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# NEW BALANCE SUBMISSION



# Clean Clothes Campaign Wage Survey

Response ID:58; Data

## 1. Login/Password Action

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## 2. Introduction

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### 1. Company name:

New Balance Athletic Shoe, Inc.

### 2. Brands owned by company:

New Balance, Warrior, Brine, PF Flyers, Dunham, Cobb Hill

### 3. Main contact person:

Name: : Monica Gorman

Email: : monica.gorman@newbalance.com

Contact phone number: : +1.978.946.4368

## 3. The living wage standard

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### 4. 1.1 What is your company's position on payment of the living wage to workers in your supply chain?

As an affiliate company of the Fair Labor Association (FLA), New Balance is committed to aligning our program with the Standards on the FLA Code of Conduct. The FLA Code states that "every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income.... Where compensation does not meet workers' basic needs and provide some discretionary income, each employer shall work with the FLA to take appropriate actions that seek to progressively realize a level of compensation that does."

### 5. 1.2 Please give the link to the code of conduct which is used when monitoring conditions in your supplier factories. If it isn't publicly available, please upload a copy using the option below.

[http://assets.newbalance.com/nb-us/about\\_nb/leadership/documents/nb\\_code\\_of\\_conduct\\_eng.pdf](http://assets.newbalance.com/nb-us/about_nb/leadership/documents/nb_code_of_conduct_eng.pdf)

### Upload option.

### 6. 1.3 Does your company agree with the definition of a living wage as given here?

No, our definition differs from the definition given.

### If no, please provide details of how your definition of a living wage is different and give justification.

New Balance is committed to aligning our program with the Standards on the FLA Code of Conduct. The FLA Code states that "every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income.... Where compensation does not meet workers' basic needs and provide some discretionary income, each employer shall work with the FLA to take appropriate actions that seek to progressively realize a level of compensation that does."

**4. Respect for freedom of association and collective bargaining, a precondition for a living wage**

**7. 2.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to workers in your supplier factories and subcontractors?**

Yes, through our Code of Conduct. Suppliers must agree to abide by the standards in the NB Code of Conduct as part of our standard Supply Agreement contract, which outlines the terms of our business relationship. In certain cases, such as in Indonesia, we have taken additional measures on Freedom of Association by signing the national-level FOA Protocol and also requiring our footwear suppliers to sign and implement the FOA Protocol.

**Percentage of supplier factories and subcontractors reached by these measures:**

85%

**Please supply an example of materials used:**

**8. 2.2 Do you support or facilitate training for workers to ensure they are aware of their right to freely associate, in conjunction with local independent trade unions or workers' rights organisations? Please supply details:**

Yes, on a case-by-case basis. We regularly interact with local unions represented in supplier factories. For example, we work on a regular basis with factory union representatives in Indonesia regarding specific cases, as well as implementation of the FOA protocol. Similarly, in Latin America, NB compliance staff regularly speaks with factory union representatives during compliance audits.

Percentage of supplier factories reached by these measures: : %

**9. 2.3 Do you provide training for management of your supplier factories and subcontractors on the right to freedom of association?**

Yes, on a case-by-case basis.

**Percentage of supplier factories and subcontractors reached by these measures:**

**10. 2.4 Have your supplier factories and subcontractors issued the Right to Organise Guarantee to workers in any of your production units?**

	Country:	Number of suppliers:	Details:
1:			
2:			
3:			
4:			

**Please provide a sample of materials used in specific countries:**

**11. 2.5 Do you require supplier factories and subcontractors to sign Union Access Agreements? If yes, please supply details.**

**Number of supplier factories with agreements:**

**Please provide a sample of agreements signed:**

**12. 2.6 Does your company have an accessible, actionable and safe means by which workers can**

**file and follow up on complaints about violations of freedom of association and collective bargaining rights? How do you monitor that this can be accessed freely by workers?:**

Yes. NB footwear factories, which provide the vast majority of the company's products and revenue, are required to have independent and functioning grievance procedures. In addition, all footwear factories have NB suggestion boxes placed in discreet locations as designated by NB throughout the factory (and dormitory, if applicable) that can only be accessed by NB personnel. NB personnel regularly check these boxes for submitted comments. In addition, NB personnel are stationed in core footwear factories on a daily or weekly basis and are known to workers. NB personnel may also receive worker concerns via mobile phone or SMS. Comments/suggestions/concerns are received on a regular basis, demonstrating that the boxes are actively utilized by workers.

