

Submission to Burberry regarding its Corporate Responsibility in relation to the Proposed Closure of the Rhondda Factory

Jill Evans, Member of the European Parliament

As someone who has always lived in the Rhondda I was dismayed at the statement issued by Burberry in September 2006 on the proposed closure of its Treorci factory with the loss of 311 jobs. I am requesting that the company reverse this decision in the light of its own Corporate Social Responsibility (CSR) policy and the devastating economic and social impact that the closure would have on the area.

Burberry's CSR policy includes the following statement:

“Community affairs – developing strong relationships in our chosen communities in support of our business objectives, by using the Group's unique assets to benefit society.”

In its years of operation in Treorci, Burberry has indeed developed strong relationships with the local community. The provision of over 300 jobs has been invaluable in this deprived area. Other local businesses have benefited both in terms of supply of goods and services to the factory and the increase of spending power in the local economy. The case for Treorci remaining as one of Burberry's “chosen communities” under the terms of the company's own CSR policy is overwhelming.

“Using the Group's Unique Assets”

The Group's assets are considerable. Burberry's recent success in terms of increasing profits and its share of the market has been well publicised. Burberry is looking to increase those profits further by streamlining operations, including the closure of the Treorci factory. This is only one option. Increased investment in the Rhondda is both possible and in the interests of the company itself, as a responsible employer. The workers in Treorci have contributed to the company's financial success and the presence of the factory has given added value to the company in terms of prestige and commitment to the local community.

“Benefit Society”

Keeping the Treorci factory open would benefit society. The figures from the 2001 Census show clearly the problems we face in Treorci and the Rhondda:

30.54% of the population in Treorci suffer limiting long-term illness and 55.3% of households in the Rhondda have one or more persons suffering limiting long-term illness;

14.7% of Treorci people are economically inactive due to sickness/disability;

17.66% of the population have “not good” health;

27% of Rhondda households are pensioner households;

37.1% of Rhondda households are without a car;

41% of people in Treorci aged 16-74 have no qualifications;

In a Social Audit carried out in the Treherbert area only 20% residents had attended any training courses in the area and 42% said that local employment opportunities were poor. For 36%, financial resources was the main barrier for unemployed people who wished to start their own business;

In a similar Social Audit carried out in Treorci and Ynyswen, 38% of people stated that training opportunities were poor and 61% stated that employment opportunities were very poor;

Losing over three hundred jobs would exacerbate this situation not only for the present employees and their families but would also remove future job prospects for young people thus encouraging them to leave the area in search of work. The demise of the coal industry left this area with severe structural problems and a weak economy. In contrast to Yorkshire, a similar large coalfield, the South Wales coalfield has not attracted new investment. What development there has been has taken place along the M4 corridor rather than in the valleys themselves so the real levels of unemployment remain high. More evidence of this lies in the fact that the area receives Objective 1 (now Convergence) funding which is only distributed to the poorest areas in the whole of the European Union.

It is against this background which a decision on the future of the Burberry factory should be taken by a responsible company which can afford to invest in this area's future.

Customer Service and Produce Quality

Another statement in the company's CSR policy reads:

“Burberry aims to win and keep customers with the quality of our products and services, to maintain the exclusivity of Burberry's merchandise and to protect the integrity of Burberry's product ranges and intellectual property.”

Keeping jobs in the Rhondda would be an asset in winning new customers. People have been shocked that such a major and successful company could wreak such damage on one of the poorest communities in Europe. Reversing this decision would be a huge boost to Burberry's public image. The public support which the campaign to keep these jobs in the Rhondda is indicative of this.

In conclusion I would ask Burberry, in line with its CSR policy and the implicit responsibility to the local community, to reconsider its decision to close the Treorci factory and investigate how best to develop it as an integral part of its thriving business.