

Reacties bedrijven op rapport ‘doing dutch’ leefbaar loon onderzoek in India

C&A

As explained in the meeting that took place last week at the CCC offices in Amsterdam, it is very difficult for C&A to identify the factories that you have linked with our production without a name or a physical location to connect with.

Although we understand the reasons why CCC has decided to keep this information undisclosed, we regret that fact since we would like to provide more information regarding the 3 factories identified and be able to match the information coming from our visits made at factory level and the feedback provided by the workers.

Currently, C&A works with 167 factories in the India-Sri Lanka hub.

These factories are distributed in the following way:

West India: 9

North India: 35

Bangalore region: 42

South India: 51

Sri Lanka: 30

In a very short period of time, the 24th of May precisely, as part of our Transparency Strategy C&A will disclose their full list of factories that are currently producing our goods. This is the first step towards a transparency journey that C&A has set up and that has asked CCC alongside with other 5 key stakeholder to weigh in and provide recommendations on how this transparency strategy should meet the needs of the stakeholder community.

C&A is doing all the efforts to respect the human rights of everyone who contributes to our business. In 2015, we began a multi-year human rights due diligence process across the C&A value chain. Driven by the UN Guiding Principles the project seeks to understand the human rights risks, impacts, and opportunities our business faces in the supply chain, retail operations, and local communities. This year, we’re focusing on our supply chain—evaluating human rights issues on the ground in our production countries and assessing how our sourcing and buying practices can directly or indirectly affect human rights of workers and their families.

We’re working with experts from Deloitte to evaluate our processes, business practices, and decisions—all mapped against the most prevalent human rights issues in our sourcing countries. We’re using 30 shadow and validation audits in the field to evaluate C&A’s impact on human rights in suppliers’ production units. During 2016, we plan to update our findings and remediation plans to support the UN Sustainable Development Goal of Decent Work and Economic Growth.

In India the most important challenges we are facing are in relation with wages, correct overtime payment, working hours, installation of Fire rated doors, crèche facilities at factory level, hostels and freedom of movement for all workers.

In all of these challenges identified, C&A has already set up procedures in place to overcome them either individually or in cooperation with other brands and stakeholders.

Below we explain in a more detailed way the efforts done in the most common challenges identified in India:

- Creche facilities at factory level:

A complete deep dive into Creche challenges at factory level has been done within the last 6 months by conducting audits for 35 factories Karnataka State. This in depth process has been set up thanks to the good collaboration initiated with CIVIDEP and FEMNET Germany. After this first wave, we have concentrate on the 6 factories that we had agreed to share information with CIVIDEP. In the Annex 1 you will find the audit questionnaire that we developed to get the job done. After completing our gap analysis a number of findings have been identified and shared with CIVIDEP in order to jointly improve the Creche conditions in the factories that are supplying our goods.

Cividep's feedback was that they were extremely happy with the way C&A has done an in depth gap analysis and that we are the only brand that has done so thus far. In fact, they are looking at C&A to share our work on Crèches when CIVIDEP has a stakeholder meeting in the near future. We have agreed to share with CIVIDEP on the incremental changes that we can make when it comes to creche and also the ground reality challenges where we cannot make the difference.

In addition, we have conducted a meeting with the 2 Suppliers (Mereena and Indian Designs) who own the 6 factories to go over our findings and shared with them the importance of improving the creche conditions. These two suppliers will also report back to our assigned Development Officer on the improvements they have made.

- Hostel conditions and freedom of Movement of Migrant workers:

After the release of the ICN Report on Hostel conditions for Migrant workers in Bangalore, the following has transpired. The first step was to work through BEWG (Brand Ethics Working Group) and several brands got together and met collectively as a group with the Suppliers that were highlighted in the report. In our case, as we were working with the supplier called Shahi. Different brands participated in the mentioned meeting and the main objective was to hear Shahi's point of view as well clearly state what C&A expects from their supplier partners in terms of Labour and Human Rights. Shahi has taken steps to improve the situation and it is currently working with an NGO called Janodhya and in the near future all hostels belonging to Shahi will be manage by Janodhya.

However, we did not stop there. C&A proposed to set up a new collaborative scenario with Inditex and H&M and we are in the process of conducting a scoping study on 10 factories within Karnataka state. The Scoping study is being done by a non -profit organization called Swasti. The scoping study will cover a holistic approach on migrant workers and working conditions in the factories along with hostels. We felt as brands that we should go beyond what was in the ICN report. Once completed by end of May, the study will provide us with recommendations on what needs to be done. Once we have these recommendations, we will then share it with the Ethical Trading Initiative to work on the hostel guidelines and form a Multistakeholder Initiative with various brands, NGO's Trade Unions and Manufacturing Associations where we will have inputs from all relevant stakeholders. The plan is to come up with a firm guideline by mid-September 2016.

Aside from the report, we at C&A are following TSF (Tirpur Stakeholder Forum) Hostel guideline when conducting audits in Tamil Nadu (South). Not sure if you have had access to their guidelines, in case you haven't please don't hesitate to ask them and we will provide them.

In tight relation with it, there's the efforts that C&A is doing, in collaboration with other relevant stakeholders in the eradication of the so called Sumangali scheme. C&A is working to prevent vulnerable girls and young women from entering the system in the first place. In 2015, C&A is working with the Freedom Fund, the world's first private donor fund dedicated to ending modern slavery. The initiative brings strategic focus and reinforces industry collaboration to curb demand for bonded labour. It aims to mobilize at least 240 communities in Tamil Nadu to promote education, training and provide care to rehabilitate survivors. Lastly, the initiative aims to educate at least 3000 workers through rights-training.

- Wages:

All garment workers deserve to earn enough to support their family and cover living costs. But making this a reality in apparel production countries can only happen if all the key stakeholders work together. C&A believes that wages is one of the key factors in the workers welfare, together with safe and sound workplaces where nobody should be afraid to work. C&A want to positively impact in the increasing of wages throughout the supply chain and we have understood that this impact has to be sustainable and coherent. Moreover we want to support the empowerment of workers so they are able to negotiate and take decision on their own. Thus, we understood that Freedom of Association and Collecting Bargaining, together with fine tuning our own Purchasing Practices has a huge impact on wages.

