

NEW LOOK
ETHICAL
TRADE
REPORT
2012-2013

NEW LOOK

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LETTER FROM OUR CEO, ANDERS KRISTIANSEN

Sustainability is a cornerstone of how we do business. It's important to our customers, our staff, our suppliers and our stakeholders, and it makes good business sense for us too.

We work hard to manage our impact on workers and the environment, ensure that our business relationships are ethical, and make sure that no animals are harmed in the making of our products.

This report focuses on our work in ethical trade. It explains the strategy we've developed to help meet the needs of workers in our supply chains and our progress over the past year. Keeping workers safe and improving the quality of their jobs is our key ethical objective. This year we've worked with more than 200 factories employing 143,000 workers to make this a reality.

I'm proud to say that we achieved or exceeded 80% of our targets last year. For example, we delivered wage improvement projects in 119 factories, against a target of 38, and we delivered capacity building training on a range of topics including health and safety, at 129 factories, against our target of 127. We recently won the Good Governance award category at the Global Sustainability TVE film awards for a film about our factory improvement work in Bangladesh.

We're proud of our achievements, but they're not enough. We want to embed ethical trade and sustainability into all aspects of our business. We have a long way to go. But by working with our partners around the world, we believe that we are making significant progress towards this objective.

Please read this report and our website to find out more.

Yours sincerely,

Anders

INTRODUCTION

At New Look, ethical trade is about providing quality jobs for the people who make our products. It's about understanding the needs of the workers in our supply chain and working with our factories, suppliers and partners to meet those needs.

We talk to thousands of workers around the world every year. They tell us they want higher wages, more respect, and better prospects and an improved future for their children. These needs form the basis of our ethical trade strategy, they guide our work and ensure that the projects we deliver bring real benefits to workers.

Our ethical trade strategy has 5 objectives. We work to:

- Continually improve workers' wages and working conditions
- Enable workers to raise and resolve issues
- Build factory management skills and systems
- Build transparent relationships along the supply chain
- Ensure New Look's team and suppliers understand their role in delivering our ethical trade strategy



I want to buy my own machines and set up my own business in the garment sector.

This report explains our ethical programme in detail and sets out the progress we have made against these targets over the past year to April 2013. We aim to be as transparent as possible and we hope this report provides a useful resource to understanding our strategy and our work this year.



The report is split into two sections; firstly the background to ethical trade and how we develop our ethical trade strategy. Secondly, it explains the strategy in detail and how we've implemented it.

I want to earn a living for me and my family. I also think it's important that I save some of what I earn for the future.

DEVELOPING OUR ETHICAL TRADE STRATEGY

1. Our ethical principles
2. Background to our ethical trade programme and our key stakeholders
3. Understanding the ethical issues in our supply chain

IMPLEMENTING OUR ETHICAL TRADE STRATEGY

4. Our ethical trade objectives
5. Monitoring progress against our objectives
6. Our partners
7. The ethical trade team and how to contact them

INTRODUCTION

Meeting workers' needs across our supply chain is a big challenge and we have a long way to go. It's not easy and we have a lot of obstacles to overcome along the way. But we're determined to bring about positive change.

We ask all of our suppliers to sign up to our **Ethical Aims**, which are based on the ETI Base Code. We know we need to support our suppliers in achieving all of these aims. We do this through a combination of audits, factory visits and project work.

Our projects focus on key areas like health and safety, wage improvements and labour rights. We've seen some great achievements in 2012/2013. These include:

- Training 121 factories across 6 countries on health and safety
- Delivering wage improvements in 119 factories
- Working with 159 factories and over 92,000 workers to increase awareness of labour rights
- Training supervisors and management at 129 factories on topics like improving working environments, health and safety, and communication between workers and management

Workers are seeing the benefits of these projects and have reported:



I like this factory as I can plan for my future for me and for my family. Here they provide training for what I want to learn. This means I could get promoted. Mainly they listen to us. This is the main thing in my life I want from a job.



I feel lots of change in this factory in the last six months – there is less absenteeism, because of the attendance bonus. I am saving the extra money for my daughter's future and to buy new things for the house. It is helping me through all my life.



When developing and implementing our ethical strategy, we follow 6 key principles that guide our work. They are:

1 NEVER LOSE SIGHT OF DOING THE RIGHT THING FOR WORKERS

Our ethical strategy focuses on doing the right thing for workers, so that every person in our business can be proud of our products and how they are made.

2 SUPPORT OUR SUPPLIER BUSINESSES AND SUPPORT BETTER JOBS FOR WORKERS

We care about our suppliers and the workers who make our product and realise that by sharing resources, knowledge and tools we increase the quality of jobs and businesses.

3 ENGAGE WITH SUPPLIERS AND MONITOR PROGRESS

Maximising the outcome of our strategy can only happen when all relevant parties are engaged and involved. Through our experience we also know that it is not just about making a first step, it's about monitoring on an ongoing basis to continuously improve our performance.

4 BE TRANSPARENT AND WORK WITH FACTORIES TO UNDERSTAND THEIR CONCERNS AND CHALLENGES

First we need to understand what the concerns at our factories are before we can expect these parties to understand us. This creates an open dialogue that encourages transparency. This provides us with a true picture of the situation and only from this basis can we develop and execute a meaningful ethical strategy.

5 BUILD FACTORY MANAGEMENT SKILLS & SYSTEMS

Strong supplier relationships coupled with our robust supplier KPI process helps us to understand their strengths and weaknesses, spot opportunities, identify solutions and delivering projects together that are of real value to suppliers and their workers.

6 KEEP IT REAL!

We're very good at getting to the bottom of things. As such, we have an understanding of the issues our suppliers and workers face, and we're very aware that within the difficult trading conditions we know we need to stay realistic in terms of what we can achieve.

OUR JOURNEY SO FAR

WE HAVE BEEN WORKING ON ETHICAL TRADE SINCE 1993. WE ARE PROUD OF THE PROGRESS WE'VE MADE SINCE WE STARTED. HERE ARE SOME OF THE HIGHLIGHTS OF THE LAST 15 YEARS.

