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Nau's progressive policies don't extend to foreign worker pay

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Portland's trendiest new startup proudly declares on its Web site, "Nau open for business unusual."

And in many ways, Nau Inc. is conducting its business unusually, blazing trails toward social and environmental responsibility in an industry dominated by bottom-line-oriented corporate giants. Nau makes its shirts primarily from recycled and organic fabrics, shuns big TV ads in favor of modest Internet marketing and acts as both manufacturer and retailer by selling its own products on a Web site and through small-scale stores.

But on the controversial subject of factory-worker wages, Nau toes a line the industry has already drawn.

The company said it contracts with factories in China, Thailand and Hong Kong that pay their employees minimum or "prevailing industry" wage -- which, according to one labor rights group, is about 40 cents an hour in China and far lower than the "living wage" standard that many have urged the industry to adopt. A worker in China making 40 cents an hour would have about the same purchasing power as a U.S. worker making \$1.58 an hour, according to World Bank figures.

"No one believes that minimum wage or prevailing industry wage is a progressive standard," said Scott Nova, , executive director of Worker Rights Consortium, a Washington D.C.-based nonprofit. "It is encouraging that Nau wants to contribute to positive change. Unfortunately, their wage standard suggests that their practices do not yet reflect that goal."

Nau declined to give a wage range for workers at its contract facilities, referring those specifics to the factories. But Jil Zilligen, Nau vice president for sustainable business practices, said the company is committed to ensuring that workers are treated fairly. Its six contract factories must adhere to Nau's code of conduct, which calls for, among other things, allowing employees the right to collectively bargain, earn overtime, and work in a safe and healthy environment.

"We really feel like we're in world-class facilities and they're great factories," said Zilligen, noting that the factories have waiting lists of people wanting to work there. "This idea of a living wage -- it's an important idea, but it's a difficult thing to define in black-and-white terms."

She added that because Nau is so small and that factories are doing work for many larger apparel makers, requiring factories to pay more to workers for Nau products could be

confusing. "It's sort of like a customer dictating one element in a sort of almost imperialistic and American-centric way -- telling them how to run their business," she said.

Instead, she said, Nau wants to work with the industry as a whole to advocate for improved standards across the board. Nau can best help change the status quo over time by working with the industry, she said, rather than as a lone voice.

Nau is unique in that the company, from the start, built standards for social responsibility into its business plan, said Robin Jaffin, director of supplier programs for Verite, a nonprofit monitoring and training organization that works with factories to improve labor standards. She said Nau sent its code of conduct for Verite's review and added that the company has shown a strong commitment and enthusiasm for working with Verite and meeting directly with factories on how to achieve labor standards.

But Nova said the wage issue is a missed opportunity. Nau could have distinguished itself in a way that would put it ahead of Nike, Adidas and other sporting goods companies in terms of social responsibility.

"The norm in the industry on labor standards is bad; it would seem like an area where it's really important to be different," he said.

Footwear and apparel companies concede there's plenty of room for improvement despite significant progress since the 1990s, when the issue of sweatshoplike factory conditions emerged in the public consciousness. Nike and other apparel companies eventually adopted "codes of conduct" for their contract factories, and they continue to work with third-party organizations to audit the factories for compliance with the codes.

But some say the codes -- and even the monitoring -- are insufficient to ensure that factories treat workers fairly. The United Students Against Sweatshops pushes universities to demand that their licensed apparel be manufactured using factories that pay higher wages.

And Nike last year severed its contract with a supplier in Pakistan for failing to fix problems over a six-month period. But the industry has rebuffed calls to require factories to increase workers' wages.

Although Jaffin of Verite said a higher "living wage" will be "absolutely the next stage that people need to go," for now "we have enough work in front of us to ensure that workers are getting their regular minimum wage and their overtime wage and that their working conditions are respectful and healthy."

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