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# PENTLAND SUBMISSION



# Clean Clothes Campaign Wage Survey

Response ID:85; Data

## 1. Login/Password Action

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## 2. Introduction

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### 1. Company name:

Pentland Brands plc.

### 2. Brands owned by company:

Berghaus, Boxfresh, Brasher, Canterbury, ellesse, KangaROOS, Mitre, Prostar, Red or Dead, Speedo. License holders for Lacoste footwear, Ted Baker footwear, and Kickers in the UK and Ireland.

### 3. Main contact person:

Name: : Zoe Cokeliss

Email: : zoe.cokeliss@pentland.com

Contact phone number: : 0208 970 2260

## 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?

We expect all our suppliers to comply with our Code of Employment Standards for Suppliers, which is based on the Ethical Trading Initiative (ETI) Base Code. Our Code states that living wages must be paid, that working hours must not be excessive, and that overtime must be voluntary. Suppliers must comply with any applicable laws and regulations, including those on minimum wages.

The section of our Code relating to living wages stipulates that:

1.1 The wages and benefits paid for a standard working week are at or above national minimum legal levels or industry benchmark levels, whichever are higher. In any event, wages are always sufficient to meet basic needs and to provide some discretionary income.

1.2 All workers, before entering employment, are provided with written and understandable information about the basis and calculation of their wages and any deductions to be made from them. Then, each time they are paid, workers are given written particulars of their wages for the pay period concerned.

1.3 No deductions are made from wages as a disciplinary measure, nor are any other deductions made without the express written permission of the worker concerned, unless required by law.

### 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://www.pentland.com/\\_resources/files/downloads/policies/english.pdf](http://www.pentland.com/_resources/files/downloads/policies/english.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.**

Our Code states that the wages and benefits paid for a standard working week must be at or above national minimum legal levels or industry benchmark levels, whichever is higher. In any event, wages must always be sufficient to meet basic needs and to provide some discretionary income.

**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?**

Our Code of Employment Standards for Suppliers states that freedom of association and the right to collective bargaining must be respected. We communicate our standards regularly to suppliers and require them to:

- allow workers to join a trade union and bargain collectively if they wish,
- adopt an open attitude to the activities of trade unions,
- not discriminate against workers' representatives, and
- where rights to FOA and collective bargaining are restricted by law, support the development of parallel means for independent association and bargaining.

We are a Better Work 'buyer partner', and freedom of association is included as part of the Better Work assessments in participating factories in Indonesia, Vietnam and Cambodia. We are a signatory to the FOA Protocol in Indonesia (further information below).

We also discuss freedom of association in the worker interviews that form part of our factory ethical trade assessment process, however at present we do not have a broad programme of communicating directly with workers about these topics. We would welcome suggestions as to how this might best be done.

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

100%

**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:**

In countries that do not permit independent worker unions, we work with suppliers and workers to establish an alternative means of maintaining dialogue between workers and management, such as a worker social benefit committee or worker safety committee.

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?**

We regularly discuss the importance of freedom of association (or alternative means where appropriate - as above) with factory management as part of our factory assessment and follow-up visits.

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

100%

**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.**

We do not require vendors to sign union access agreements. Our Code of Employment Standards for Suppliers stipulates that freedom of association and the right to collective bargaining must be respected.

**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?:**

As part of our factory assessment process, we use specialist third parties to conduct worker interviews with a view to corroborating our findings and gaining a clear and accurate picture of working conditions. Interviews give workers the opportunity to raise any concerns.

**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: : Our Code of Employment Standards for Suppliers stipulates that regular employment is provided. We require suppliers to ensure that, as far as possible, work is performed on the basis of the regular employment relationship established through national law and practice. Suppliers must not attempt to avoid the normal obligations of employer to employees under labour or social security laws and regulations, for example through excessive use of fixed term contracts.

How has any of this work impacted on workers ability to receive seniority bonuses?: : Our factory assessments include a review of seniority bonus payments to determine whether they are aligned with regulatory requirements and/or best practices as a means to retain workers.

**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?**

In Indonesia, we have worked with others in our industry to agree a Freedom of Association Protocol, which we signed in July 2011. The Protocol aims to strengthen the application of freedom of association in the workplace in Indonesia, and calls on brands to support and promote the adoption of good practice by suppliers. We use a small number of vendors in Indonesia, and around a third of them have chosen to sign the Protocol. The remainder have chosen to retain their existing CBA provisions.

**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:**

Better Work: we are a Better Work 'Buyer Partner' and collaborate with them in five factories in Indonesia (Better Work Indonesia) and one in Vietnam (Better Work Vietnam), as well as one in Cambodia (Better Factories Cambodia). In these factories, Better Work manages assessments and capacity building projects on behalf of Pentland and other member brands.

CCR CSR: we have been participating in a collaborative project that focused on the rights of children and young workers in China, led by the Center for Child Rights and Corporate Social Responsibility (CCR CSR).