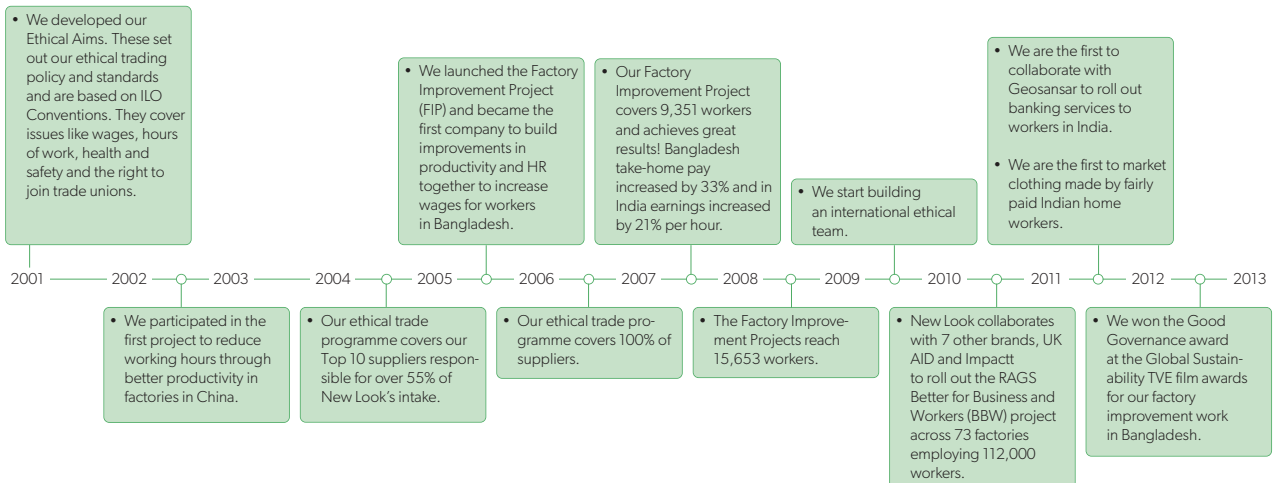


Figure 1: Timeline of our ethical activities since 2001

We're looking to build on these successes year on year. But for our work to be both successful and sustainable, it needs to deliver on the needs of all our key stakeholders. Broadly

speaking, ultimately this means contributing to the success of our business, whilst driving real improvements for workers around the world.



Figure 2: Our ethical strategy considers the needs of all our key stakeholders

OUR SUPPLY CHAIN

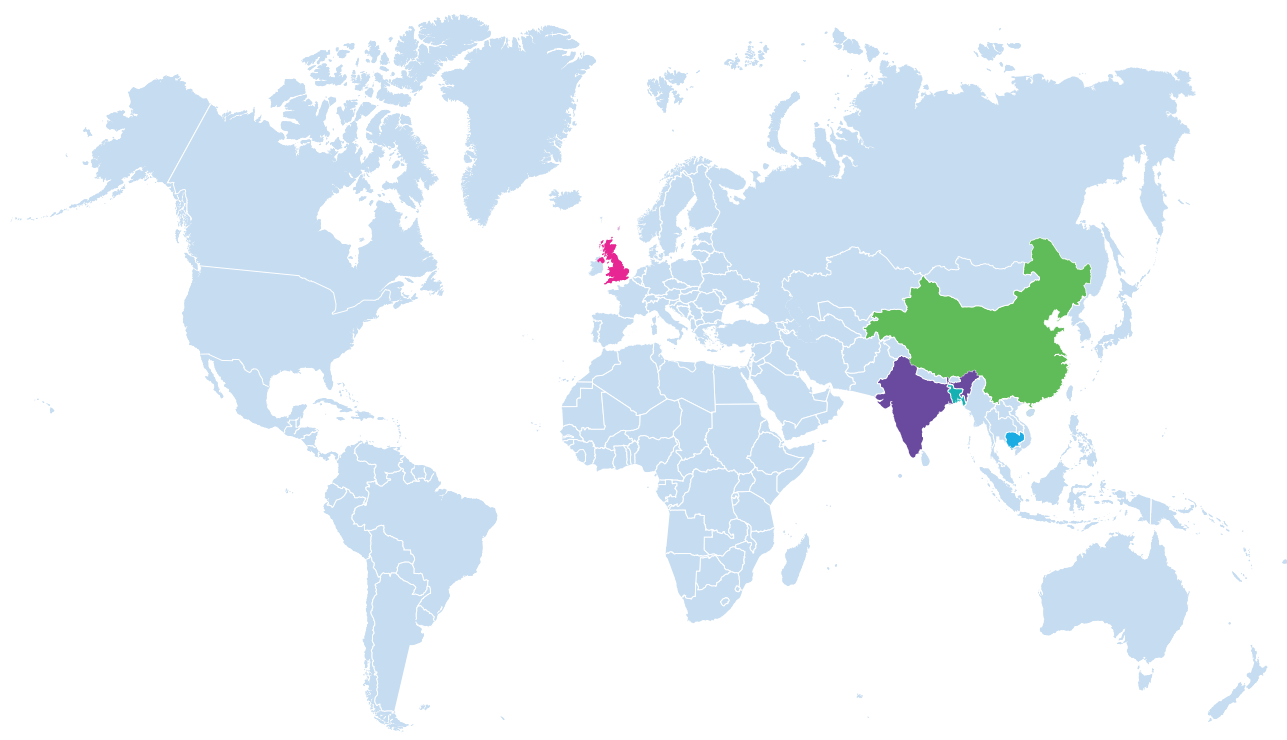
We value our suppliers and aim to build strong, long standing partnerships. We buy from 269 suppliers (agents) who source from 917 factories in 26 countries.

We have very strong relationships with our top 20 suppliers who accounted for 76 % of intake spend last year.

This is followed by a layer of core suppliers with whom we have medium to long term relationships.

There are then a number of suppliers who supply us as fashion trends dictate, on an occasional basis. Our strategy must identify appropriate actions for each of these groups.

CHINA, BANGLADESH, CAMBODIA, UK AND MOLDOVA WERE OUR TOP 5 SOURCING COUNTRIES LAST YEAR, IN TERMS OF SPEND.



UNDERSTANDING THE ETHICAL ISSUES IN OUR SUPPLY CHAIN

We use a number of tools to build our understanding of the issues in our supply base. This includes auditing, our own factory visits, worker interviews, and the experience we gain from working with suppliers and factories around the world.

