camera Nazionale
della Moda Italiana

in collaboration with



FAIRWAGE

FASHION INDUSTRY'S COMMITMENT AND RESPONSIBILITY ON SUSTAINABILITY

The fashion industry is not only an important engine of economic growth and recovery-it represents the second major industry in the country- but it is also an important source of social wellbeing since it employs, overall, more than 500,000 workers and relies on both large factories and thousands of very small family businesses and artisans.

Given this context, CNMI over the last decade placed social sustainability as one major focus. In 2018 it decided to set up a Committee on Sustainability which aroused a great deal of interest among major brands working in the luxury sector which are precisely looking for quality in their production process, quality of raw materials, of products and technologies but also of workers. Now, to ensure such quality, brands and their partners in this industry intend to take a further step in their social commitment by issuing the present document in order to guarantee, throughout the entire chain, respect for the fundamental rights of people. Promoting 'Fair Wage' practices is part of this genuine vision and this willingness to run successful business while following the high-quality/high-standards road.

A MAJOR SURVEY ON WAGE PRACTICES

This commitment led to a project on fair wages in partnership with a third party organization, the Fair Wage Network, to further investigate wage conditions in the luxury sector in Italy and identify the actions necessary to guarantee the fundamental rights of people working in the supply chain. After ten months of factory visits among 45 suppliers of major brands of the luxury sector in all regions of Italy and surveys carried out among nearly 1,100 employees, an overall picture of wage and working conditions could be drawn (Full report available at: www.cameramoda.it).

The results revealed the following situation in Italy. The art. 36 of the Italian Constitutional Chart guarantees the right of all the workers to a remuneration proportionate to the quality and quantity of work done and sufficient to ensure, them and their families, a free and dignified existence. By virtue of that provision, fair (as sufficient) wage is defined by National Collective Labour Agreements agreed between employers and trade unions. The key role of collective bargaining is also recognized by the EU: in fact, according to the "Proposal of Directive on adequate minimum wages in the European Union" of 10.28.2020, 'collective bargaining ensures wages above the minimum level set by law and induces improvements in the latter, even pushes rise in productivity'. Hence, this system allows suppliers in the luxury sector, whatever their size, their location or their product, to increase wages on a regular basis and also that those wages would continue, in turn, to ensure workers and their families a minimum to cover their needs in terms of basic goods and services. However, it is still necessary to make efforts to improve wage standards while ensuring sustainable business growth, and that CNMI in cooperation with the Fair Wage Network summarizes below in 10 guidelines.

MAIN GUIDELINES

1. PLACING FASHION BRANDS AS FRONT RUNNERS

These fair wage guidelines describe our ambition to enable wage practices that are fair, relevant and effective for all employees in the luxury sector. This is part of our genuine vision for driving social, economic and environment change that enable to create long term value in our sector. It also provides a framework towards which as the luxury sector we intend to actively lead all parts of our business. This roadmap would help them to follow such strong common ambition and agenda and integrate this commitment into their wage practices, codes of conduct but also their business standards and processes. CNMI will provide guidance and also monitor how brands have started adopting and implementing these principles into their culture and daily practice, and throughout their workforce.

2. ENSURING TIMELY PAYMENT OF SUPPLIERS

In order to continue to rely on skilled and qualified suppliers, the fashion industry will keep ensuring their regular and timely payment so that their employees can in turn be promptly remunerated. The Covid-19 crisis also demonstrated the importance of securing payments even in a context of sudden changes in orders and a sharp deterioration in the general economic environment.

3. PAYMENT OF WAGES THAT GUARANTEE ALL WORKERS' COVERAGE OF BASIC STANDARDS OF LIVING

The luxury sector will make the best efforts to make sure that all workers in the sector, even if they are employees of small enterprises, receive a fair wage that will enable workers and their families to live a free and dignified life and allow them to participate in society. In order to reach this objective, the present document commits the companies in the sector to apply, among national collective agreements, the ones (CCNL) signed by the most representative organizations within each individual sector (for instance textile, shoes, leather...). Supply chains' internal purchasing practices must also be aligned to such ambition.

