

CLEAN CLOTHES CAMPAIGN

Improving working conditions in the global garment industry



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May 10, 2007

Continuous Call for Action to lift restraining order imposed by **Fibres & Fabrics International**

■ Obstinate FFI refuses dialogue with local stakeholders - despite mounting international pressure and impending suspension of certification



Gagging order still in place preventing labour organisations and trade unions from speaking out on labour violations in the factories of FFI/JKPL.

10 months ago, Fibres & Fabrics International (FFI) and its subsidiary Jeans Knit Pvt. Ltd. (JKPL) in Bangalore, India, producing garments for companies like G-Star, Gap, Armani and Mexx asked the local court for a gagging order to silence labour organisations and trade unions from speaking out on labour violations in the factories of FFI/JKPL. The organisations concerned, Munnade, Cividep and the trade unions GATWU and NTUI,

reported late 2005 of violations of labour rights in FFI/JKPL facilities including high workload, forced overwork, physical and psychological abuse, non-payment of overtime, and the non-issuance of identity cards and contracts.

The court issued a temporary restraining order on July 28, 2006, which was prolonged in February 2007. This order is effectively silencing local organisations and trade unions to speak out about the labour situation and support workers in improving the labour conditions at FFI/JKPL. This is an unacceptable situation; the Clean Clothes Campaign (CCC) and the India Committee of the Netherlands (ICN) have relentlessly campaigned on improving the labour conditions in the FFI/JKPL production units and urged FFI/JKPL to lift the restraining order. Companies buying at FFI/JKPL have been called upon to take action, which some of them did (See Company Responses below).

Recently, SAI, the organisation responsible for the SA8000 social standard for labour conditions, informed the CCC and ICN that the certification of the FFI/JKPL facilities could be withdrawn. SAI took this step in response to a formal complaint filed by the CCC and ICN about the SAI certification process. (See SA8000 Certification not Justified below)

Although the labour conditions in FFI/JKPL's facilities did improve, the restraining order is still in place. This is a clear signal to FFI/JKPL workers that they cannot speak out freely and can not call upon organisations to support them. The restraining order effectively stops labour rights organisations and trade unions to undertake action against labour rights violations.

The CCC and ICN are therefore urging companies sourcing from FFI/JKPL to take collective action to address this situation. Some companies sourcing from FFI/JKPL, including Guess, RaRe and Armani, have not taken any action at all so far. This passive stand clearly calls for strong disapproval. Other companies that did put some pressure on FFI/JKPL are now urged to follow up the demands made earlier.

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In the fall of 2005, the CCC and ICN learned about serious labour rights violations in the garment producing facilities of Fibre & Fabrics International (FFI) and Jeans Knit Pvt Ltd (JKPL) in Bangalore, India. Our sources were the local trade union GATWU and the labour rights organisations Cividep and Munnade.

These organisations provided us with reports of workers' interviews describing high workload, forced overwork, physical and psychological abuse, non-payment of overtime, and the non-issuance of identity cards and contracts.

The claims made by these local Indian labour organisations were confirmed by an independent fact-finding committee consisting of local human rights organisations and social activists. In the summer of 2006, the CCC and ICN started a public campaign to support local organisations in their efforts to improve labour conditions at FFI/JKPL. All parties involved felt that FFI/JKPL needed to engage in a meaningful dialogue with the labour organisations so that the labour rights violations that were reported could be resolved.

FFI/JKPL responds with legal action: local labour rights organisations gagged

On several occasions FFI/JKPL ignored invitations by the Garment and Textile Workers Union (GATWU) to discuss how problems could be properly addressed. Instead, FFI/JKPL filed a complaint with the City Civil Court of Bangalore against the labour organisations. As a result of this complaint the court issued a temporary restraining order on July 28, 2006, silencing local labour rights organisations including GATWU, the New Trade Union Initiative (NTUI), Civil Initiatives for Development and Peace (Cividep), Women Garment Workers Front (Munnade), as well as the Tamil Nadu based Clean Clothes Campaign Task Force. Nationally and internationally this gag order is seen as a very restrictive step that seriously hampers workers and their organisations from speaking out and defending their rights. On February 19, 2007, the Court decided to extend the temporary restraining order until August 2, 2007 when a new hearing is scheduled. In response to the court decision, the labour rights organisations involved have decided to appeal at the Karnataka High Court.