1. AUDITS AND FACTORY VISITS

We use a range of tools to do this including third party audits via the Sedex system, second-party audits carried out by our own and by supplier staff, and in-depth, diagnostic investigations conducted by external partners.

This year, independent third party auditors conducted over 250 audits across our supply chain. By talking to factory managers and workers we can understand what challenges our factories face in delivering quality jobs and meeting New Looks Ethical Aims (based on the [ETI Base Code](#)).

In addition to audits carried out by independent auditors, our own team has visited over 500 factories since 2011.

The combination of audits, visits and in depth investigations gives us a strong grip on the underlying issues in our supply base.

We've found that the most common issues in the countries and factories that we source from are to do with health and safety, working hours and wages.

The diagrams below and on page 10 show the issues found in our supply chain as well as an overview of the top issues in our key sourcing countries.

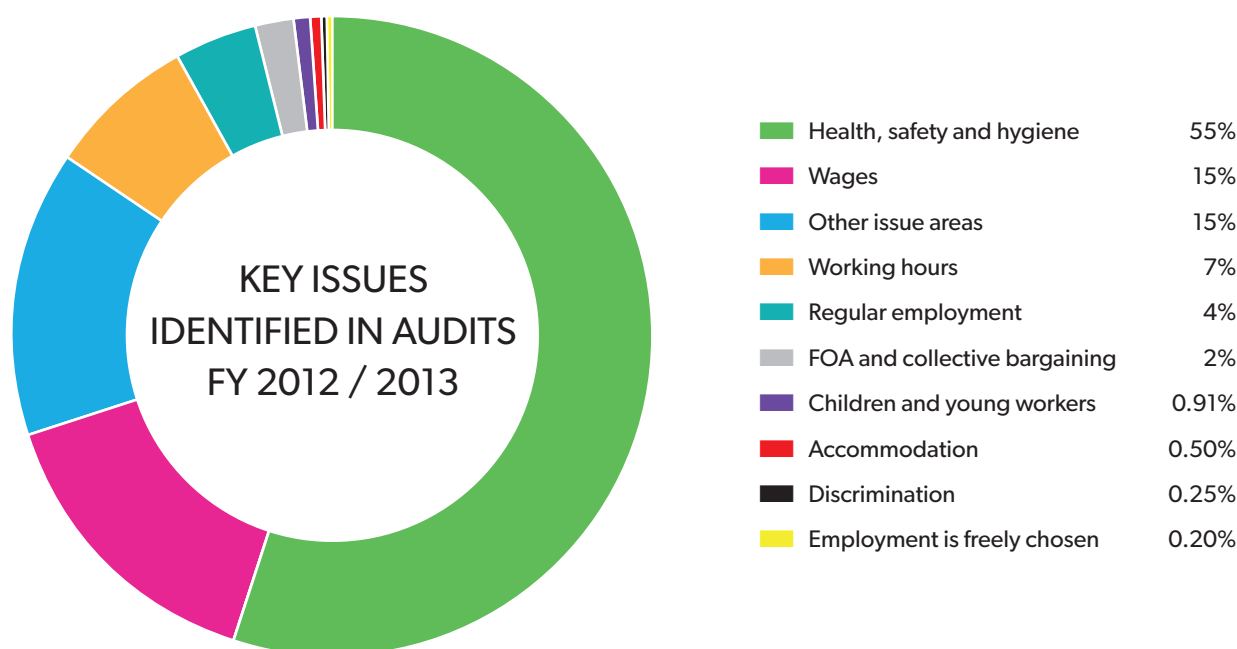


Figure 3: Key issues identified in audits FY 2012 / 2013

These audits raised a small number of non-compliances to do with Children and Young Workers, however none of these involved finding children working at the sites. The issues were raised to improve their age-verification and young-worker

management systems at some of the sites. We are currently supporting supplying factories to make these improvements e.g. by making sure they check and verify IDs when workers are being recruited.

UNDERSTANDING THE ETHICAL ISSUES IN OUR SUPPLY CHAIN

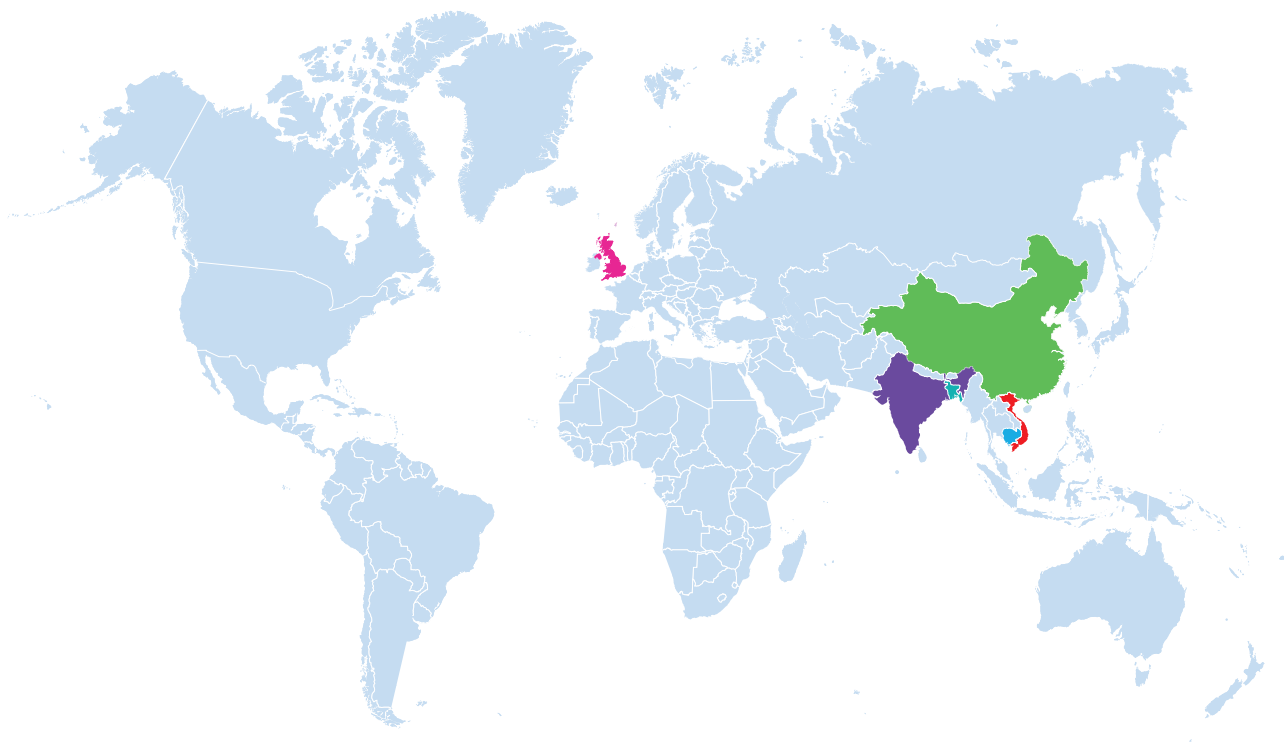


Figure 3: Top 3 issues in key sourcing countries

The tables below show the most common issues within each of these key sourcing countries, as well as the % of sites supplying

New Look that have one or more non-compliances within these three areas.

