



## Interpretation Notes Fairtrade Textile Standard

### Version 22.03.2016\_v1.1

Date	04.03.2021	
Reference	Textile Standard	
Affected standard requirement(s)	<b>3.5.2 Wage increases to reach living wages</b>	
	<b>Core</b>	If remuneration (wages and benefits) is below living wage benchmarks approved by Fairtrade International, your company must agree with trade union/workers' representatives to a time-bound plan of maximum six years from certification to increase real wages to close the gap to living wages. Once a living wage is reached, wage increases are expected to continue to keep up with inflation. Negotiations on annual wage increases do not have to take place every year, as long as real wages increase every year.
	<b>Year 0</b>	
<p><b>Guidance:</b> Real wages refers to wages that have been adjusted for inflation. The real wage increase is intended to raise wage levels to an eventual living wage. The Fairtrade approved living wage benchmarks provide guidelines for negotiations between trade unions/workers' representatives and management. The <a href="#">methodology</a> used to calculate living wage benchmarks can be found on the Fairtrade website. Negotiations can take place according to industry practice; for instance, every year, every two, or even every three years, depending on the term of the wage agreement. If wages are set at a regional or sector level in such a way that the gap with living wage is not closed by regular increments, the employer can satisfy this requirement by increasing other forms of remuneration as long as this is agreed by elected worker representatives.</p>		



<b>Interpretation</b>	<p><b>In the absence of living wage benchmarks published by Fairtrade International, which reference should be used to assess the wage increases to reach the living wages?</b></p> <p>In regions where approved living wage benchmarks are not available, the employer applies the 'interim' benchmarks permitted by Fairtrade International as reference values. They can be found <a href="#">here</a>.</p> <p>Kindly note that Fairtrade will regularly review the benchmarks and adjust them if needed. Updates will be published here: <a href="https://www.fairtrade.net/standard/textile">https://www.fairtrade.net/standard/textile</a></p> <p>Payments that can be considered as wage increase have to comply with the following conditions:</p> <ul style="list-style-type: none"><li>a) The payments follow the implementation steps according to the <a href="#">Explanatory document</a> on living wage for the Fairtrade Textile Standard (chapter D).</li><li>b) The payments included as wage increases have been negotiated and agreed to by the workers' representatives in the factory.</li><li>c) The payments have been communicated and are transparent and comprehensible to workers.</li><li>d) The payments are on the record and legal and declared by the companies/employers.</li></ul>
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