

**FENIX OUTDOOR**

**Fair Compensation Policy for Global  
Vendor Partners**

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## 1. Principles

Fenix Outdoor has subscribed and is committed to the UN Global Compact Principles and recognizes an “adequate standard of living” and “just and favorable of work” which are universally recognized human rights and form part of the Universal Declaration of Human Rights (Article 25) and the International Covenant on Economic, Social and Cultural Rights (Article 7).

Amongst other things, businesses are asked to respect these rights through the provision of a living wage. Fenix Outdoor takes the matter of fair compensation very serious and is actively contributing to addressing decent wages for workers in our vendors’ factories. Our Fenix Way addresses fair compensation and wages in chapter 3.6. The frequently updated Code of Conduct (CoC) needs to be signed by every direct business partner. We are particularly focusing on social compliance matters, safe working conditions, and the decent and fair income of the workers.

Our Supplier CoC aligns with the Fair Labor Association (FLA)<sup>1</sup> Workplace Code of Conduct. Fenix Outdoor is an FLA accredited affiliate since 2018<sup>2</sup>.

We recognize that the assessment, scientific valuation, and societal discussions around living wages is not new neither easy. It also is none for which the industry has found a blueprint nor a one-fits-all solution. The United Nations Global Compact shares a holistic description<sup>3</sup> on this topic.

### 3.6 Compensation/wages

**Every worker in a regular work week has the right to an income that meets his or hers basic needs and provides some discretionary income. The legal minimum wages should be a minimum requirement, but not a recommended level. We expect our suppliers to provide fair remuneration and to guarantee the applicable national statutory minimum wage, the prevailing industry wage or the wage negotiated in collective agreements, whichever is higher, and provide any fringe benefits required by law or contract. Where compensation does not meet worker’s basic needs and provide some discretionary income, each employer shall take appropriate actions that seek to progressively realize a level of compensation that does.**

**Wages must be paid regularly, on time and be fair in respect of the worker’s experience, qualification and work performance. Fenix Outdoor does not accept deductions as a disciplinary measure.**

(The Fenix Way, p. 46: [https://www.fenixoutdoor.se/wp-content/uploads/2019/11/the\\_fenix\\_way\\_2019.pdf](https://www.fenixoutdoor.se/wp-content/uploads/2019/11/the_fenix_way_2019.pdf))

## 2. Scope and Rationale

Fenix Outdoor’s Fair Compensation Policy for Global Vendor Partners applies to all vendor partners of Fenix Outdoor’s Brands segment. The Policy is not a blueprint that prescribes the way how to achieve a living wage as this will depend on local, regional, or national circumstances. However, this Policy shall encourage and enable vendors to consider, reflect and work on the common living wages agenda. We would expect all business partners in this context to consider the UN Sustainable Development

<sup>1</sup> <https://www.fairlabor.org/our-work/labor-standards>

<sup>2</sup> <https://www.fairlabor.org/affiliate/fenix-outdoor>

<sup>3</sup> <https://livingwages.unglobalcompact.org/#undefined>

Goals, in particular SDGs 1, 2, 3, 8, and 10 and to take visible action to achieve living wages standards by 2030. Also applicable in the framework of this Policy are

- The Fenix Way
- The Fenix Outdoor Social Compliance Guideline
- The Fenix Outdoor Responsible Sourcing and Purchasing and Production Policy
- The Fenix Outdoor Supplier Scorecard
- Fenix Outdoor Risk Country Policy
- Fenix Outdoor NGO Guidance

### 3. Fenix Outdoor Approach: Multiple-Steps to a Living Wage

Since there are multiple ways how to define a living wage, Fenix Outdoor has decided that the Anker Methodology used by the Global Living Wage Coalition (GLWC)<sup>4</sup> provides us with the best definition and approach to get a grip of a living wage standard:

*“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.” (Anker 2011)*

Calculating a living wage in different countries and regions is complex. The GLWC standard does not apply for all production countries yet, from which Fenix Outdoor sources from.

Fenix Outdoor, during its regular interactions with vendors, be it through site-visits, audits, joint trainings, or common projects, applies the FLA and ELEVATE EiQ wages benchmarks, and integrates, where possible, workers’ voices and suggestions. We also interact and cooperate with local or locally knowledgeable non-governmental civil society organizations.

In 2020, Fenix Outdoor has started to collect wage data through the FLA approach using their Fair Compensation Dashboard to understand the wages on a more in-depth level. In 2020 we surveyed for the first time and the FLA asked for a 5% participation quota. We reached nearly 13% of suppliers who responded, and we almost doubled the data set in 2021. We have begun to share the wage charts and benchmark data with suppliers to initiate needed dialogues. This is a continuous process.

We are interested in the views of our vendors and this not a lip-service. Therefore, Fenix Outdoor took part of the Better Buying Initiative’s survey cycle again in 2021 (first time in 2018 with only one brand involved). All Tier 1 supplier were invited to share their experiences. The answer rate was 41,6%. The results were presented and discussed with internal stakeholders and where needed actions were initiated. The Better Buying survey can reveal if a company’s purchasing practices have detrimental impacts on wages and working conditions. Despite some weaknesses in planning and forecasting, FENIX’s results showed there are no wage-related negative impacts.

The yearly Fenix Outdoor CSR Report<sup>5</sup> presents the annual developments in terms of social compliance and fair compensation progress on a high level. All employees, involved in sourcing, purchase and

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<sup>4</sup> <https://www.globallivingwage.org/about/anker-methodology/>

<sup>5</sup> <https://www.fenixoutdoor.se/hallbarhet/>

production will be held accountable to also observe fair wages and this policy. Trainings will regularly be provided by the Fenix Outdoor Sustainability team.

#### **4. Conclusion**

The purpose of this Group Policy is to ultimately join forces with other business and societal actors to achieve fair wages in all sourcing and vending partners. We are committed to work and collaborate with all societal actors including, where possible, independent, and free trade unions to further this goal.