UK		VIETNAM		INDIA	
Health safety and hygiene	54%	Health safety and hygiene	50%	Health safety and hygiene	47%
Wages	20%	Wages	16%	Other issue areas*	24%
Regular employment	14%	Working hours	14%	Wages	16%
					
CHINA		BANGLADESH		CAMBODIA	
Health safety and hygiene	54%	Health safety and hygiene	62%	Health safety and hygiene	87%
Other issue areas	18%	Wages	17%	Working hours	10%
Wages	13%	Other issue areas	8%	Accommodation	3%
					

* Other issue areas refer to issues which do not fall directly under one of the ETI base code categories. They are often to do with the environment or a lack of management systems.

Health and safety along with wages and working hours are the most common non-compliances in our supply base. We work with all our suppliers to close off these non-compliances. Sometimes this can take a few weeks. Sometimes, this can take more than a year, especially when dealing with issues that are harder to solve or involve a lot of training, such as increasing wages.

We've also used these findings to guide **our strategy** and many of our projects are designed to improve health and safety and tackle the root causes of low wages and long **working hours**.

2. WORKER INTERVIEWS

We know audits are important. However, they do not give us the whole picture and we strongly believe that the best people to tell us how to improve the lives of workers are the workers themselves.

This year we've spoken to more than 3,000 workers across our supply chain. From our conversations, we know that their three top needs are improved wages, being treated with respect, and their ability to give their children a better life and more opportunities than the previous generation.

UNDERSTANDING THE ETHICAL ISSUES IN OUR SUPPLY CHAIN



“ My husband and I work in the same factory. We have two children in our home town. We’re working hard to raise them and provide a better life for them.

I am working here to get some savings and I want to open a small shop after several years.

”

For this reason, our strategy prioritises the issues important to workers, and builds our suppliers’ abilities to tackle these issues.

Our work in factories has identified some of the root causes of the problems workers are facing, including poor human resource management, long working hours, freedom of association, and the management of worker grievances. Our strategy targets these issues and we’re already seeing some improvements.

To summarise, our understanding of the ethical issues in our supply chain is gained from a combination of worker interviews, site visits and audits. In addition to this, we’re constantly developing our understanding through our own project experience, our close working relationships with suppliers, and the expertise of our partner organisations.

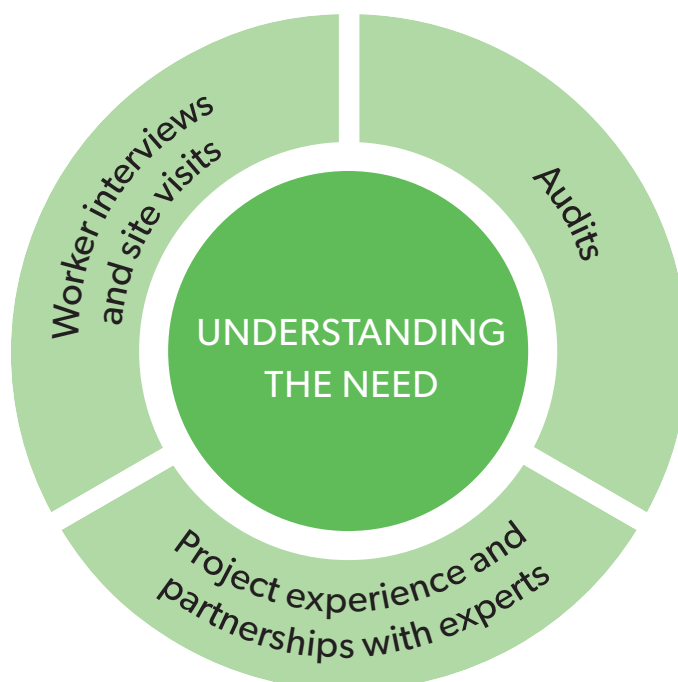


Figure 4: How we develop our understanding of key issues in our supply chain

OUR STRATEGIC OBJECTIVES

Led by the findings of our audits and our conversations with workers and other stakeholders, we identified 5 strategic objectives which are vital to tackling the issues in our supply chain. In 2012, we committed ourselves to:

- 1 CONTINUALLY IMPROVE WORKERS' WAGES AND WORKING CONDITIONS**
- 2 ENABLE WORKERS TO RAISE AND RESOLVE ISSUES**
- 3 BUILD FACTORY MANAGEMENT SKILLS AND SYSTEMS**
- 4 BUILD TRANSPARENT RELATIONSHIPS**
- 5 ENSURE NEW LOOK'S TEAM AND SUPPLIERS UNDERSTAND THEIR ROLE IN DELIVERING OUR ETHICAL TRADE STRATEGY**

This report sets out how we're progressing against these objectives one year on.

1

CONTINUALLY IMPROVE WORKERS WAGES AND WORKING CONDITIONS

Keeping workers safe and improving the quality of their jobs is our key ethical objective. This year we’ve worked with more than 200 factories employing 143,000 workers to make this a reality.