Local dialogue needed, legal impediments must be removed

In the second half of 2006, FFI/JKPL brought about a number of improvements with respect to the working conditions at the production sites. The CCC and ICN have positively reported on these steps. A satisfactory and sustainable solution of the labour rights issues at FFI/JKPL, however, has not yet been reached. The CCC and ICN continue to be concerned about a number of outstanding issues, the most worrying of which are the structural failure to respect freedom of association and the restraining order that prohibits GATWU and the other labour rights organisations to speak out on labour issues at FFI/JKPL.

A purposeful, ongoing dialogue between FFI/JKPL and GATWU, NTUI and Munnade is regarded to be the best mode of action to resolve issues. However, a dialogue can only be meaningful and take place in good faith if the current legal impediments against the labour rights organisations are removed.

CCC and ICN call for collective brand approach in addressing FFI/JKPL

In the context of the campaign, the CCC and ICN have been calling upon the different brand companies sourcing from FFI/JKPL to address FFI/JKPL and use their leverage to end the deadlock in which FFI/JKPL and the local organisations find themselves. Initially, the focus was on G-Star, reportedly the biggest buyer, later the CCC and ICN have broadened the campaign to include all buyers and multi-stakeholder initiatives concerned.

Some of these brands and MSIs have bilaterally addressed FFI/JKPL (see Company Responses below), using information and analysis provided by the CCC and ICN. This has, however, not resulted in the desired opening of communication channels between labour rights organisations and FFI/JKPL. Therefore, the CCC and ICN have been calling upon brands and MSIs to elaborate a collective approach towards FFI/JKPL.

Recently brand name companies represented by the Fair Wear Foundation (Mexx), the Ethical Trading Initiative (GAP) as well as G-Star have finally agreed to operate collectively in addressing FFI/JKPL. Social Accountability International (SAI) is also part of this endeavour. For months the CCC and ICN put a lot of effort into persuading the brands and MSIs to take this line. Since G-Star is reported to be the main buyer at FFI/JKPL, its participation in any collective effort with the other brands is deemed crucial. The CCC and ICN appreciate that

some of the brands sourcing from FFI/JKPL and MSIs are joining hands.

SA8000 Certification not Justified

Also in the last months SAI has been working towards a solution in this case, although their role at an earlier stage has given rise to fundamental questions. In the first half of 2006, FFI/JKPL engaged three certification bodies accredited to certify factories that comply with SA8000 labour standards. (more on SAI) By the end of December 2006, four of the five production units of FFI/JKPL were certified.

In November 2006, the CCC and ICN filed a formal complaint with SAI, challenging the ongoing certification process of the FFI/JKPL production units. The CCC and ICN expressed fundamental doubts regarding the quality and reliability of the certification process: with the restraining order in place no meaningful consultation of the directly concerned local stakeholders could have taken place, which is a prerequisite of the SA8000 procedures. Already during the initial phases of the certification process, in July and August 2007, the CCC and ICN had taken care to inform SAI about outstanding labour rights' issues as well as the restraining order. Although SAI states that this information was forwarded to its certification bodies with the request to consider the issues carefully, this did not seem to have influenced the certification process.

To date it is impossible to comment on the content of the stakeholder consultation, because the CCC and ICN have not seen the original audit reports. However, it is clear that none of the labour rights organisations that have been addressing labour issues at FFI/JKPL for more than a year now, have been consulted. Even more worrying is the fact that one of the certification bodies consulted Pramila Nesargi as a stakeholder, representing an unidentified 'women's organisation', but who, in another capacity is also the legal advisor of FFI/JKPL and the head of the lawyers' firm that drafted the complaint that is the basis of the restraining order against the local labour organisations. Likewise this firm threatened to sue the CCC and ICN should we not remove information about the labour rights violations at FFI/JKPL from our respective websites (See http://www.cleanclothes.org/news/07-02-01.htm).