C&A has been involved in the inception of thet Action, Collaboration, Transformation (ACT) , a global initiative to unite stakeholders in improving wages through industry collective bargaining in key production countries, world-class manufacturing standards, and responsible purchasing to increase the wage floor.

ACT is a coalition of 17 brands and IndustriALL Global Unions coming together to establish Enabling Principles for living wages to be reached. We have signed a Memorandum of Understanding with IndustriALL that can be found in our webpage, and have working groups for each of the principles. C&A is part of the core group establishing strategy, purchasing practices and governance working groups.

Although the strategy and the framework of ACT is global, we have set up the first activities in Cambodia where all brands met with suppliers, unions, the ILO and the Government to discuss the need to have an industrywide collecting bargaining that level the playing field for all workers together with a better way of doing business and purchasing practices. As a result of that, we are now working with three of our suppliers in Cambodia to test the principles for application to other regions with a common goal of empowering workers so they can bargain collectively.

- Freedom of Association:

Supporting freedom of association is fundamental to improving labour conditions in apparel production countries and it remains an important focus of our strategy going forward. We encourage our suppliers to adopt an open and collaborative attitude towards worker representation, allow workers to form or join trade unions of their own choosing, and to bargain collectively. Currently, we are working on a pilot project to explore ways to create social dialogue between workers and management in 2016 with the support and the guidance of local and global unions. In the next phase of this pilot project, India will be one of the countries where we will expand it.

In countries where the right to freedom of association and collective bargaining is restricted by law, we expect our suppliers to help employees establish alternative forms of worker representation and negotiation. Suppliers are also expected to establish, implement, and communicate a grievance mechanism that is accessible, predictable, equitable, transparent, rights-compatible, confidential, and based on engagement and dialogue to resolve internal disputes and employee complaints. Freedom of association is tested as part of our auditing process—especially if it has related in discrimination or termination of employees. When freedom of association issues are discovered through auditing, union allegations, or via our Fairness Channel, we take decisive action to work together with external stakeholders to resolve the issue and ensure re-instatement of any dismissed workers

- Safe work environments:

The disaster occurred at Rana Plaza 3 years ago was a game changer for C&A. As an outcome of this tragedy, the Accord was set up in Bangladesh but we didn't want to limit our improvements to the Bangladeshi boundaries since we understood that situations such the one occurred in Rana Plaza can also happen somewhere else. Thus, since 2015, we require all the supplier factories— in Bangladesh and the rest of the sourcing countries—to be regularly inspected and to have all necessary legal documentation in place for buildings in all production and non-production areas, including dormitories, canteens, and warehouses. This is a new requirement for the industry and our assessments have demonstrated that many suppliers are not yet in compliance. To address this, in 2016 we're supporting our suppliers as they go through independent building safety. We are aware that this approach is new and not all brands are following this approach but we still feel is the way forward and we are being strict in the compliance of the different existent regulations.

C&A suppliers are also required to maintain adequate insurance that covers workers for any injuries, accidents, or death. This applies to all work done on site and should also, when stipulated by law, include contractors, temporary, and part-time workers.

Since 2015, we have implemented fire safety good practices from the fire safety requirements from the Bangladesh Accord. We're applying what we learned in Bangladesh to all of our suppliers in all sourcing regions. As this is a more detailed requirement—and one that requires greater accountability through the use of fire-resistant doors that have been certified—many suppliers are still purchasing and installing these doors for emergency exits, or having their existing fire-resistant doors tested. We're actively building capacity and supporting supplier production units with the necessary improvements in Bangladesh and our other sourcing countries.

CoolCat

In onze visie werken de werknemers van onze leveranciers in een veilige en schone werkplaats en zijn in staat om te kunnen leven van hun loon. Dit is vastgelegd in onze Code of Conduct. Om die reden is CoolCat ook lid van het Business Social Compliance Initiative (BSCI). Dit is een onafhankelijke organisatie met het doel om wereldwijd arbeidsomstandigheden in productieketens te verbeteren.

Alle Indiase leveranciers hebben de Code of Conduct van CoolCat getekend. De fabrieken van leveranciers van CoolCat in India zijn gecontroleerd door onafhankelijke inspecteurs. Daar volgt volgens de standaardwerkwijze een actieplan uit voor verbetering van de arbeidsomstandigheden. Het is leveranciers niet toegestaan om productie elders te laten uitvoeren. Naar aanleiding van de bevindingen van het onderzoek van Schone Kleren en Landelijke India Werkgroep is CoolCat een extra Due Diligence proces gestart met al haar Indiase leveranciers. CoolCat heeft deze vier fabrikanten een uitgebreide vragenlijst laten

invullen en de antwoorden beoordeeld. Met twee fabrikanten werkt CoolCat al een jaar niet meer samen. Op basis van de bevindingen van de recente inspecties, aangevuld met het Due Diligence proces, stelt CoolCat met de andere twee fabrieken een actieplan op om de arbeidstandigheden te verbeteren.

Loon is een belangrijk aandachtspunt in ons algemene beleid op arbeidsomstandigheden. Coolcat bezit geen fabrieken. De fabrieken van onze leveranciers werken niet alleen voor CoolCat maar ook voor meerdere, andere merken. Daarom bepaalt CoolCat niet de hoogte van het loon. CoolCat raadt leveranciers wel aan om een loon te betalen waar werknemers van kunnen leven en nog extra overhouden. Een leefbaar loon is in ieder land verschillend en soms zijn er zelfs verschillen per provincie of gemeente. Het eigen inkoopkantoor van CoolCat en de inspecteurs van BSCI controleren de hoogte van het loon van de fabrieksmedewerkers, hoe en wanneer het loon uitbetaald wordt, of sociale verzekeringen betaald worden en of dit vastgelegd is in contracten van werknemers. Sinds juni 2015 wordt er bij de controles van BSCI per leverancier een schatting gemaakt van de hoogte van een leefbaar loon. Dit is een stap om in kaart te brengen wat het verschil is tussen de huidige lonen en een leefbaar loon bij de fabrieken van onze leveranciers. CoolCat gelooft dat er een industriebrede aanpak nodig is om het loonniveau in de kledingindustrie effectief te kunnen adresseren en staat er voor open om hiertoe samen te werken met andere bedrijven, overheid en maatschappelijke partners. In het Convenant Duurzame Kleding en Textiel worden gezamenlijke, industriebrede oplossingen gezocht voor vraagstukken op het gebied van arbeid en milieu die een bedrijf niet alleen kan oppakken. CoolCat staat hier positief tegenover en we hopen dat er voldoende bedrijven gemobiliseerd kunnen worden om hier gezamenlijk aan te werken.