This year, we’re committed to:

WORK WITH 124 FACTORIES ACROSS 6 COUNTRIES TO DELIVER HEALTHIER AND SAFER WORKING ENVIRONMENTS

Factories		
Planned	Reached	%
124	121	98%

DELIVER WAGE IMPROVEMENT PROJECTS ACROSS 38 FACTORIES IN BANGLADESH, CHINA AND INDIA

Factories		
Planned	Reached	%
38	119	313%

We implemented a number of projects to achieve these results including:

- Improving health and safety through training workshops
- Improving wages and working conditions
 - Improving access to banking for workers
 - Child labour remediation

PART TWO: IMPLEMENTING OUR ETHICAL TRADE STRATEGY

IMPROVING HEALTH AND SAFETY

We're always striving to improve health and safety in the factories we source from. We do this through factory visits, audits and training in Bangladesh, China, India Cambodia, Turkey and the UK.

Factory fires in Bangladesh have shown the tragic loss of life which poor health and safety can cause. It's very clear that there's lots of work to be done to change attitudes to health and safety. We're working to improve understanding and awareness of the importance of sound health and safety systems in factories and, crucially, how to implement good practice at all times.

We worked with over 100 factories around the world between April 2012 and January 2013 to train them on the importance of



Worker wearing a protective metal glove for cutting

BANGLADESH FIRE SAFETY TRAINING

We held a fire safety seminar in January 2013, training 167 managers from all of our factories on key fire safety skills. At the start of the training, managers wanted to find out "how can I save lives?", "how can I check for risks and share this information with my factories" and "how can I apply this in my work".

The training aimed to answer all these questions and more. Whilst the training did cover the practical technical elements such as how to check for fire hazards, how to conduct a fire drill, and how to make sure workers know what to do should a fire break out; the main emphasis was on ensuring that all factory managers in our supply chain understand that worker safety and wellbeing must always come first.



We have been given fire and safety training so I know where to store sharp tools, how important it is to keep the needle guards in place, and I always use the equipment provided for my safety.

Now our supervisors always suggest that we wear our masks for our better health.

With this in mind, the training focussed on transforming mind-set, attitudes and resulting behaviours. We made the most of very interactive and experiential learning techniques to facilitate open discussion and encourage a practical approach to the challenge. These combine to enable management to understand and take true ownership of their roles and responsibilities in protecting workers and always prioritising worker safety over production as well as giving them technical knowledge on implementing best practice health and safety.

We provided a self-help guidebook as a supporting tool to this training. This included a self-assessment tool to help managers check their current systems, identify shortfalls and implement improvements.

PART TWO: IMPLEMENTING OUR ETHICAL TRADE STRATEGY

Our local team is now visiting every single factory to monitor their progress and support factories to close any gaps and engage in a process of continuous improvement. We're now working in collaboration with IndustriALL and other retailers on the Accord on Factory and Building Safety in Bangladesh to tackle this issue right across the Bangladesh garment sector, not just within the factories that supply us.

TACKLING MASS FAINTING IN CAMBODIA

We worked with the ILO's **Better Factories Cambodia** programme to deliver HR training. A key topic was on how to reduce the phenomenon of mass fainting in garment factories in Cambodia, which came to our attention in **2011**. Official figures suggest that in 2011 alone over 2,400 workers fainted in 25 separate instances across the country.

We've spent three weeks conducting field research and working closely with NGOs and trade unions to establish the root causes of mass fainting. Our research found a number of potential factors – such as a long and crowded commute to work on trucks and buses, a need for more breaks, better ventilation and ensuring workers eat more nutritious food.

One of our factories now provides their 9,500 workers with free, nutritious food and over 3,300 workers with free accommodation. This is very unusual in Cambodia. At the time of writing (March 2013), none of the factories we source from have experienced mass fainting. We'll continue to work with our factories to help prevent any instances of mass fainting in the future.



Attendees listen to speakers explaining how to avoid a factory fire

NEW LOOK SANDBLASTING POLICY

Sandblasting, a finishing technique that gives a faded, worn out or bleached look to denim fabric, involves the use of crystalline silica (a compound found in sand) which is blasted onto the fabric from air compressors to give jeans a faded appearance. Sandblasting poses great health risks to sandblasting operators as exposure to the process can cause silicosis, lung cancer and autoimmune diseases.

Because of this high risk to workers' health and safety, New Look banned sandblasting in all of our product lines in early 2011. This ban has been communicated to all New Look suppliers and to our buying and design teams.

We've reviewed other options for achieving the worn look and now require our suppliers to use alternative methods, such as abrasive rubbing and chemical spraying.



PART TWO: IMPLEMENTING OUR ETHICAL TRADE STRATEGY

IMPROVING PAY AND JOB QUALITY

We're working to find effective and sustainable ways of increasing pay and improving job quality in factories around the world.

[Click here](#) to see a short film from Bangladesh which shows how these kinds of projects can really benefit workers. This film won an award in the Global Sustainability TVE film awards 2012 in the good governance category.

Following one of our projects, a worker said:

“ We have a production bonus system in our line which means that in the middle of the month I receive money which is totally extra for me. This money helps me a lot. I do not need to borrow from my friends or neighbours for my unexpected expenses. I can buy new things for myself like dresses and can save some for my family in village. When I have saved a big amount I send it to my village. ”



Footage from 'Badhon's Story' – a film by Khalid Mahmood

We ran a pilot project in Bangladesh in 2005 which proved so successful that we have now collaborated with 7 other brands, UK Aid, and Impactt to roll out the RAGS Better for Business and Workers (BBW) programme to 73 factories employing 112,000 workers across India and Bangladesh.



PART TWO: IMPLEMENTING OUR ETHICAL TRADE STRATEGY

RAGS BENEFITS FOR BUSINESS AND WORKERS

The RAGS Benefits for Business and Workers (BBW) programme consists of working with a factory over 6 months, delivering training on team working, understanding workers, HR and communication systems, and improving quality and efficiency.

Managers learn that building worker skills and meeting their needs creates a stable, committed and satisfied workforce. At the same time it improves productivity and the quality of output. In this way, improved pay and better jobs for workers go hand in hand with better business.

BANGLADESH

- Workers' monthly income increased by 7% – worth more than £3.4 million more paid to workers in one year
- Working hours reduced which meant that hourly pay went up by 11.94%
- Monthly turnover, or the number of workers leaving the factory, reduced by 52%
- Factory efficiency increased by 18%

INDIA:

- Workers' monthly income increased by 5% – worth more than £614,000 more paid to workers in one year
- Working hours reduced, which meant that hourly pay went up by 8%



- Monthly turnover, or the number of workers leaving the factory, reduced by 26%
- Factory efficiency increased by 26%

WORKERS

Earlier I was not able to raise grievances to HR. Before this role of buddy all the workers were helpless. The buddy system is really very helpful to us workers, because HR listens to our problems and can help us.