**13. 2.7 Have you done any work to limit the use of short term contracts in your supplier factories and subcontractors?**

Please provide details of your policy and its impacts in relevant countries: : Yes. NB policy requires that the % of permanent workers in a factory should be equal to or greater than the % of workforce needed for the average of the three lowest season production months. This has significantly reduced the use of temporary contracts. NB has seen a significant reduction in the use of temporary contracts in footwear suppliers in Indonesia.

**14. 2.8 Is there anything else you would like to tell us about work you have done so far, or work you are planning, to promote the right to freedom of association in your supply chain?**

**5. Dialogue and negotiation with labour rights organisations**

**15. 3.1 Please provide details of any active collaborative work undertaken with independent trade unions or labour rights organisations in your sourcing countries:**

NB regularly partners with external stakeholders in key sourcing countries. In Indonesia, NB has signed the FOA Protocol and works with Oxfam and local/global trade unions as a member of the Protocol National Committee. In the Americas region, NB is an active member of the Americas and Mexico Working Groups, led by the Maquila Solidarity Network. NB has recently been working to help facilitate multi-stakeholder dialogue in Peru around the use of temporary contracts. NB is also a participating company in the ILO's tripartite Better Work Program in Cambodia, Vietnam, Indonesia, Jordan, and Haiti.

**16. 3.2 Have any of your collaborations resulted in unions or bargaining processes starting within your supplier factories?**

**6. 4. Benchmarks for a minimum living wage**

**17. 4.1 Does your company have internal figures that it uses to benchmark living wages for each sourcing country or region?**

No

**If yes, please provide details of how these were developed and how they are used:**

**18. 4.2 Please provide information about the figures you are using to benchmark a living wage in your 3 main production countries or regions.**

	Country/region	Living wage benchmark
1.		
2.		

3.

**19. 4.3 Please give details of the number of your supplier factories in Asia that are currently paying the Asia Floor Wage.**

	Country/region	Number of supplier factories paying Asia Floor Wage
1.		
2.		
3.		
4.		
5.		

**7. Purchasing practices that make living wages possible**

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**20. 5.1 Is your company doing work to limit the use of subcontractors in your supply chain and/or consolidate your supplier factory list? Please provide details:**

NB has new sourcing leadership within the past few years overseeing both its majority footwear and minority apparel business. Under that leadership, the company has consolidated its footwear business into a relatively low number of key suppliers. Similarly, the apparel business is in the process of consolidating into a smaller number of strategic suppliers. NB requires disclosure and prior approval for use of subcontractors.

**21. 5.2 Does your company operate a policy of buyers favouring supplier factories that consistently meet a high wage standard? How?**

NB utilizes a supplier scorecard that includes a rating for CSR/compliance performance. Part of that rating includes supplier performance on policy, implementation, and performance on wages.

**22.**

**23. 5.3 Does your company break down and calculate whether FOB prices per piece are sufficient to allow for compliance with the wage standard your company has set out in its code of conduct?**

Footwear costing policy includes a specific calculation for labor rates.

**24. 5.4 Does your company operate a policy of buyers favouring supplier factories that support the establishment and functioning of genuine trade unions, and those with collective bargaining agreements?**

NB utilizes a supplier scorecard that includes a rating for CSR/compliance performance. Part of that rating includes supplier performance on policy, implementation, and performance on freedom of association and collective bargaining agreements.

**25. 5.5 Please provide information about any other work your company has done / is planning to do on improving your purchasing practices, in relation to wages.**

NB plans to join the Fair Wage project through the FLA in 2014.

