

ASDA

Asda is the European subsidiary of Walmart

Brands: George, Faded Glory



Please note: This profile is based on information sent to us from the UK-based company Asda, which is wholly owned by Walmart. Neither Asda nor Walmart were able to submit a response to the survey, so the information in this profile has been taken from communications we have had with the brand. We have not been able to give a mark to this profile as the survey was not filled out.

COMPANY POSITION ON THE LIVING WAGE:

“Suppliers must compensate all workers with wages, overtime premiums, and benefits that meet or exceed legal standards or collective agreements, whichever are higher. Suppliers are encouraged to provide wages that meet local industry standards. Suppliers are encouraged to provide wages and benefits that are sufficient to meet workers’ basic needs and provide some discretionary income for workers and their families.”

WHAT WE SAY:

Asda has implemented an Ethical Sourcing Programme that aims to improve conditions and enforce policies and initiatives that benefit workers. Some work on costing looks promising.

IN MORE DETAIL:

Has living-wage benchmarks?

No.

Worker empowerment:

Asda says: “Through our external audit programme, freedom of association is monitored to ensure workers are able to form and participate in worker welfare committee’s that are freely elected and represent the workforce. This covers 700 factories. We have recently embarked on the journey to complete this process within our second tier supply base which engages in Print, embroidery laundry processes.”



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Commitment and practices:

Asda gave us information about its 'lean manufacturing' philosophy: "LEAN manufacturing is a production methodology which aims to improve workplace conditions and efficiency and ultimately, to deliver greater value for money for end-customers by streamlining manufacturing processes and minimising wastage."

It cited the following results: "Lean now operates in 40 factories in Bangladesh, China, Sri Lanka, Pakistan. On average we have seen workers base wages increase by 17%; Absenteeism reduction of 22%; Labour Turnover reduction of 5%; Factory efficiency improvements of up to 37%."

Asda says it is continuing work on "open costing and the concept of Standard minute value" which it hopes will create a sustainable labour-costing model: "We are currently finalising a series of standard costing templates for our buyers, removing the subjective element of garment costing and look forward to being able to share with you more detail on this new system, called Sew Easy, in the coming months."

Some work on sustainable purchasing practices was cited, including a traffic-light supplier system to give buyers oversight of factory standards.

COMMENTS:

Asda has been working on open costing for a few years now, so it is good to see that the idea of ring-fenced labour costing is now being built into its buying model. This means that it is able to have frank discussions with suppliers about workers' wages as part of its pricing process. However, without living-wage benchmarks it is unclear, for us, what figure this model will use to calculate the separate labour cost. We hope that Asda will make this clear as and when 'Sew Easy' is announced... Given that its policy says a wage should be enough to meet the basic needs of a worker and their family (which a minimum wage does not do), the figures Asda is using will have to be specified. Without benchmarks, there is a risk that this sort of model could be used to drive down prices paid to suppliers.

One concern for us when reading about Asda's approach related to its plan to roll out worker committees in the majority of its factories. As previously stated, although worker committees create the illusion of freedom of association, actual freedom of association is often

Collaborative approach:

Asda is a member of the Ethical Trading Initiative. No other work in this field was mentioned.

We would also like to note that Walmart, Asda's parent company, has not engaged in (and on a number of occasions has deliberately blocked) progress on factory health and safety with other brands in Bangladesh, following the Rana Plaza disaster in which more than 1,200 people died when a building housing factories producing Walmart goods collapsed.

Strategy:

Asda says it aims to grow its 'lean manufacturing' programme so it covers 80 factories by the end of 2015.

Production overview:

Number of suppliers: Asda did not disclose this information.

Main production countries listed: Asda did not disclose this information.

Asda does not publish a full public list of the names and addresses of its supplier factories.

blocked by the promotion of these 'parallel means' in countries such as Bangladesh where there is already a functioning trade union movement. By taking on the role normally carried out by independent trade unions, worker committees give the impression of providing worker representation, while in reality removing any real power. Worker committees do not have the right to collectively bargain on anything aside from fringe benefits; to take industrial action to back up their position; or to hold independent elections. Worker committees are also usually restricted to individual workplaces, meaning members cannot take part in campaigning aimed at improving wages and conditions on a sectoral, regional or national level. These committees rarely play any more than an advisory role and can be listened to or ignored at the whim of management.

All in all, Asda seems to be taking steps forward. We look forward to hearing more about its Sew Easy programme – and the living-wage benchmark that we hope this implies.