I feel lots of change in this factory in the last six months – there is less absenteeism, because of the attendance bonus. I am saving the extra money for my daughter's future and to buy new things for the house. It is helping me through all my life.

I am very excited about the new roll system (i.e. permanent job). I always send the extra money home. I think I can save more money for the future and am planning to stay with this company for the long term.



PART TWO: IMPLEMENTING OUR ETHICAL TRADE STRATEGY



SUPERVISORS

Earlier my work was counting and shouting. After the supervisor training I realise my job is care and share.

MANAGERS

On the first day of training, I was thinking why do I, a production planning manager, need to attend an HR module? After attending I realised it is very important for production people to understand workers and their feelings. I learnt how to talk to them and what makes them worried and what helps them to do quality work. Listening to others and working as a team is very important. In the garment sector most of us learn our work by watching what other people do. There is no time to think about whether what we learn is right or wrong!

Now RAGS BBW has made us think about how to judge this. After this training we always try to find the right way of working before we do anything.

NEW LOOK

The RAGS BBW programme has improved our factories' quality and on-time performance and strengthened our supply chain. We have also noticed a transformation in the mindsets of factory managers which is critical to improving the factories. They now see that better paid and more motivated staff means better quality product, more efficient production enabling them to increase their capacity.

Anita Light, Head of Supply Base and Ethical Trade, New Look



PART TWO: IMPLEMENTING OUR ETHICAL TRADE STRATEGY

IMPROVING ACCESS TO BANKING

In 2010, migrant workers in our Delhi factories told us they found it hard to keep their money safe and send it home to their families.

They said they find it difficult to open bank accounts, which makes them vulnerable to loss and theft. Some are forced to use informal money lenders or deposit schemes which take a significant percentage of their savings. This hardly seems fair.

We launched a partnership with **Geosansar** that year to help address this issue. Geosansar provides practical support to workers and helps increase their levels of financial literacy.

When we started the project, Geosansar had just launched and we were one of the first retailers to support them. Geosansar now operates from over 600 branches across India and has opened over 580,000 bank accounts as of January 2013 – in less than 36 months!

Through the New Look scheme 770 accounts have been opened in 9 of our factories. We have also rolled out financial inclusion training in 12 of our factories in India and have trained close to 1,200 workers.

We're proud to say that many retailers are now following our lead and working with Geosansar too!



Some of the workers with bank accounts have told us:

I have opened this account as my in-laws used to take away all the money I earned. Now I have opened an account they cannot withdraw my money as I use my fingerprint to access the account. I am very happy.

I send money to my family every month. This used to take lots of time to reach my family and the commission to be paid to the post office was also very high. But now the money reaches my family instantly and the bank charges are very low.





We are delighted to partner with New Look. We share common values and vision to provide workers with tools that enable their growth and financial independence. The Geosansar programme provides access to banking for factory workers. For many, this is the first time they have the opportunity to open a bank account. This not only provides security for their hard earned salaries, but it also gives a sense of pride and social inclusion to workers.

Nish Kotecha, president and founder, Geosansar

I am pleased I have this bank account. It is safe. I used to keep my money in my room and it could have been stolen very easily. I'm not worried about that anymore.

I gave the money I saved to my relative for safekeeping but it is very difficult to recover this money. This is much easier and I can deposit my savings whenever I like.

PART TWO: IMPLEMENTING OUR ETHICAL TRADE STRATEGY

CHILD LABOUR REMEDIATION

Child labour is a problem in some of the countries we source from. It is something we strongly oppose and our Ethical Aims stipulates that all workers in factories producing for us must be over the local minimum working age.

We work with our suppliers to help ensure they don't hire any child labour by conducting age verification training. In China, we have conducted training with 112 of our factories. This training gives HR staff the skills required to identify potential underage labour when recruiting for new employees.

However, like other retailers, we've very occasionally found underage workers in our factories.

We've adopted industry best practice to make sure that we do the right thing for any young person we find. All our suppliers sign up to the [Child Labour Remediation Procedures](#) to commit to make sure that this happens.

This means that if an underage worker is found working in a factory we source from, we remove them from work, help them to find a school, support them through their education and make sure that they continue to receive an amount similar to the wage they were earning. We think this is the best possible way to help these young people make a better life for themselves and their families.



The underage worker learning computer skills during her remediation

2 ENABLE WORKERS TO RAISE AND RESOLVE ISSUES

In many countries, workers do not have access to any form of representation or bargaining. This means that they can't raise issues and resolve problems with their managers. Managers are also less able to understand and meet the needs of their workers. Workers are left frustrated and frequently move to new factories to try and find a better job.

Our work clearly shows that when worker-management communication systems are in place, disputes can be more easily resolved and workers are less likely to leave as a result of ongoing issues. This also ensures a healthier and happier working environment for the workers and a more motivated and productive workforce for factories.

New Look has been working with 110 factories employing 110,000 workers in India, Bangladesh and China to help them



A worker committee meeting

understand the benefits of worker representation and how to implement systems to enable this. This year we've included training workers in India on their labour rights and training all our suppliers in Bangladesh on how to introduce worker committees and grievance mechanisms in their factories. This year, we committed to:

Deliver projects across 127 factories to raise worker awareness of their labour rights in 5 countries and support locally relevant grievance mechanisms.

Factories		
Planned	Reached	%
127	159	125%

WORKER COMMITTEES IN CHINA

In China, few factories have an active trade union. This makes it hard to ensure workers have a voice within factories. One way of addressing this and supporting workers to raise and resolve issues with management is to introduce worker committees.

We've worked with 12 of our factories to develop worker committees. In these factories, a number of workers are elected by employees to act as representatives at regular management meetings. These representatives are well known to staff and their details and photographs are displayed on notice boards. Workers can go to any of the committee team and discuss ideas, issues and suggestions. Worker representatives then raise these during meetings with the factory management.

Factories have introduced a variety of improvements and new benefits that have been suggested by workers as a result of

worker committees. These include better welfare benefits, the creation of libraries, help with transport to and from home-towns, annual parties for employees and giving cakes to all workers on their birthdays.



