

Martin,

Thank you for your e-mail of 24th May regarding the update of your report "Let's Clean Up Fashion".

You know through our dialogue over the year since your last report that we have a comprehensive programme in place to manage the issues that you raise. In particular we were delighted that you were able to meet our Buying Director for clothing and that we were able to explain to you first hand our approach to ethical trade.

You raise questions under three headings and to take them in turn:

(1) Wages

To reiterate what we said last year and what we have said since, this is an area of huge debate. Only this month in fact a good article on this subject was written by Ergon, which, if you haven't seen already, we would refer you to:

www.ergononline.net/images/stories/newsletter/ergon_newsletter_july07_final.pdf

Without repeating everything we said last year, we would highlight the importance of the Ethical Trading Initiative (ETI) in this debate and would encourage your organisation to engage with us through this forum. The ETI is tripartite in its approach i.e. involves Corporates, NGOs and Trade Unions and we believe we are managing to tackle issues that without the ETI we would simply not have been able to have done. Again a very recent communication, from the NGO community, is worth referring to if you haven't seen it already:



FW Living wage -
ETI NGOs charities re

The Ethical Training Initiative IS of course its members. We know from your comments last year that you want to know what WE are doing on the issues you raise, but the point is that much of it we conduct through the ETI. We have said it before, but it is worth restating, that we would consider that many of the issues you raise are better addressed collaboratively. We would welcome you to take part in this collaboration.

Specifically on the question of living wage and specifically in the clothing sector we would like to illustrate our approach with an example of what we achieved in Bangladesh at one our larger suppliers.

The wage structure at the supplier is related to the skill base of the worker and a yearly performance evaluation. The national minimum is 1663BDT a month but our minimum wage at

the factory is 1851BDT and this increases between 250BDT to 300BDT after each grade increase. There are 6 grades.

We have arrived at an understanding of what makes up a living wage as follows:

- house rent 381BDT basic, up to 519BDT
- medical 200BDT (fixed at 200BDET by the BGMEA incidentally, who also advise on Medical matters).
- Food and clothing come from the remaining 1100BD

We believe that even at the bottom end of the wage structure then there is a level of discretionary spend and that this constitutes a living wage.

What we hope this shows is that we are seriously engaged on this matter and that we are taking it forward in a sustained way. We re-iterate that we would see greater progress being made collaboratively and we hope to see Labour Behind the Label engaging positively with this collaboration over the coming year.

(2) Freedom of Association

We have repeatedly stated our stance on Freedom of Association and publicly communicate it through our website where we make our Code of Conduct on Socially Responsible Sourcing publicly available:

www.j-sainsbury.com/files/reports/cr2006/files/srs_code.pdf

Again we have made hugely positive steps forward in this area through our work with the ETI. We also have committed significant resource directly to tackling the issue of Freedom of Association to which we referred last year in Central America, engaging “on the ground” with the unions concerned and other local stakeholders.

Again though to give you a specific example from the clothing sector, within our Bangladesh factory there is an established Workers welfare committee who meet every month to discuss welfare related issues. Every worker can join the meeting if they wish. The current committee includes the HR Manager, one HR officer, 12 machine operators, 2 junior cutters, 1 finishing presser, 1 sewing QI, 2 folders and 1 packer. The total committee represents areas in the whole factory and has 11 female and 11 male workers providing gender balance. The meeting is minuted, the meeting minutes are printed and put on the notice board in Bangla (the local language) and fed back to teams verbally also. Although the factory has not been involved with any external labour rights organisations, the factory does arrange labour rights training programs for its workers, and also training on health and safety issues, first aid, fire fighting and evacuation. In fact the BGMEA has been ensuring this is taking place also.

(3) Monitoring and Verification

As we said last year, this has been an area of huge focus for us. We are determined to make the programme that we have work for us and our Suppliers. We have made massive inroads into improving our monitoring and verification processes on a systematic basis. Through Sedex (Supplier Ethical Data Exchange) we now have a cross functionally agreed protocol for audits and a system that strips out duplication for Suppliers so that we can deliver this essential part of our ethical trade programme efficiently and effectively.

Again to bring this to life with an illustration from the clothing sector, our Bangladesh factory has been audited thoroughly by Intertek, BV and SGS. The factory is exceeding the standards of the ETI base code. No major issues have developed although a few minor health and safety issues were raised but were dealt with immediately. The audits are loaded onto the Sedex website for Customers of the Supplier to view. We have been proud of the high standards this factory has achieved and we have continued to put through more production with them. We visit this factory a minimum of 3 times a year, and have a good relationship with the team there. It is this depth of relationship that we believe underpins our monitoring and verification activity.

What we have also of course spoken on the last year is our position on Fairtrade. Sainsbury's is the biggest retailer of Fairtrade products in the UK and we believe that it has an important role to play in the areas in which it operates. Having purchased the single biggest order of Fairtrade cotton last year we have gone on to integrate Fairtrade cotton into our mainstream clothing range and will continue to drive this in an appropriate manner.

We hope then that you appreciate the sincerity with which approach these issues and how integral they are to our way of doing business. Our Corporate Responsibility report summarises how all of this "joins up" and again we make this publicly available:

www.j-sainsbury.co.uk/files/reports/cr2007/files/report.pdf

Our final point is to restate how seriously we commit to our Suppliers. We have held numerous conferences over the year where we engage our Suppliers and collected feedback. We also in fact operate a scheme whereby our Suppliers can feedback to us anonymously should they wish to do so. We have developed a bespoke training module for our Suppliers on Socially Responsible Sourcing and have backed this up by making the ETI Workbook available to them all. We were the first retailer to do this and provided the lead for others to follow at, we should point out, our own expense.

We do look forward to seeing the next edition of your report then.

Regards,

David Meller and Lucy Drage