G-Star

FACTORY 1

Description of the factory

This factory was founded in 1975 and has two manufacturing facilities in the state of Tamil Nadu: Perungudi and Kovilambakkam. The research focussed on the factory in Kovilambakkam which is a newly built manufacturing unit that has been operating for the last one and a half years. All workers at the Kovilambakkam site are initially trained for one month at the Perungudi manufacturing site. The factory website boasts of an annual turnover of US\$ 20.00 million with an annual production capacity of 1.5 million garments being supplied to various American and European brands.

Reply G-Star 27.5.16: we have found factual incorrect factory information in this paragraph.

This supplier has 3 locations of which one only HQ/office and 2 manufacturing facilities. The HQ/office is located in Kovilambakkam. Manufacturing facilities are located in Perungudi and in Kolambakkam. Kovilambakkam is not newly build. Kolambakkam is newly build and opened in 2014.

The distance between these two locations of Kolambakkum (manufacturing site) and Kovilambakkam (HQ/ office) is 57 km. Training is done at the manufacturing site where the worker will be employed.

Extra background information

The factory moved from Alandur (leased building) to Kolambakkum (own building) in 2014 due to workers shortage in that area (zone A). Alandur manufacturing site is closed in 2014.

The factory location is misspelled on the company's website. This has been amended by the company.

Reply CCC/ICN on 14.7.16

The researched facility is indeed Kolambakkam instead of Kovilambakkam, as was pointed out by G Star.

Factory 1 falls under Zone C for the payment of minimum monthly wages in the state of Tamil Nadu. The older manufacturing unit in Perungudi is located close to the capital Chennai and falls under Zone A for minimum wages in the state of Tamil Nadu.¹ Zone C mainly comprise of rural townships, town panchayats, cantonments and village panchayats,² Factories on Zone C locations have a lower minimum wage because of lower cost of living incurred in these areas. Following the Tamil Nadu Minimum Wage list for the tailoring industry, wages for the three Zones are as follow: Zone A is INR. 299.27 (€ 4.09), Zone B is INR. 294.35 (€ 4.01) and Zone C is INR. 289.42 (€ 3.96).³

Reply G-Star 27.5.16:

The wages referred to at the end of the paragraph do not match the wages on the referenced website.

It also not clear whether the wages are calculated per day or month throughout the report. We suggest to clarify this throughout the report.

Reply CCC/ICN on 14.7.16

Wages mentioned in the review version do match the wages on the paycheck website for a tailor.

These have now been adapted to monthly wages for helpers (so the lowest applicable minimum wage).

At present the factory employs around 1000 workers and most of them are local workers living in villages surrounding the factory. The factory has been functioning for the last 1.5 years. Tailors and helpers said that they mostly stitch items for women, like shirts, pants, jackets and shorts.

Wages, deductions and in-kind benefits

The majority of the workforce at this garment factory comprises newly recruited workers with limited experience in garment stitching. Two out of every three workers at this factory are hired as 'helper' and have continued to remain in training or apprenticeship as helpers despite working at the factory for 1.5 years. These so-called 'helpers' are given lower wages but perform almost the same tasks as any skilled tailors after one and a half year of training. Of the 15 workers interviewed from Factory 1, the average monthly wage is INR. 5408 (€74.08). This is before the Employee State Insurance (ESI) and Provident Fund (PF) deductions. After deductions, tailors receive a monthly wage of INR. 5000 (€ 68.49), while the helpers receive a monthly wage of less than INR. 4076 (€55.83).

Reply G-Star 27.5.16: we have found factual incorrect information in this paragraph.

This factory distinguishes its employees in skilled (on average 30%), semi-skilled (on average 20%) and unskilled (on average 50%) employees. In the factory 1 out of 2 (50%) is an unskilled employee and not 2 out of 3 (66,6%). We always carefully check for apprenticeships and do encounter incidents in our supply chain, however no incidents were found at this factory.

Reply CCC/ICN on 14.7.16

10 out of 15 interviewed workers are helpers. This has been corrected.

Reply G-Star on 19.9.16

As of September 2015, 70% of the workforce received the minimum wage. This has been improved by the supplier and as of April 1st 2016 all workers receive the minimum wage. As a next step, there will be payment of back wages. We have further discussions with the factory management to agree on a detailed payment plan including a time line.

In one particular case a worker explained: *“The factory has shifted to a new location because they can pay workers less as this is Zone C. I have worked with this factory for more than 5 years. Earlier, I used to go to the factory in the city and got more wages. Then they shut it down and transferred me to this factory. Now I get a lower wage than before. Usually people work for many years and get promotions, for me it is the opposite. I protested one and a half years back but I have understood that there is nothing I can do. I can either be jobless or continue to work for less money.”*

Reply G-Star 27.5.16: we have found factual incorrect information in this paragraph.

We understand the comment from this worker as in zone C there is a slightly lower legal minimum wage. Before the factory moved, we were aware of this difference in minimum wage, therefore we selected randomly 28 employees without mentioning them to the factory and checked salary slips before and after the move. For none of the 28 employees net salary was lowered.

Reply CCC/ICN on 14.7.16

The instance of the salary being lowered after the factory moved to Zone C where lower minimum wages apply may be limited to a few workers, or G -Stars sample may not reflect what happens to many other workers.

A research conducted by SOMO and ICN in Tamil Nadu, resulting in the publication of the report *‘Flawed Fabrics - The abuse of girls and women workers in the South Indian textile industry’* in October 2014, shows that a tripartite committee, which includes a TASMA representative from the employer’s side and a INTUC (Indian National Trade Union Congress) representative from the employees’ side, was formed in March 2013 to recommend minimum wages benchmark for textile mill workers in the state of Tamil Nadu. However, the committee has not come up with a proposal yet. A coalition of seven trade unions in Tamil Nadu – MLF, HMS, INTUC, AITUC, ATP, CITU and BMS – demanded the minimum wage fixation committee to set the minimum wage for textile mill workers at INR. 15,893.73 per month (€ 217.72). The proposed wage by the trade union comes close to what would be a decent living wage for India, according to the Asia Floor Wage Figures 2015, namely INR. 18,727 (€ 256.53).⁴

Reply G-Star 27.5.16: we have found factual incorrect information in this paragraph.