PART TWO: IMPLEMENTING OUR ETHICAL TRADE STRATEGY

SUPERVISOR TRAINING IN BANGLADESH

In Bangladesh we've worked with the Awaz Foundation, a leading labour rights organisation, to deliver supervisor leadership training.

This training supports supervisors to encourage workers to raise issues and take the initiative in solving them.

The training also encourages supervisors to motivate their workers. This helps workers both in terms of job satisfaction and gives them better support to help them to reach production targets and increase their wages.

Supervisors told us that the training improved their problem solving and leadership skills. Across the factory overall, communication and teamwork improved which had a positive effect on the working environment.

When we talked to workers a month after the training, they reported that their supervisors were much more approachable, and keen to solve problems.

WORKERS

Earlier our supervisor always put us under pressure to achieve targets. They didn't care whether we knew how to achieve the target or not. But nowadays, if we face any problems, then they give us a lot of support instead of showing their anger.



Previously supervisors used to get angry when there was a bottleneck on the line. Since the training we have not heard any shouting from the supervisor. Now he explains how to overcome the problem and do work in an efficient way.

I like working here. We have targets but I feel I can meet them because my supervisor helps me whenever I get stuck. I also know that there are opportunities for promotion in this factory if I keep learning new skills like this.

SUPERVISORS

Now we have understood our workers' points of view. As leaders we should look after our workers and try to solve their problems. Now we believe in listening more rather than talking too much!

Now we try to treat workers in a very polite way. By doing this we earn respect from the workers.



PART TWO: IMPLEMENTING OUR ETHICAL TRADE STRATEGY

3 BUILD FACTORY MANAGEMENT SKILLS AND SYSTEMS

We've found that many problems in factories are down to poor management skills, general disorganisation and poor systems. This year we've worked with 129 factories employing 82,000 workers in India, Bangladesh and Cambodia to train factory management on improving their team-working, communication and problem-solving skills and building their technical and quality skills.

By helping managers to improve, we find that we can make a treble win – better job quality for workers, a more profitable business for factories and better quality products for our customers.

This year, we committed to:



DELIVER CAPACITY BUILDING ACROSS 127 FACTORIES TO BUILD KEY MANAGEMENT SYSTEMS ACROSS 9 PRIORITY TOPICS. THIS INCLUDES HEALTH AND SAFETY, WAGE IMPROVEMENT, IMPROVED COMMUNICATION WITH WORKERS AND AGE VERIFICATION TECHNIQUES.

Factories		
Planned	Reached	%
127	129	102%

CAMBODIA HR TRAINING ON AGE VERIFICATION

We work closely with partners on the ground in our sourcing countries. Our key partner in Cambodia, ILO Better Factories Cambodia (BFC) told us that they were finding an increase in underage labour instances in Cambodia.

We know that factories can struggle to spot potential underage labour. The first step to preventing this is to build the HR team's age verification skills. So we asked BFC to train all our suppliers in Cambodia on how to spot and prevent young people working in their factories.

The training took place in January 2013 and provided practical guidance, specific techniques and best practice for preventing child labour. It also reinforced understanding of and compliance with our zero-tolerance policy. Attendees were tested to make sure they were fully up to speed on age verification.

Since the training, the factories have been very proactive in developing robust age verification systems.



4 BUILD TRANSPARENT RELATIONSHIPS



Trust and transparency down the supply chain is central to understanding and tackling issues. We need to make sure that we have as much information as possible about the places where our products are made.

One of the main ways in which we do this is through audits, carried out either by our own staff or by independent third party auditors. By talking to factory managers and workers we can understand what challenges our factories face in delivering quality jobs and meeting the [ETI Base Code](#).

We can then support them to improve.

In addition to audits carried out by independent auditors, our own team has visited over 500 factories since 2011. From these visits we have found that the most common issues in many of the countries and factories that we source from are to do with health and safety, working hours and wages.

Our ethical trade strategy depends on our level of understanding of key issues in our supply chain. We can only find this out when we work with our suppliers in a transparent way.

When we have a true picture of the commercial, social and economic environment of our suppliers and know what their challenges are in delivering quality jobs and being a quality business we can support them in the best possible way.

This year, we committed to:

INCREASING COVERAGE AND VISIBILITY OF OUR SUPPLY CHAIN

Factories		
Planned	Reached	%
420	561	134%

Over the past year we have increased our coverage and visibility of our supply chain in all our key sourcing countries by conducting audits, using Sedex to monitor progress, and supporting our suppliers where needed.

We're also working more closely with our UK supply base to improve our visibility over subcontracting. Subcontracting is when a factory outsources part of an order to another factory or site. We do not allow undisclosed subcontracting and factories

are obliged to notify us of their intent to subcontract so we can first check that the new sites comply with our ethical aims.

Understanding the issues beyond tier 1 factories has also been a focus in China and we've conducted targeted investigations beyond first tier across two suppliers in China.

Identifying and addressing these issues is at the heart of our ethical trade strategy and the projects we're working on.

PART TWO: IMPLEMENTING OUR ETHICAL TRADE STRATEGY

MAPPING OUR JEWELLERY SUPPLY CHAIN IN CHINA

There are lots of stages in the production of jewellery. The creation of one necklace can involve many different processes. These processes do not always happen under the same roof. For example, one factory may specialise in metal plating while another may do assembly, quality control, and packing.

The industry is characterised by subcontracting. This is when factories outsource work to other factories, smaller workshops and sometimes home workers. Understanding what is going on all the way down our supply chain and making sure not only our suppliers but also their subcontractors respect labour standards is a key challenge.

To address this we're working with our suppliers in China to map their supply chains. This has helped us to build our understanding and enable us identify areas for improvement.

So far, we've identified a number of issues including health and safety breaches, long working hours and problems in protecting worker rights.

This information gives us a good base from which to work with factories. We'll support them to develop better relationships with subcontractors and monitor compliance with New Look's Ethical Aims. We also plan to develop projects which will help to address these issues in the long term.

CONTINUOUS IMPROVEMENT WITH OUR UK SUPPLIERS

The UK is an important manufacturing country for us – we're very keen to buy British products and aim to ensure that UK factories meet our standards.

All our UK suppliers are required to commission annual third party audits, which are carried out by recognised auditors, and share the results with us through Sedex. Sedex is the **largest collaborative platform** for sharing ethical supply chain data.