**8. Living wage projects**

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**26. Please provide details of any projects here. Please note you can cut and paste long pieces of text into these small boxes if necessary:**

<input type="text"/>
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	Project 1	Project 2	Project 3	Project 4
Location:				
Number of factories and workers involved:				
Living wage benchmark used:				
Partnerships:				
Wage increase achieved:				
Details of process:				

**27. Please upload any useful supporting documentation here:**

## 9. New Page

**28. 7.1 Have you publicly supported calls from civil society and unions to increase the minimum wage to a living wage standard in your production countries? Have you made this position clear towards governments and employers associations?**

N/A

**29. 7.2 As part of this work, have you issued a public statement assuring country governments that you will not relocate production as a result of minimum wage legislation that ensures a living wage?**

## 10. Transparency

**30. 8.1 Does your company publish a full public list of supplier factories, and sub contractors, their locations and products?**

Yes. [http://assets.newbalance.com/nb-us/about\\_nb/leadership/documents/nb\\_suppliers.pdf](http://assets.newbalance.com/nb-us/about_nb/leadership/documents/nb_suppliers.pdf)

**Do you have plans to publish a full list in the future?**

**31. 8.2 Does your company publish impact reports on projects related to wages?**

## 11. Collaborative working

**32. 9.1 Please provide details of your involvement with any multi-stakeholder initiative projects working to improve wages:**

NB plans to join the Fair Wage project through the FLA in 2014.

**33. 9.2 Please provide details of any work you have initiated outside an MSI, directly with other companies which has improved wages:**

NB has taken a strict position on social insurance, particularly in China where underpayment of social insurance is common. The vast majority of NB's core footwear suppliers pay 100% of social insurance requirements. In cases where footwear and apparel factories are shared with other brands, NB has sought to enlist the help of other brands to help ensure that social insurance benefits are paid.

**34. Supporting documents:**

## 12. 10. A clear route map for implementing a living wage for all workers

### 35. 10.1 Has your company developed a strategy for delivering a living wage in your supply chain? Is this a public commitment?

NB recognizes the importance of progressive realization of the wage standard in the FLA Code of Conduct. To this end, NB plans to join the Fair Wage project through the FLA in 2014 to encourage evidence-based research on the implementation of each of the Fair Wage elements in a diverse group of suppliers.

### 36. 10.2 Does this strategy have a time scale? If yes, please state.

### 37. 10.3 What consultation have you carried out on this strategy, both within and outside your company?

### 38. 10.4 How will you ensure that vulnerable workers, such as homeworkers or migrant workers are also included in efforts to increase wages?

NB has developed a separate "foreign contract worker" policy to ensure that foreign migrant workers are covered by protections that recognize their unique vulnerabilities.

### 39. 10.5 Is there anything else you would like to tell us about your work on the living wage that hasn't been covered in this survey?

## 13. Further questions about your supply base

### 40. 1. What are your main production countries? Please state percentage of total production per country and the number of supplier factories.

	Country	Percentage of production	Number of suppliers
1	China		
2	Vietnam		
3	Indonesia		
4	** Please note that the above are our top non-US sourcing countries. NB still produces a significant percentage of footwear in our own factories in the United States.		
5			
6			
7			
8			
9			
10			

### 41. 2. What kind of trade partners are part of the sourcing structure? Please indicate an approximate % of volume share of your production:

Production at factories owned by your company: : % We have owned facilities

Orders placed directly to supplier factories: : % We source from contract facilities

Orders placed through agencies or intermediates: : % We source very small quantities through agents  
Other: : %

**42. If other, please specify.**

**43. 3. What is the length of time that you have been working with your current suppliers?**

	% of suppliers
More than 5 years:	
2-5 years:	
Less than 2 years:	

**44. 4. How many sites did you use to produce your goods in 2012?**

First tier suppliers: : Approx. 200

Sub contracted suppliers: :

**45. 5. How many supplier factories do you trade with where you have a regular production share of more than 25%?**

Number of suppliers: : <20 (approximate)

Please list suppliers, country and % of product share at the factory: :

Response Location

<b>Country:</b>	Vietnam
<b>Region:</b>	
<b>City:</b>	
<b>Postal Code:</b>	
<b>Long &amp; Lat:</b>	Lat: 16, Long:106