The above SOMO and ICN report refers to spinning mills. The factory is not a spinning or textile mill. This is Ready made garments factory. The report is not applicable to this factory. **CCC/ICN confirmed this part will be removed.**

The highest wage among interviewed workers from this factory is INR. 7000 (€ 95.89) and the lowest wage is Rs. 4500 (€61.64). Wage slips obtained from workers at Factory 1 show that ESI and PF deductions account for 12.95% of the workers’ wages and that leaves taken by workers result in loss of pay of INR 81 (€1.10) per day. Late-coming deductions are also made at this factory, a worker said: *“We have permission of 2 hours per month for being late, there is wage deduction if we exceed this time.”* Another worker said, *“For late coming of 10 minutes there is a deduction of one-hour salary.”* Most workers also said that each time they eat at the factory canteen Rs. 10 (€ 0.13) is deducted from their wages.

Reply G-Star 27.5.16:

G-Star understands the factories policy being late.

Being late working in a production line influences the continuation of that production line and other workers jobs. These deductions by our supplier are in line with the local legislation (Payment of wages act 1936: Sec 9).

Reply CCC/ICN on 14.7.16

Under Section 9 of the Payment of Wage Act, 1936 that G-star refers to,

"The amount of such deduction shall in no case bear to the wages payable to the employed person in respect of the wage-period for which the deduction is made a larger proportion than the period for which he was absent bears to the total period, within such wage- period, during which by the terms of his employment, he was required to work"

So it is not legal to deduct one hour's salary for late-coming by ten minutes. Even if workers are late for over 2 hours in a month, the deduction should be proportionate. Similarly, there can only be loss of pay for taking leave if the workers have done so in excess of the leave due to them.

Reply G-Star on 19.9.16:

Deductions are allowed by law but indeed only proportionate. The factory confirmed two late-comings are allowed in a month and the deduction must be proportionate. We will follow up on this matter going forward and assure, together with factory management, that practical implementation and communication to employees is done in accordance with law.

Overtime (OT) work is not frequent at this factory. Most workers commute using factory mini-vans or auto-rickshaws. The bus facility for workers is free and workers who commute using auto-rickshaws are given a transport allowance of INR 500 (€ 6.85) every month. Other additional allowances and utilities given to the workers are attendance bonus, which amounts to 5 kg of rice for workers, INR 250 (€ 3.42) for helpers and INR 500 (€ 6.85) for tailors. The attendance bonus is only paid if workers do not take any leaves for the whole month. During festival seasons, like Diwali in October, workers who have completed a term of 10 months with the factory are given metal buckets as a token for their commitment to the factory.⁵ There are approximately 100 migrant workers from other states of East India, who do

not speak the Tamil language and are residing in the local villages. During an interview one migrant worker explained that, *"If I attend the factory without any leaves I get an attendance bonus of 5 kg of rice and this is very helpful for me because I send all my wages to my family. So even if I am sick I go to the factory to make sure I get the attendance bonus, otherwise there is no food. The management makes us work very hard for very less money and at the end of the month I have to send everything home to feed my family."*

Reply G-Star 27.5.16: we have found factual incorrect information in this paragraph.

It is unclear when this worker was interviewed though it is correct that up till September 2015, workers

received attendance bonus when they did not take leave for the whole month.

However this policy is changed and it is allowed to take pre-approved casual leave 1 day a month and still receive attendance bonus.

During the research period there were no more than 25 migrant workers at any point.

Reply CCC/ICN on 14.7.16

The interview took place in August 2015, so before the policy change.

Reply G-Star 19.9.16

The Dutch report states the rice bonus has been stopped. This is not correct, the bonus of 5 kg of rice, INR 250 (€ 3.42) for helpers and INR 500 (€ 6.85) for tailors remained. The difference is that since September 2015 the workers can take 1 day of leave a month without losing the attendance bonus.

Working conditions, overtime and gender discrimination

There are approximately 300 men and 700 women employed at Factory 1. The majority of the women workers are married and between the age of 25 to 30 years. At this factory, there are around 15 supervisory positions for male workers and only 2 female supervisors.

Reply G-Star 27.5.16: we have found factual incorrect information in this paragraph.

There are 29 supervisors and 1 female supervisor.

Reply CCC/ICN on 14.7.16

Researchers rely on workers estimates of the number of supervisors, since they have no other sources. We expect that G-Stars figures on this are more accurate than these estimations.

A worker said: *“The supervisors always ask for more and more pieces finished per hour. They shout and scold if the target is not completed. Supervisors use vulgar words.”* Many workers said that the female supervisors were much harsher than male supervisors. A GLU member interacting with the workers explained that this situation was common as the management in turn was much harsher on the female supervisors compared to the male supervisors. Female supervisors often face verbal harassment from the management if the production targets are not met and hence have to be strict with workers to extract work from them.

Reply G-Star 27.5.16:

The management does not tolerate any abuse of its workforce, This is also conveyed within the facilities, as well as by the worker committee and anti-harassment committee.

Though we are well aware this is a more structural problem which is not easily solved and remains a topic of discussion with all our suppliers.

Reply CCC/ICN on 14.7.16

As G-Star acknowledges in its response, it is a structural problem in garment factories in India that it hard to resolve. Awareness on the side of buyers and management is an important first step in this.

Regarding overtime (OT) work at the factory, workers explained that because the factory has been newly opened there is not much OT work. However, in the 15 interviews conducted with workers at the factory, only 1 male worker and 3 female tailors confirmed that they received payment for doing overtime work. The rest of the workers in packing, ironing and as helpers said they have done overtime work but are not paid for it. The helpers said that they were not free to refuse overtime work when asked by supervisors to stay back and do it. Helpers also said that they are verbally harassed and in some cases not given ‘out-passes⁶’ that they need to leave the factory premises if they were to refuse overtime work.

Reply G-Star 27.5.16: we have found factual incorrect factory information in this paragraph.