As well as this, our team visits all our factories regularly so that we can build strong relationships, understand the issues facing factories, and talk through their action plans for continuous improvement.



5 ENSURE NEW LOOK'S COMMERCIAL TEAM AND SUPPLIERS UNDERSTAND THEIR ROLE IN DELIVERING ETHICAL TRADE STRATEGY



For us to be able to support our suppliers to meet our ethical aims, we need to make sure that our designers, buyers and merchandisers are helping our suppliers to do the right thing. This is key to the success of our ethical trade strategy, but it is also one of our challenges.

Our fast fashion model and commitment to providing great products means that our commercial teams are focused on providing our customers with wearable and exciting fashions and reacting to changing trends. We need to make sure that they factor in ethical considerations too.

This year, we committed to increasing buyer, merchandiser and designer awareness of ethical issues. We also committed to train all new members of the commercial team when they join the business on our ethical trade programme and what they can do to help. To do this, we:

- Trained 100% of new buyers on ethical trade at New Look
- Launched a quarterly newsletter to commercial teams to increase collaboration between teams and update them on ethical trade activities and impacts
- Visited 14 factories with both the Ethical Trade and Buying teams and held 9 supplier meetings together

We also held regular meetings to keep everyone up to date with ethical developments and make sure we are working together to improve the ethical performance of our suppliers.

We have received some great feedback from our buying and merchandising teams:

“After visiting our factories in Bangladesh, I continue to be amazed at the high standards that they achieve. New Look’s commitment to ethical and improving the lives of workers makes me proud to work here. The open communication and discussions with factories and their owners gives us an in-depth understanding of the challenges they face on a daily basis. This means we can work together to resolve issues and make sure additional pressure isn’t put on the factory workers.”

“I learnt a lot from the ethical training – it was one of the most interesting courses I’ve been too! New Look is working on so many projects that I was not aware of before... The biggest learning for me was the impact my decisions can make on factories and workers. Now I know how to work in a way which meets our ethical objectives.”

“Raising awareness of ethical trade across the company is definitely a good thing. This training has helped me to get a clear understanding of what New Look’s ethical aims are and the role I can play in achieving them.”

PART TWO: IMPLEMENTING OUR ETHICAL TRADE STRATEGY

MONITORING PROGRESS AGAINST OUR OBJECTIVES

With over 70 individual projects implemented this year, monitoring our progress against all these aims is vital.

Demonstrating results is central to our strategy. We feel it is important to ensure that we deliver a real difference to workers on the ground at the same time as covering a large number of factories and workers. To measure the success of both these aims, we developed a reporting tool which helped us track not only the numbers of suppliers, factories and workers reached but also the impact of our work with each of these groups.

To measure impact we looked at a number of different indicators, from worker feedback on how satisfied they are with their employment to the % of improvements made at any given factory. This helps us check our work is delivering real benefit to workers on the ground.

We used this tool with our country teams to monitor progress on a monthly basis. This enabled us to take stock of key challenges, refocus efforts and celebrate success.

We've used these discussions to share best practice between teams – we've found this is really important especially since our team all work in different corners of the world! This has helped us keep momentum going across all our projects and means we continuously deliver against our objectives.

PARTNERS

WE FEEL THAT THE BEST WAY TO BRING ABOUT LONG LASTING SUSTAINABLE CHANGE IS THROUGH COLLABORATION

We feel that the best way to bring about long lasting sustainable change is through collaboration. So we partner with experts, NGOs, other retailers and various government

initiatives around the world. Here are some of the organisations we partner with and the work that we do with them:



The **ETI** is an alliance of companies, trade unions and voluntary organisations working together to improve the working lives of poor and vulnerable people across the globe who make or grow consumer goods. The ETI Base Code forms the basis of our ethical programme.



Better Factories Cambodia is a programme of the International Labour Organization for improvement of working conditions in the garment industry. We worked with them to build factory management HR skills covering a broad range of issues.



Awaj Foundation is a workers' rights organisation formed and led by garment workers in Bangladesh. We work with the Foundation to train supervisors in Bangladesh on labour rights and improving communication with workers in their factories.



Impactt is a leading consultancy in ethical trade, human rights, labour standards, gender and international development. We work with Impactt on developing our strategy and dealing with difficult issues on the ground.



Sedex is the largest collaborative platform for sharing ethical supply chain data. We require all our suppliers to become a member and share their ethical data with us.



UK Government Department is responsible for promoting development and the reduction of poverty. We've worked together on the **RAGS Benefits for Business and Worker programme**.

PARTNERS



Geosansar is a social enterprise based in India which aims to achieve 'Financial Inclusion in the supply chain' by educating workers in financial literacy and providing access to bank accounts. We've worked together to provide workers in our supply chain with access to bank accounts and financial training.



Nari Uddug Kendra (NUK) was established in 1991. It is a non-government national women's development support organisation, which promotes gender equality, human rights and personal empowerment of women and girls in Bangladesh. It works both directly and in partnership with local women's organisations, Garment factories and Trade Unions, political parties, and local government bodies.



Rajesh Bheda Consulting (RBC) works to enhance competitiveness of fashion industry entities. RBC partners with leading manufacturers, brands and UN agencies to facilitate performance improvement. They're a key implementing partner in the DFID funded RAGS Benefits for Business and Workers project.



Social Compliance Initiative Bangladesh (SCIB) is an independent compliance service provider who ensures the social, labour, ethical and environmental regulatory and organisational standards for the Ready Made Garments (RMG) sector in Bangladesh.

BRANDS WE'VE PARTNERED WITH THIS YEAR INCLUDE:

mothercare

Sainsbury's

TESCO

Varner
VARNER GROUP

Arcadia

RALPH LAUREN

YOUR M&S

WHO WE ARE

We have an 8-strong dedicated ethical trade team, plus partners, who are based in Bangladesh, India, China and the UK – see map below.



WE WANT TO HEAR FROM YOU!

We hope you found this report and our website useful and informative. We want to hear your thoughts so please get in touch if you have any feedback or would like to know more! This will also help us understand the aspects of ethical trade most important to our customers and keep ethical trade at the top of our agenda.

We have a member of our ethical team on hand to answer any queries.

Just email ethical.support@newlook.com and we'll do our very best to answer.