FFI/JKPL face suspension of certification

At the end of February 2007, SAI reported to the CCC and ICN that they hired a consultant who would examine the whole certification process, including the role of the three certification bodies and the quality of the stakeholder consultation. This consultant, who visited Bangalore to conduct a surveillance audit and additional field visits, met several times with FFI/JKPL management to urge them to normalise labour relations, withdraw the legal proceedings against the local labour support organisations and start meeting with them to follow up on the outstanding labour issues. On the basis of this evaluation, SAI has come to far reaching conclusions of which the CCC and ICN were informed during a meeting in Amsterdam on April 13, 2007.

SAI informed the CCC and ICN that in the Easter weekend it had formally informed FFI/JKPL in writing that it would advise its certification bodies to suspend the certification of FFI/JKPL facilities unless FFI/JKPL would engage with the local labour organisations in order to realise normalisation of the strained labour relations. This should also include taking steps towards the lifting of the restraining order. SAI informs us that after being notified by the certification bodies, FFI/JKPL will be given two weeks to show its commitment to the requested actions. If FFI/JKPL ignores this advice, the certification bodies are supposed to take the necessary steps to facilitate the suspension of the certification of the four production units. However, at the time this update was written, it was still unclear if and when the period of two weeks had started.

On April 30, 2007, SAI posted a <u>public statement</u> on its website, which declares legal proceedings against local stakeholders to be fundamentally incompatible with SA8000 certification of companies. The CCC and ICN regret that no clearer statement is made regarding the situation at FFI/JKPL and the status of the certification of its production units.

FFI/JKPL in violation of OECD Guidelines

In October 2006, frustrated by the continuing lack of response by G-Star to the campaign demands of the CCC and ICN, the CCC and ICN called upon the National Contact Point for the Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and Development (OECD). The CCC and ICN argued that G-Star, at that time reportedly the main buyer at FFI/JKPL, violated the OECD Guidelines in sourcing from FFI/JKPL in a period that severe breaches of labour rights were reported. In December 2006, the Dutch NCP informed the CCC and ICN to accept to look into this 'complaint'. Over the past

months, the NCP had bilateral meetings with both parties in an effort to organise a meeting between NCP, G-Star and the CCC and ICN. To date the CCC and ICN do not know if G-Star will accept to enter into the proposed dialogue with CCC and ICN.

Shooting the messenger?

As part of their public campaign the CCC and ICN have published several updates about labour issues at FFI/JKPL on their respective websites. The CCC and ICN have called upon their respective constituencies and a Dutch and international public to write letters to FFI/JKPL as well as the brands sourcing from FFI/JKPL to support the demands of the local labour rights organisations involved. The CCC and ICN believe that the public should be informed about labour rights violations in factories where their clothes are produced and that transparent communication is an important means to pressure companies to resolve labour issues.

Since the start of the public campaign, the CCC and ICN have been under pressure to remove critical information about the case from their websites. At various moments, FFI/JKPL acted as if the CCC and ICN websites were the core of the problem. The most blatant example being the letter sent by Pramila Associates, the legal firm of FFI/JKPL, in which the CCC and ICN were threatened with criminal court cases should we not remove information about the company from our websites.

Company responses

Having agreed that a collective approach toward FFI/JKPL management at this time is desirable some of the brands and MSIs decided to jointly support the work of the expert hired by SAI to clarify the case and act as a mediator. In the second week of April 2007, the CCC and ICN were informed that finally a letter signed by the FWF, on behalf of Mexx; the ETI, on behalf of Gap, and by G-Star was delivered to FFI/JKPL, urging them to heed the advice of the SAI consultant and emphasizing the importance of engagement in a local dialogue.

The following is a brief overview of responses of brand companies to the demands made by local labour rights organisations, transmitted by the CCC and ICN, in the context of the campaign on labour issues at FFI/JKPL.

G-Star has taken a long time before accepting that information provided by local labour rights organisations about labour rights issues at their supplier FFI/JKPL was to be taken seriously. The CCC and ICN assume that G-Star was seriously hampered by not having a corporate social responsibility policy in place and by a lack of experience in dealing with credible remediation of labour rights violations at their suppliers.

After the prolonging of the restraining order in February 2007, however, G-Star did issue a press release, which stated that they regretted the court decision and called for freedom of association and speech. In April 2007, G-Star co-signed the above-mentioned joint letter to FFI/JKPL. The CCC and ICN have not seen the content of two prior messages G-Star claims to have sent to FFI/JKPL.

