

## **Let's Clean Up Fashion 2009 – Burberry submission**

### **Burberry's position on living wages**

Burberry includes, as part of its Ethical Trading Policy, a clause on ensuring a Living Wage is paid to workers. All vendors, licensees and their sub-contractors (including informal and home workers) enter into undertakings directly with Burberry that contain terms of engagement on Ethical Trading. As part of Burberry's Ethical Trading Policy vendors are required to:

- Promote the Policy to their own staff
- Promote the Policy to their subcontractors.
- Ensure that relevant people are provided with appropriate training and guidelines to support the communication of the Policy.

Therefore all factories contractually agree to pay a living wage to workers. We conduct annual trainings on this policy and have recently sent to all vendors a 'Corporate Responsibility Handbook', which provides guidelines on the implementation of our policy.

Burberry's Ethical Trading Policy is based on the Ethical Trading Initiative Base Code and other key International Standards such as the ILO fundamental conventions and is available in full at <http://www.burberrypc.com/bbry/corpres/socres/>. The specific clause relating to providing a 'Living Wage' is detailed below.

Living wages are paid

- Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

### **Sourcing Activity**

The vast majority of Burberry's production takes place in factories within Europe. Therefore in most of the countries from which Burberry source, the minimum wage of the country would be deemed to be a 'Living Wage'. Nevertheless we still actively monitor these through our audit and engagement programme to ensure that the wages are paid in accordance with the law (along with all the other clauses of our ethical trading policy). In addition, Burberry has a stable supply chain in which many vendors have worked for Burberry for a long period. This commitment allows these factories to adopt long term investments to achieve compliance with Burberry's policy. From the countries that we source from where there are concerns over workers receiving a 'Living Wage' we have outlined below the concrete steps taken by Burberry to implement a living wage.

## **Details of concrete steps you have taken so far to implement the living wage throughout your supply chains.**

### **Policy**

Burberry's Ethical Trading Policy and specific clause on paying a Living wage is detailed above. Lead auditors have also been trained by Burberry CR team that audits must cover this point, questioned on how they will strive to do so, and audits are now conducted against this.

### **Research**

Burberry's CR team participate in and have even established industry workgroups to discuss wage and other related worker conditions issues. The CR team regularly (at least each quarter) meet informally with relevant worker rights focussed non-profit auditors and partners, and discuss the current socio-economic environment for workers in key supply countries.

### **Consultation**

Burberry CR team has now grown to 8 members who regularly participate in meetings with other brands' CR practitioners, NGOs, non-profit worker rights organisations, and CSR organisations to discuss how monitoring, training, consulting and partnership with sourcing managers can bring about higher levels of assurance of Living Wage and other important worker rights issues. These meetings are both held at a corporate level as well as in sourcing countries with local representatives. Burberry's CR programme is constantly evolving based on the information gathered and learnt from these meetings. Such improvements include increased trainings to workers of their rights and our external confidential worker hotlines, extending hotline to more countries, and integrating deeper worker rights training into the worker hotline programme. Burberry is active in a number of Business for Social Responsibility (BSR) working groups these are 'Beyond Monitoring', 'Mills and Sundries suppliers' and 'Luxury Sustainability'.

### **Monitoring methods**

Non-profit audit firms are now used in more than 80% of Burberry audits for Asia suppliers, in part as they play closer attention to Living Wage and other important worker rights issues. All our 3rd party auditors have been trained to assess and comment on compliance with Living Wage. Living Wage is considered a critical issue (our highest level of concern). Any concerns regarding a site assuring at least a living wage for workers are considered with extra attention by the CR team.

We generally require comprehensive, unannounced audits, frequently with offsite worker interviewing and requiring transparency to ensure a true picture of conditions for workers in suppliers. Particular attention is paid to suppliers being transparent about their working hours and wages. Burberry's CR team invest a large proportion of their time engaging with suppliers on being transparent and as such our auditors are often able to get past the 'fake records' many other customers' auditors will accept. Workers in 14 supplier factories have been trained in the Burberry Confidential Worker Hotline run by our non-profit partner since Nov 2007. At least a further 10 worker trainings are intended in the remainder of 2009. This training for workers includes giving them handbooks (a diary or calendar) on their worker rights. Workers

call for both personal counselling and compliance related issues. Extra attention is paid to any worker complaints regarding wages.

Increasingly we are working with other brands that source from the same factories to conduct joint audits. This allows the factory to focus their attention on addressing any issues found as opposed to being subject to numerous audits. Brand collaboration increases the degrees of influence we have with the factory and therefore the factory often places more importance on addressing any concerns.

### **Capacity building programmes**

Increasingly our suppliers in Asia are taking part in Burberry nominated capacity building programmes that focus on addressing the root causes of non-compliances through trainings on productivity, enhancing communication, worker rights and improving management and HR systems.

In Asia, many suppliers are encouraged to invest in learning better communication practices with workers to ensure more clarity, fairness, and efficiency in wage payment and balanced working hours. Some of these 3rd party consultants are working with factories to teach workers and management how to run more effective Worker Committees. Any productivity programme is partnered by non-profit organisations to ensure the workers are being respected.

### **Worker feedback**

The hotline is an important mechanism to hear feedback from factory workers. Also our shift to using primarily non-profit auditors has further helped hear the workers voice in audits.

### **Efforts made to support freedom of association in general and in particular what steps have been taken to support associational rights in any living wage projects.**

To support and ensure freedom of association and implementation of all elements of the Burberry Ethical Trading Policy (the ETI code), Burberry CR team have greatly increased:

- Small group trainings, in the local language, to all licensees, vendors, auditors, and suppliers on their responsibilities in allowing freedom of association and ensuring at least a living wage
- Working with local worker rights NGOs and CSR consultants who train workers in supplier factories to ensure freedom of association is incorporated into ongoing worker rights and awareness training.
- Investigations when any audits, training programmes or hotline calls indicate that any production site either has policies against, or is otherwise disallowing freedom of association in any other way
- Ensuring that all suppliers ensure their policies and all worker handbooks and factory rules clearly allow workers their full rights to freedom of association as per the ETI code.

### **Details of the progress made with any pilot projects described in last year's survey and the subsequent outcomes.**

We did not receive the request for information last year, but our response in 2008 would be in some ways similar as this response. The main difference being that much of our programme, such as hotline and capacity building programmes, would have been in its infancy (except monitoring which has been established a many years) and during the year we have rolled these initiatives out to a larger proportion of our Asian supply chain.