Red Cross: our focus on worker health and safety includes working with local organisations to ensure workers have the training they need to protect themselves and their colleagues. For example, we have worked with the Red Cross in China and Indonesia to conduct basic first aid training for factory workers and supervisors.

INNO: we collaborate with Chinese community development organisation, INNO, to interview workers and to better understand labour rights in China.

Indonesia FOA Protocol: Pentland is a signatory of the FOA Protocol in Indonesia.

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

Around a third of our vendors in Indonesia have chosen to sign the FOA Protocol, one of which represents us at a factory level on the Protocol committee. Our remaining vendors in Indonesia have chosen to retain their existing collective bargaining agreements.

**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:**

We require suppliers to pay wages and benefits for a standard working week that are at or above national minimum legal levels or industry benchmark levels, whichever is higher. Wages must always be sufficient to meet basic needs and to provide some discretionary income. We would welcome an industry-agreed benchmark for living wages in our manufacturing markets.

**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:

We understand the ethical trade implications of subcontracting, including the potential for depreciating margin and the knock-on effect this can have on workers' wages. We take steps to ensure full visibility of the facilities making our products. Where production volumes or product-specific demands require that manufacturing takes place at a vendor's partner factory, we place purchase orders directly with that factory, pay that factory directly, and conduct ethical trade assessments as per all our tier 1 assembly factories. We do not, therefore, see these vendors as 'subcontractors' in the traditional sense. We prohibit the use of unauthorised subcontracting.

We see great value in long-term factory relationships, and have been working with our key strategic vendors (representing 80% of our sourcing spend) for 10 years on average. We are working to consolidate our supply base and are making some progress in this area. Where consolidation means exiting a factory, we are committed to doing so responsibly.

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

We conduct an initial assessment of all new factories before a purchase order is placed. These assessments identify any issues that must be addressed before production can begin, including issues relating to wages and working hours. This process ensures that buyers do not place orders with factories that do not already meet our standards or show the ability and willingness to make the changes necessary to do so. Subsequent factory visits occur on a regular basis and cover all elements of our Code of Employment Standards for Suppliers.

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?

We are looking at opportunities to increase our use of open costing. For one product category we have already introduced semi-open costing to guarantee specific piece rates, which have been collectively bargained.

### 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?

We conduct an initial assessment of all new factories before a purchase order is placed. These assessments identify any issues that must be addressed before production can begin. This process ensures that buyers do not place orders with factories that do not already meet our standards or show the ability and willingness to make the changes necessary to do so. Subsequent factory visits occur on a regular basis and cover all elements of our Code of Employment Standards for Suppliers.

### 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.

We have updated our factory data management system to improve our monitoring and reporting of factory standards, including wages. This will enable us to better identify the prevailing issues in our manufacturing

markets, to prioritise our work accordingly, and to engage with others in the business (including buyers) on factory standards.

## 8. Living wage projects

**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:**

	Project 1	Project 2	Project 3	Project 4
Location:	Having been part of the Ethical Trading Initiative wage survey project in 2011/12, we are currently investigating further opportunities for collaborative work involving other brands and specialist local organisations, to look at living wages in our manufacturing markets.			
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?**

N/A

## 10. Transparency

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

No, we choose not to publish a list of the factories we use.

**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?**

N/A

**11. Collaborative working**

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

Having been part of the Ethical Trading Initiative wage survey project in 2011/12, we are currently investigating further opportunities for collaborative work involving other brands and specialist local organisations, to look at living wages in our manufacturing markets.

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

As above.

**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?**

We continually look for ways to develop our approach to ethical trade and support vendors' compliance with our Code of Employment Standards for Suppliers. Our ethical trade strategy, which receives tripartite review through the Ethical Trading Initiative, includes a focus on wages and working hours.

**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?**

Internal consultation with senior leaders, and external consultation with a variety of stakeholders (including trade unions and voluntary organisations) through the Ethical Trading Initiative.

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

We continually look for ways to develop our approach to ethical trade and support vendors' compliance with our Code of Employment Standards for Suppliers. Our ethical trade strategy, which receives tripartite review through the Ethical Trading Initiative, includes a focus on protecting the rights of migrant workers and homeworkers. We have specific guidelines on homeworking and migrant workers, which are communicated to, and evaluated at, relevant vendors.

**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
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1	China		55%
2	Vietnam		9%
3	India		9%
4	Indonesia		6%
5	Thailand		4%
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: : 0%  
 Orders placed directly to supplier factories: : Undisclosed %  
 Orders placed through agencies or intermediates: : Undisclosed %  
 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:	63
2-5 years:	37
Less than 2 years:	0

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

First tier suppliers: : 100%  
 Sub contracted suppliers: : 0%

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

Number of suppliers: : 8% of supply base

**Response Location**

<b>Country:</b>	United Kingdom
<b>Region:</b>	H9
<b>City:</b>	London
<b>Postal Code:</b>	

**Long & Lat:**

Lat: 51.514198, Long:-0.0931