4. FIGHTING WAGE DISCRIMINATION AND REDUCING INEQUALITIES

To implement their commitment to diversity and inclusion and their deep belief that 'diversity is an asset'¹, luxury brands aim at ensuring that, in the whole sector, also for suppliers' employees, there will be no sources of wage discrimination either by gender-through a monitoring and progressive disappearance of any gender pay gap-or by ethnic/national origin, sexual orientation or even by types of work contract.

In this regard, luxury brands and companies stimulate and foster the application of the basic principles of 'equal pay for work of equal value' and of 'equal opportunities for jobs and carrier progression', in order to create multicultural teams but also a more dynamic work environment and improved performance. We should thus limit wage differences by types of contract, or between those lowest paid at the bottom of the wage skills and those at the top when not reflecting objective and measurable criteria.

5. PROMOTING VIRTUOUS PAY SYSTEMS THAT REWARD SKILLS, PROFESSIONAL EXPERIENCE AND TECHNOLOGICAL CONTENT

The luxury sector is also committed to contribute at improving the pay systems by the introduction of mechanisms that represent, also for suppliers' employees, an incentive to increase quality in the luxury sector. To be fair and effective, besides consistent with the EU standards, the structure of wages, in the whole sector, should reflect different levels of skills and professional experience, technological content, trends which are particularly relevant for the higher value-added products generated by the sector.

6. NATIONAL COLLECTIVE LABOUR AGREEMENTS (CCNL) TO ALLOW WAGES TO PROGRESS OVER TIME

Monitoring wage levels over time is necessary because wages can be fair, and cover basic standards today, but become unfair if they are not adjusted on a regular basis. This means that wage should progress at least in proportion to increases in inflation and costs of living, a correspondence that is ensured in Italy by the three-year negotiation National Collective Labour Agreements (CCNL) carried out by the most representative unions -that is, by unions that are fully entitled to the definition of minimum wages in accordance with the provisions of art. 36 of the Italian Constitution.

¹ See CNMI Manifesto for diversity: <https://www.dropbox.com/s/tk4mqphq3g3ptsx/MANIFESTO3ENG.pdf?dl=0>

7. ENSURING WAGES AS A TOOL OF SOUND HUMAN RESOURCES

In this approach, wages must be seen not only as a cost but also as an investment in human capital, a sign of quality in human resources and in the production process. The Fair Wage approach shows to lead not only to fair wage levels but also to more effective wage practices by strengthening incentives to work in order to attract and stimulate the talented men and women who dedicate their professional life to the development of the sector.

8. OPTING FOR THE HIGH ROAD OF SOCIAL SUSTAINABILITY IN THE CURRENT RECOVERY

The growth in the luxury sector must contribute to the achievement of UN Sustainability goals and other International organizations' commitments (from the ILO, the OECD etc.) to limit inequalities and fight against poverty. The current global health crisis has put all industries under stress, with risks of job's losses, business closures and increased inequalities. In such a context, the fashion industry can act as a pioneer opening the way by incorporating basic sustainability commitments including for fair wages and decent work as main pillars of its future production and competitiveness performance.

9. FOSTER COMMUNICATION AND SOCIAL DIALOGUE

Fashion is enriched through collaboration, and we commit to creating a collaborative work environment to promote mutually agreed ideas, projects and solutions. Communication with all collaborators is also key through detailed individual work contracts and pay slips, and also regular communication channels. These guidelines should motivate employees to work and to advance their career in the luxury sector.

10. COMMITMENTS TO NEXT STEPS

CNMI in cooperation with the Fair Wage Network will provide brands concrete guidance to follow this road map and to assess their progress towards adopting and implementing these principles throughout their workforce.