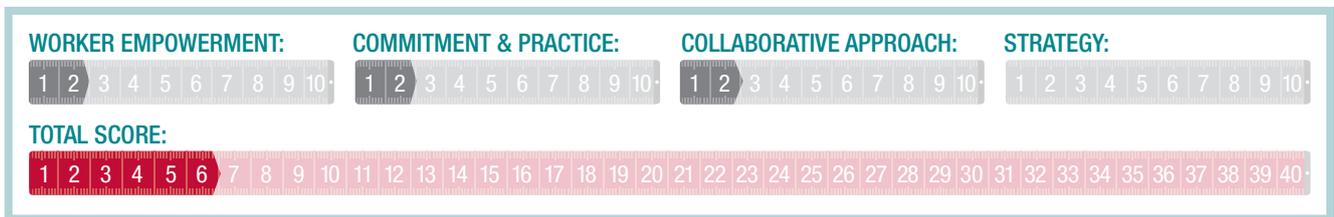


NEW BALANCE

Brands: New Balance, Aravon, Warrior, Brine, PF Flyers, Dunham, Cobb Hill



COMPANY POSITION ON THE LIVING WAGE:

“New Balance is committed to aligning our program with the Standards on the FLA [Fair Labor Association] 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.’”

WHAT WE SAY:

New Balance (NB) is doing very little to ensure that a living wage is paid to workers in its supply chain. Without any definition of what a living wage is, or projects to work towards this, its commitment to making sure a wage meets workers’ basic needs remains a paper promise.

IN MORE DETAIL:

Has living-wage benchmarks?

No.

Worker empowerment:

New Balance says that suppliers must respect freedom of association (FOA) because it is part of supplier agreements. It adds: “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.”



NEW BALANCE

Commitment and practices:

On pricing, New Balance says: “Footwear costing policy includes a specific calculation for labor rates.”

Collaborative approach:

New Balance has been working with other buyers on social insurance payment in Chinese suppliers: “NB has taken a strict position on social insurance, particularly in China where underpayment of social insurance is common ... 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.”

Strategy:

New Balance says: “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.”

Production overview:

Number of suppliers: Approximately 200 first-tier suppliers

Main production countries listed as: US, China, Vietnam, Indonesia

New Balance publishes a full public list of the names and addresses of its supplier factories.

COMMENTS:

New Balance has recently adopted wording from the FLA about wages being enough to meet basic needs. We hope that this will now become ingrained in the company’s practice as it starts to work out how to ensure a living wage is being paid to the people making its products. Currently, work towards this goal is fairly non-existent.

Plans to work with the Fair Wage Network will help. We hope that this new work will focus primarily on the most important dimension of putting wages up to a living-wage level, rather than the distraction of other wage payment concerns.

It is good that New Balance is already detailing a specific labour rate as part of its product cost. We assume that this rate is currently the minimum wage. As New Balance’s work towards making sure a wage meets workers’ basic needs progresses, this practice will form a good basis for ensuring costs are enough to meet living-wage levels too.

It is also good that New Balance has signed the Indonesia Protocol. If it can use the learnings from this in other parts of its supply chain, in collaboration with other buyers, this would help to move forward its work in this area.

We hope to see New Balance progress over the next year. It is at the very start of the road.