

NEW LOOK

Brands: New Look



COMPANY POSITION ON THE LIVING WAGE:

"We believe in taking an incremental approach to increasing wages towards living wage standards, concentrating on developing methodologies and approaches that actually deliver higher wages. These wages do not reach living wage levels in many contexts, however, we have real evidence of significant increases which are reaching workers' pockets."

WHAT WE SAY:

New Look has started to use wage ladders to benchmark wages, and is doing interesting work in China and Bangladesh. More work is needed on pricing commitments.

IN MORE DETAIL:

Has living-wage benchmarks?

Yes.



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Worker empowerment:

New Look says: "We provided training to managers at 100% of our 50 factories in Bangladesh and training to workers at 24 factories on worker rights and FOA [freedom of association]. We also supported 49 factories to set up worker committees. In China we supported 9 factories to set up worker committees, while in India we delivered training to workers on their labour rights at 20 factories."

In addition, New Look is "currently working on freedom of association training for nearly 100 factories and suppliers in Bangladesh, India and Turkey."

New Look also has a worker hotline complaints mechanism.

Commitment and practices:

New Look has started to use the Fair Wear Foundation wage ladder to benchmark living wages. This includes the Asia Floor Wage (AFW) benchmarks. In China, New Look has been doing strategic work with 12 factories using the AFW as a benchmark. Results show that 75% of the factories' average monthly wages are now higher than the AFW.

Work on purchasing practices includes supplier-base consolidation, and the use of an internal ethical scorecard to support buying choices.

On short-term contracts in North India, New Look says: "Over the last 2 years we have worked with 8 factories to address the issue of short term contracts ... As a result of this work, some factories have started to improve the package offered to contract workers by enrolling them in Provident Fund and ESI [Employees' State Insurance], and working with the local government offices to ensure that paperwork is correctly completed."

Collaborative approach:

Some meetings with Cambodian unions were mentioned, where New Look's intervention resulted in certain union demands being met by factory management.

New Look is a member of the Ethical Trading Initiative.

New Look says: "11 of our factories participated in the Benefits for Business and Workers (BBW) programme 5 in Bangladesh and 6 in India. This is a collaborative project, involving 8 retailers, with support from the Department of International Development's RAGS [Responsible and Accountable Garment Sector] Challenge Fund, and managed by Impactt ... Overall, in

Bangladesh average monthly take-home pay increased by 7.63% ... In India, monthly take-home pay increased by 5.09%." Working hours were also reduced. These gains were achieved via trainings and productivity improvements.

Strategy:

New Look says: "We address the issue of low wages through a combination of approaches:

1. We train our buyers to understand how their buying practices impact upon workers ...
2. Importantly we develop long term relationships with our suppliers ...
3. We run many factory improvement projects and trainings for workers and supervisors across our key sites which develop their understanding of worker's needs and improve the skills and capacity of management to meet them.

"We are also implementing 2 projects in India and Bangladesh giving workers access to bank accounts – this is a vital corollary to work on increasing wages, since access to banking reduces costs for workers and enable fairly priced remittances and access to savings products."

New Look adds: "We worked with one factory in the UK to trial a methodology for increasing workers' wages through increasing skill levels and paying skill increments. This is a work in progress, and we look forward to reporting on results in the future."

New Look has set itself the following targets for the coming year: "Work with 30 key factories in China to establish wage improvement targets; Continue to work with the 12 factories in the RAGS BBW [Benefits for Business and Workers] programme in India and Bangladesh to monitor and support wage improvements with a target of 10% increase in average pay per hour; Support 2 factories in China to improve average pay per hour by 10%."

Production overview:

Number of suppliers: 917 first-tier suppliers

Main production countries listed as: China (48%), Cambodia (14%), Bangladesh (12%), UK (7%), Moldova (5%), Turkey (3%), India (3%), Vietnam (2%), Pakistan (2%), Romania (2%), Other (2%)

New Look does not publish a full public list of the names and addresses of its supplier factories.

COMMENTS:

New Look has been engaging in the Benefits for Business and Workers project (in partnership with the consultancy Impactt, and other brands), which aims to build factory capacity and improve communication and problem-solving in factories. One of the outputs of the BBW project is that wages have gone up through productivity improvements, but as we have always held about productivity gains, the improvement to wages has been minimal. The 7% wage increase achieved in Bangladesh by efficiency improvements is an increase, but given that the minimum wage was recently put up by 80% (after the project ended) and this still isn't anywhere near a living-wage figure, we aren't keen to call this a living-wage project. However, even if the project doesn't achieve a living wage, New Look and Impactt are keen to say that the 'transformational change' and 'worker empowerment' aspects are worthwhile. We aren't so sure.

Our second concern with the project is that the entire worker-empowerment emphasis has failed to engage with the trade union movement, and there is no reference to freedom of association or trade unions in the training materials provided. The programme has focused on "building towards the idea of Freedom of Association" by trying to overcome obstructionist attitudes to collective-worker representation in management. This has involved training programmes and getting management to engage with legally required worker-committee models. Although this may be helpful in the short term, worker committees are not the solution to the worker-empowerment issue in our opinion. Engaging in this runs the risk of promoting 'parallel means' to management as a way to avoid engagement with functioning trade union movements. Worker committees do not have the power to collectively bargain on anything aside from fringe benefits or minor wage increases, do not have the right to take industrial action to back up their position, often can't hold independent elections, and are usually restricted to individual workplaces – meaning members cannot take part in campaigning aimed at improving wages and conditions on a sectoral, national or regional level. All in all, not so great for workers or long-term change. A commitment or strategy to transition the work of BBW towards collaboration with trade unions would be a good step.

Beyond the BBW programme, New Look is carrying out other work on freedom of association and other factory projects, which is good. It has been doing some work on short-term contracts (STCs) in North India, which sounds interesting. We hope this learning will be used more widely in its Cambodian factories (where STCs are an issue).

We are pleased also that New Look has started to use the Fair Wear Foundation wage ladder to benchmark living wages in its supplier countries. Work in China actually paying a living wage is also impressive. We hope that New Look will work towards rolling this out more widely and seriously engaging in projects to meet these figures. It seems to be on this path, which is positive. It is now vital that New Look makes a real commitment to address pricing and internal calculation of costs to ensure these living-wage levels can be paid.