In the paragraph there are contradictory statements on overtime.

The factory has a policy of maintaining the working hours permissible per week and are sensitive to the fact that some workers have to travel long distances. Therefore overtime is

carried out only on a need basis and areas where it is required. OT wages are compensated to the workers as per the norms.

9/19/2016 - updated reply G-Star Raw

Reply CCC/ICN on 14.7.16

The figures on Overtime have been corrected in the final draft, as they indeed did not reflect the research data.

Workers interviewed from Factory 1 said that they have a Health Committee and a Canteen Committee. One worker added that the Committees were not real because: *“All the committees are under the charge of the human resource office (HRO), if we have any problem we can complain to the HRO but no action is taken to solve the problem.”*

Reply G-Star 27.5.16:

The committees are installed and we are not aware of any complaints not being addressed. We discussed this with the management of the factory and they will further look into this and review how to better function this committee.

Reply CCC/ICN on 14.7.16

Interviewed workers are not aware of the committees; however, it is a positive step that G-Star has taken up the issue with the factory to see how the functioning of the committees can be improved.

Factory 1 has not set up the mandatory Anti-Sexual Harassment Committee. Interviewed women workers had no complaints regarding sexual harassment on the work floor. They said that there was no unwanted touching, staring or any kind of advances made by any of the male supervisors or security guards.

Reply G-Star 27.5.16: we have found factual incorrect factory information in this paragraph.

The said factory has an Anti-Sexual Harassment Committee in place since the opening of the factory. We are aware of the difficulties of setting up functioning committees and are in discussion with the factory to join a capacity building project.

Reply CCC/ICN on 14.7.16

Workers also told that there was no Anti-Sexual Harassment Committee, so it may be that they are not aware of it, but it exists. G-Star seems to be admitting that this committee is not fully functional and expressed intension to address this.

Reply G-Star 19.9.16

Please be informed we already addressed this and will work with factory management to train and improve the committees.

Maternity benefits

In case of pregnancies, workers need to inform the factory management about their pregnancy in the first three months of their pregnancy. They are told that they will forfeit the maternity benefits if they do not inform the management about their pregnancy within this period. To be exempted from heavy work or to avail more breaks, workers have to provide medical certificates to the HRO. As maternity benefit, workers only receive a one-month paid maternity leave which they can avail immediately before or after delivery. The factory does not pay workers the three months of mandatory paid maternity leave as per the law.⁷

According to the law maternity leave benefits are covered by the Employee State Insurance (ESI) hospitals but in the case of this factory, workers collect their maternity benefits directly from the factory. This is because the factory was not yet fully registered under the Employee

State Insurance (at the time of data collection) and has only recently applied for ESI benefits for its workers. For the same reason none of the workers at this factory received ESI medical 9/19/2016 - updated reply G-Star Raw benefits yet.

Reply G-Star 27.5.16: we have found factual incorrect information in this paragraph.

All employees are eligible for the Employee State Insurance Scheme which stipulates 89 days of paid maternity leave. This covers all workers. More information is needed to review this statement further.

Reply CCC/ICN on 14.7.16

Interviewed workers stated they had no access to ESI benefits during the interviews. 12 out of 15 workers said they do not get paid maternity leaves.

Reply G-Star on 19.9.16

The factory confirmed they are fully registered under the ESI and all leaves are paid in accordance with the law. Our internal compliance team will follow up on this matter very closely to assure all benefits are paid and the topic is included in the regular training of employees.

A few workers said that they knew about the three months of paid maternity leave but they were told that this did not apply to their factory. Most workers said that they chose to work till the last month of their pregnancy because they were not aware of the three months paid leave policy and preferred to use the one month paid leave after delivering the baby. Workers agreed that it was a common practice for new mothers to take 4 to 5 months of unpaid maternity leave.

Reply G-Star 27.5.16: we have found factual incorrect information in this paragraph.

As mentioned above the policy of paid maternity leave is covered for all female workers by ESI.

The factory has a crèche facility for workers' children that can accommodate only 10 to 20 children at a time. Workers are not allowed to visit the children in the crèche during working hours, except at the end of the day. Milk and biscuits are provided free of cost to the children but mothers have to bring lunch for the children which they leave with the nurses in the crèche.

Reply G-Star 27.5.16: we have found factual incorrect information in this paragraph.

Crèche facility is open to all the workers. The facility includes caretakers and a teacher. Mothers are freely allowed into the crèche to check on their children. Mothers prefer to provide the food for their children based on their individual dietary requirements. The crèche is at the moment not fully occupied and can accommodate more children than currently taken care of. Most of the workers commute on a daily basis from their homes to the factory with factory transportation. It is normal practices for most mothers to leave the children at home with their family.

Unionisation

A member of the Garment Labour Union in Karnataka, interacting with garment workers in Tamil Nadu, explained that, "*Factories located in rural areas employ workers who are quite fearful and do not even have the basic awareness of their rights. This is a cost benefit for the factories as workers do not have the knowledge about the role of unions and the existence of minimum wages. Also work that has to be done by two or three workers is often extracted*

from one worker. There are local political parties and other semi-affiliate local administrative bodies that try to fight for workers' rights but these parties have different agendas. They do not have the capacity to function as workers' unions."

Over the last 1.5 years there have been regular strikes in which workers have demanded for higher minimum wages. Workers explained that the factory is in the process of increasingly recruiting migrant workers and removing local workers from the factory because of their demand for higher wages. The majority of the Tamil speaking local workers have attempted to unionize and bargain for better wages at the factory and they have been fired in large numbers. Workers mentioned that many of their co-workers, who were striking for better wages, have been let off from the factory 2 to 3 months earlier. One worker said: *"Those workers who were striking were made to do more work and they were put under a lot of pressure. Many of them resigned voluntarily because they could no longer tolerate the harassment at the factory."*

Earlier in 2015, 200 local workers were dismissed from the factory for various reasons including having less production and not enough work for all employees. One worker explained: *"Center of India Trade Unions (CITU) supports the native workers and there have been strikes to demand for better wages. The management noted down the local workers involved in these strikes and began harassing them at the factory with higher production targets. If any of these workers took even one day leave they were fired. None of the workers that were involved in the strike are now working at the factory, they all have resigned or were fired."*

Reply G-Star 27.5.16: we have found factual incorrect information in this paragraph.

We reviewed this matter and have contradictory information from your report and our own research.

There has been unrest in the given period of April 2015 after the move of the factory to this location.

Outside of the factory a small demonstration took place with around 20 people; it remains unsure whether any employees or former employees of our supplier joined this. There is no indication that there has been a turnover of 20% of the workforce. We started the dialogue with the factory management to clarify this matter further and to assure settlement based on the statutory requirements for the employees. G-Star would appreciate more information from CCC/LIW on this matter.

Reply CCC/ICN on 14.7.16

Both workers and CITU stated that the number of workers involved is 200.

Reply G-Star 19.9.16

It remains unclear what type and size of unrest occurred. CCC/LIW informed us they will try to connect us with a contact person at CITU to further discuss.

In some cases illiterate workers were asked to sign documents, and they were told later they had signed their resignation letters and had to leave the factory. A worker said: *"The management has a resignation letter designed for the workers. The HRO summoned them and 9/19/2016 - updated reply G-Star Raw asked them to sign the papers which they said it were routine documents necessary for their records. The next day workers were called again and told that he or she had voluntarily resigned by signing the resignation letter and that he or she did not need to come to the factory from the next day."*

The firing of over 200 workers was taken up by the Center of India Trade Unions (CITU) who

organised a strike outside the factory. The management in dialogue with the political party explained that they do not have enough work at the factory for all the workers and the production was currently low and hence had no option but to let go of the excess workforce from the factory. None of the fired workers were offered any form of compensation except the final month's salary.

1 Factory 1 was initially located in Zone A for minimum wages. 1.5 years ago the factory shifted its premises to an area close to the national highway outside the city. This has brought Factory 1 under Zone C which allows lower minimum wages for workers.

2 'Panchayats' refer to the lowest level of public administration, which is at the level towns and villages.

3 Tamil Nadu Minimum Wage with effect from April 1, 2015 to March 31, 2016.

(<http://www.paycheck.in/main/salary/minimumwages/tamil-nadu/tamil-nadu-minimum-wage-witheffectfrom-april-1-2015-to-september-30-2015>).

4 Asia Floor Wage Alliance (2015) 'Asia Floor Wage figures 2015' (<http://asia.floorwage.org/resources/wagereports/asia-floor-wage-figures/view>).

5 Most workers do not have bathrooms/showers in rural areas, they use a metal bucket to store water and take showers outdoors or in community bathrooms/toilets.

6 The 'out-pass' is a token system that ensures that security guards do not let workers go outside the factory premises without permission from his/her supervisors. The workers have to show a small ticket called the 'outpass' to the security guards everyday while leaving the factory premises.

Reply G-Star : extra information

Out-pass is an administrative process to ensure the workers inform the respective supervisors prior to leaving the facility during working hours. This is to ensure the safety and security of the workers.

7 Government of India, Employees' State Insurance (ESI) Act, 1948 (http://www.esic.nic.in/esi_act.php) and Maternity Benefits Act, 1961 (<http://labour.gov.in/upload/uploadfiles/files/ActsandRules/EmpowermentofWomen/TheMaternityBenefitAct1961.pdf>).

FACTORY 8

Description of the factory

Factory 8 has 800 workers, including 300 male workers and 500 woman workers. The factory stitches leather items like jackets and pants. Male workers are hired for the finishing, cutting and sample sections, while female workers are mostly hired as helpers and tailors. There are about 670 migrant workers from different districts of Andhra Pradesh, Tamil Nadu, Bihar and Orissa employed in this factory. Most of the migrant workers are male workers and have experience in stitching leather.

Reply G-Star 27.5.16: we have found factual incorrect factory information in this paragraph.

Male – female ration is 40:60

There are currently 71 migrant workers. They come from Delhi, Bihar and Orissa. The migrant workers are not coming from Tamil Nadu and Andhra Pradesh since they don't have the skills that this factory is looking for.

In total there are 490 workers in this factory (325 male).

Reply CCC/ICN on 14.7.16

The number of workers the report mentions is based on the workers estimations. These vary from 600 to 1000. The researchers spoke to migrants from Tamil Nadu and Andhra Pradesh personally.

Reply G-Star on 19.9.16

This company has 2 facilities. Some facts of the two different facilities seem to be mixed up such as the number of workers and transportation. This facility does provide transportation, the other facility does not as the employees live on walking distance.

Wages, deductions and in-kind benefits

The average monthly wage for interviewed workers is INR 7660 (€ 104.93) before ESI and PF deductions. There are no late coming wage deductions at the factory. Workers receive a monthly attendance incentive of INR 250 (€ 3.42) for attending work every day without absence. The highest wage among workers interviewed from this factory is INR 9300 (€127.39) and the lowest wage is INR7000 (€95.89).

Workers said that October to February are seasons of high production at the factory and during this time period there is compulsory OT work till 7 pm every day. The highest that workers have earned from OT work in a month is about INR 568 (€ 7.78). This amount is considerably low for forced two hours of OT work every day in high season. A 30-year-old tailor mentioned: *“If we refuse overtime work then the supervisors ask us not to come to the factory anymore.”* Other workers said that they do not refuse overtime work because it allows them to earn extra money, which they need to top-up their household income. The overtime wages are fixed at the rate of INR 60-70 (€ 0.82 – 0.96) per hour of extra work.

Reply G-Star: 27.5.16 we have found factual incorrect information in this paragraph.

- Workers also receive their attendance bonus when absent 1 day.
- Peak season is from April – December
- There is no compulsory OT: in Standing Order company indicates that overtime is voluntary + in letter of appointment of employees + worker introduction program.
- OT wage is not correct: OT is paid at 200%. Factory has a bio-metric time recording system that records the daily hours of the workers. OT is calculated automatically.

Reply CCC/ICN on 14.7.16

Two out of fifteen workers have indicated they cannot refuse OT, since they are threatened they will lose their job.

9/19/2016 - updated reply G-Star Raw

Reply G-Star on 19.9.16

2 out of 15 workers have indicated they feel that they cannot refuse overtime, while 13 out of 15 workers indicate that they have the choice to refuse overtime. This means that the majority of the workers considers overtime voluntary.

We will make sure that overtime will continue to be an important topic in future training of the management and workers to make everyone at the factory aware that overtime is voluntary.

Working conditions, overtime and gender discrimination

All supervisors at the factory are men. There are 12 to 14 male supervisors and no female supervisors. Most workers spoke about discrimination based on gender by the male supervisors. Female workers said that they more regularly face verbal harassment compared to their male co-workers. A 37-year-old tailor explained: *“It is the same in all garment stitching factories, there is a lot of shouting and harassment by supervisors. There is also a deep partiality by the supervisors for other men workers because they are friends. Workers who are friends with the supervisor get less work and more recommendations for promotion.”* The factory has an Anti-Sexual Harassment Committee that organises meetings for committee members only. Workers said that there is no unwanted touching by any male supervisors, security guards or workers at the factory. Workers get three months of paid maternity leave. When pregnant women inform the management about their maternity they get less work and can take more leaves than the regular workers. Female workers at the factory said that they quit their jobs for a period of 1 to 2 years after delivery. The factory has a crèche that can accommodate only 10 children. Children are given free milk and biscuits at the factory but workers have to bring their own food for the children. There are two care-takers and one teacher appointed to take care of the children in the crèche.

Reply G-Star 27.5.16: we have found factual incorrect information in this paragraph.

- There are 4 female and 10 male supervisors during the research period
- Factory as equal remuneration act records. Salary is based on skills, not on gender.

- Factory has a functioning Internal Complaints Committee as well as a Sexual Harassment Committee with an outside NGO member. There are yearly elections and every worker is at liberty to be nominated.

- Currently there are no children in the day care, since there is no request. Workers leave their children at home. The factory can accommodate more children.

Reply CCC/ICN on 14.7.16

The majority of interviewed workers say there are no female supervisors.

From the research there is a general picture that women receive less pay than man.

The information provided on the workers committees is based on the workers' experiences.

13 out of 15 in this factory say the committees are of no use to them.

Reply G-Star on 19.9.16

We will continue to work with this factory on improving the above outcome of this research.

McGregor

Wij benadrukken dat wij aan de beweerdelijke situatie in de fabrieken al meer kunnen doen als de informatie concreter was geweest en als wij als groep en bij voorkeur ook internationaal vertegenwoordigd, in de regio van ons hadden kunnen laten horen. Bovendien plaatsen wij vraagtekens bij de mate van representativiteit van en de wijze waar op de steekproef heeft plaats gevonden. Zoals ik je schetste kan het goed zijn dat onze volumes in de genoemde fabriek nummer 9 ofwel zeer beperkt zijn ofwel dat wij daar überhaupt niet meer sourcen. Onze orders nemen namelijk stelselmatig af in Zuid India.

Zoals wij reeds eerder met je gedeeld hebben nemen wij "social compliance" volgens de code of labour practices zeer serieus en wordt dit regelmatig met onze vendors doorgesproken. Ons lidmaatschap bij BSCI onderschrijft en vergt dat ook. Desalniettemin ervaren wij dat verbeteringen op dat vlak een lang proces vergt, waarbij wij ook sterk afhankelijk zijn van lokale overheden en andere spelers.

Hoe dan ook zullen wij o.b.v. jullie bevindingen onze partners in India aanschrijven en op algemene wijze aanspreken op de beweerdelijke tekortkomingen, die in bepaalde Indische fabrieken, volgens jullie onderzoek, voorkomen. Dit zal bovendien tijdens onze bezoeken aan deze bedrijven nogmaals ter sprake komen.

Mexx

Thank you very much for your mail of 15 April 2016 and your notification of the working conditions at a factory which you claim to be one of the factories we use for our production. During our meetings last week, we understood that you prefer keeping the identity of the factories undisclosed, therefore we are unable to verify if this is indeed a factory in our current database.

Mexx has always been very passionate about the working conditions at its production locations. Also the new owners of Mexx, Eroglu Group, is keen on keeping the compliance to our Code of Conduct at the highest importance at all times. As we cannot work on improvements at the specific factory of your concern, we will keep the points in your report in mind as a general risk in the area and evaluate our factories with extra attention to your points of concern.

Scotch & Soda

Scotch & Soda is medio 2015 gestopt met de productie van haar kleding in deze regio. Verder heeft Scotch & Soda – voor zover wij op basis van deze summere informatie hebben kunnen nagaan – de afgelopen jaren geen kleding laten produceren bij de fabriek in Kovilambakkam

waarover jullie rapport gaat. Ik verzoek SKC/LIW daarom om Scotch & Soda in haar rapport niet met deze fabriek in verband te brengen. Ik begrijp dat het voor jullie erg lastig is om verdere informatie over deze labels met onze naam te leveren. Je zult ongetwijfeld begrijpen dat het dan ook voor ons onmogelijk wordt om te achterhalen hoe het kan dat er recentelijk labels met onze naam in deze fabriek zijn geïdentificeerd. We komen regelmatig namaak labels tegen met het Scotch & Soda logo die vrijwel niet van de echte labels zijn te onderscheiden.

The Sting

Hoe we bij The Sting werken: allemaal Nederlandse leveranciers.

Wat kan The Sting dan vervolgens met de geleverde rapportages over fabrieken die (via derden) voor ons hebben geproduceerd? Natuurlijk hebben we zelf contact gehad met al onze Nederlandse leveranciers die in India opereren. Zij geven op dit moment aan dat ze de fabrieken niet herkennen. Wel sturen ze mij rapporten en verslagen die allemaal goed zijn, van de fabrieken waar zij zaken mee doen. Dus daar schiet ik niet veel mee op als ik wil kunnen acteren n.a.v. jullie bevindingen. Wat daar overigens niet erg bij helpt is dat de collega van G-Star aangeeft dat SKC en G-Star wel dezelfde fabriek voor ogen hebben, maar dat G-Star zeker meent te weten dat verschillende feiten niet stroken met de feiten uit de rapportages. Dat maakt identificatie voor een leverancier wel een onzekere zaak.

Maar alsnog willen wij weten waar dit gebeurt. Niets doen is al lang geen optie meer. The Sting is aangesloten bij BSCI en eist van haar leveranciers dat zij ook BSCI certificering hebben. Ik weet dat SKC dit niet voldoende vindt. Maar dat is een inhoudelijke discussie die hier niet gevoerd hoeft te worden.

Wij zijn nu bezig om iedere fabriek waar The Sting de afgelopen drie jaar in India geproduceerd heeft inzichtelijk te krijgen. Leveranciers lopen namelijk niet allemaal te koop met hun fabrieken. Dit is ingegeven uit angst dat klanten vervolgens de tussenhandel overslaan en rechtstreeks naar een fabriek zullen stappen. Gelukkig werken al onze leveranciers uiteindelijk wel mee.

Wij gaan werken aan een veel grotere transparantie voor wat betreft onze productieketen. Op dit moment zijn wij ook in de afrondende fase om te beslissen of we het Convenant gaan tekenen. De positieve intentie is er overigens gewoon. Maar het onderzoek naar de vraag of we ook alles kunnen waarmaken is nog niet helemaal afgerond. 'Ja zeggen' is namelijk 1, maar 'Ja doen' is de volgende stap. En ik houd er niet van om wat we hebben afgesproken niet gestand te kunnen doen.

Nu weet iedereen dat SKC niet gaat tekenen. Dus wellicht dat dit nog steeds een teleurstelling voor jullie is. Maar ja, als we alles goed deden was dat natuurlijk ook weer teleurstellend! Afsluitend: door voor onszelf volledig inzicht te creëren in de fabrieken waar onze kleding de afgelopen jaren is geproduceerd, moet het mogelijk worden om door te combineren met collega-winkelbedrijven, uit te vinden over welke fabrieken het gaat.

Suit Supply

Please note we are not producing or ordering garments anymore at this factory for current or upcoming seasons. This factory is therefore not an active supplier of Suitsupply.

We are nevertheless in contact with factory 10 regarding the issues raised by you. We note factory 10 is very open and keen on getting to know the results of your investigation and to find out where improvements should be made.

Therefore we envisage to share the outcome of your investigation with the factory as well. However, before we do and in order to avoid any misunderstandings and to have a clear view on the current situation, we would like to receive some further information and explanation in respect of a couple points indicated in the attached schedule.

FWF' India representative and 2 auditors have been asked by us to check/ comment on the CCC findings and provide us with more input on local laws. Their comments you will find in [the enclosed corrective action plan in] the second column. In the third column you will find our response and additional questions.

WE fashion

Zoals in het gesprek aangegeven zullen jullie de specifieke fabriek die gelinkt wordt aan WE Fashion niet openbaar maken. Wij vinden dat jammer, maar kunnen nu niet anders dan in het algemeen informatie geven over de in het rapport genoemde thema's Lonen, Overwerk, Arbeidsomstandigheden en speciale regelingen voor moeders. Zoals afgesproken zal in het definitieve rapport dan ook duidelijk worden vermeld dat WE Fashion geen controle heeft kunnen uitvoeren op de tekst van Fabriek 3, en dus alleen in het algemeen kan antwoorden.

De fabrieken waar WE in India produceert staan onder controle, waarbij 30% van de fabrieken het sociale management systeem SA8000 gebruikt om te werken aan verbetering van de omstandigheden in de fabrieken. De andere 70% staat onder controle van BSCI.

WE is deelnemer aan de werkgroep Leefbaar Loon van het Plan van Aanpak, en controleert daarnaast met het lidmaatschap van BSCI op het feit dat de arbeiders van de fabrieken waar wij produceren een loon ontvangen "that is sufficient to provide them with a decent living for themselves and their families, as well as the social benefits legally granted, without prejudice to the specific expectations set out hereunder. (zie volledige tekst Fair Remuneration in bijlage BSCI CoC 2014).

De lonen die betaald worden in de fabrieken waar WE in Zuid-India liggen gemiddeld genomen hoger dan het Leefbaar Loon zoals de SAI dat geformuleerd heeft. De BSCI erkent de SAI norm SA8000 als "Best Practise" en werkt zelf met de SAI rekenmethode voor een leefbaar loon.

Wij willen hiermee weerleggen dat de onderzoeksresultaten in strijd zijn met de eigen gedragscode. Uit een door ons uitgevoerd onderzoek naar de betaalde lonen in onze productie keten over het jaar 2014 hebben we vast kunnen stellen dat de fabrieken waar WE Fashion mee werkt in India in alle gevallen meer betalen dan het vereiste minimum loon. Om hier toch specifiek op fabriek 3 in te gaan, het gemiddelde loon in fabriek 3 is 8000Rs per maand, waar het minimum loon 6816 Rs per maand is.

De BSCI Code of Conduct omvat ook duidelijke standpunten aangaande seksuele intimidatie en discriminatie, en geeft richtlijnen met betrekking tot werktijden voor arbeiders. WE Fashion heeft de eisen met betrekking tot de werktijden nog aangescherpt door te stellen dat een arbeider maximaal 12 uur per week aan overuren mag werken.

Wij staan als bedrijf geheel achter het idee om gezamenlijk te werken aan verbetering in de keten, en hebben onder het Plan van Aanpak actief deelgenomen aan oa. de werkgroepen Leefbaar Loon, Sociale Dialoog en Kinderarbeid. Wij hebben deze keuze gemaakt omdat wij zien dat het juist deze thema's zijn die een gezamenlijke aanpak vereisen.

26-4

Bedankt voor de brief van 15 april jl. waarin u ons informeert over een onderzoek door de SCK en LIW naar arbeidsomstandigheden in Zuid-India. Als vertegenwoordigers van de onderstaande bedrijven willen wij graag reageren.

Het onderzoek betreft 10 fabrieken in Zuid-India, waar volgens uw onderzoek ondergetekende Nederlandse bedrijven zouden produceren. In de brieven geeft u aan dat de namen van de fabrieken niet kunnen worden gedeeld, om de medewerkers van de fabrieken te beschermen. Wij begrijpen dit, maar kunnen daardoor de gevonden punten niet verifiëren dan wel controleren of er feitelijke onjuistheden in de conceptteksten staan. Daarbij willen we graag uitsluiten of u wellicht onderzoek heeft gedaan in een fabriek waar namaakproductie plaatsvindt. Nog achterwege gelaten dat het zeer belangrijk is om met deze informatie te kunnen werken aan verbeteringen in onze ketens.