As reported in our previous update, **Mexx** has joined the Fair Wear Foundation. FWF has been taking the lead in organising brands and MSIs in collectively addressing FFI/JKPL. Mexx agreed to have the FWF sign the joint letter to FFI/JKPL on its behalf.

Gap has responded to the demands made by the CCC and ICN by contacting other brands and pressuring FFI/JKPL with questions and demands insisting on the importance of dialogue rather than confrontation with local stakeholders, and regularly informed the CCC and ICN about their actions. Gap is a member of the ETI and agreed to have the ETI sign the joint letter to FFI/JKPL on its behalf.

Ann Taylor repeatedly told the CCC and ICN that they are willing to act jointly with other brands and claimed to be in continuous contact with FFI/JKPL about the remediation of the outstanding labour issues, including the withdrawal of the complaint that forms the basis of the restraining order. The CCC and ICN have understood that their efforts have helped resolve the most visible labour rights violations at FFI/JKPL, even though Ann Taylor has never agreed to publicly share its audit and remediation reports. Although Ann Taylor had indicated its willingness to join hands with other brands in addressing FFI/JKPL and reportedly initiated the contact with other brands, it has not signed the collective letter to FFI/JKPL. The CCC and ICN only recently learned that Ann Taylor had already decided to stop doing business with FFI/JKPL before collective pressure was realised. Although acknowledging the fact that Ann Taylor has addressed some of the labour rights violations that were initially reported, the CCC and ICN are disappointed that Ann Taylor has not taken the responsibility to continue to use its leverage towards FFI/JKPL to ensure that a local dialogue with labour support organisations will guarantee the sustainable resolution of the labour rights violations, and even more important, the prevention of future violations.

In response to letters by the Italian Clean Clothes Campaign ('Campagna Abiti Puliti'), brand name company Armani argues that they are not responsible for the labour rights situation at FFI/JKPL since it only produced three trial orders there in 2006 for its winter collection. The CCC and ICN do not agree and urge Armani to follow up on their responsibility.

The US-based company Guess and the Italian brand Ra-Re never responded to requests by the CCC and ICN to follow up on the labour rights violations at FFI/JKPL, and clearly do not take any responsibility at all at the moment, which is unacceptable.

In February 2007 a major global brand contacted the CCC about the current labour rights situation at FFI/JKPL. This brand name company was considering placing orders at FFI/JKPL. However, it acknowledged that the current actions of FFI/JKPL management, including the legal actions against labour rights organisations and the refusal to start a dialogue to resolve outstanding labour issues, were unacceptable. Unfortunately, its subsequent efforts to resolve these issues with FFI/JKPL were not successful. Therefore this brand continues to refrain from placing orders with FFI/JKPL.

Action request

Please read this update:

July 16 2007, Support freedom of speech and freedom of association Make it clear that labour rights organisations will not be silenced

1. Sample letter to Mexx, Gap and G-Star

Dear Jos Van Tilburg Or akaloz, Deanna Robinson and Lakshmi Bhatia,

I am contacting you regarding the ongoing labour dispute at Fibre and Fabrics International Pvt Ltd, and its 103% owned subsidiary Jeans Knit Pvt Ltd. Local labour rights organisations are still being restrained from speaking out on labour issues at these facilities and workers freedom to organise is seriously restricted. I have been informed by the Clean Clothes Campaign (CCC) and the India Committee of the Netherlands (ICN) that your company is a buyer from these factories.

I understand that notwithstanding the international pressure on FFI/JKPL management, FFI/JKPL has still not committed of a meaningful dialogue with the local labour organisations to resolve the labour issues at its facilities. For the dialogue to be meaningful the complaint that is the basis of the gag order against the local labour organisations including the Garment and Tex ile Workers Union (GATWU), the New Trade Union Initiative (NTUI), Civil Initiatives for Development and Peace (Cividep), Women Garment Workers Front (Monnack) and the CCC

I welcome the fact that your company has taken steps to request urge from FFI/JKPL, including working with other buyers and multi-stakeholde initiatives to clearly convey to FFI/JKPL that they should allow and accept a process of mediated dialogue with the local stakeholders concerned to normalize

- To (continue to) express your concern regarding the failure of FFI/JKPL to respect freedom of association and the right to expression ct freedom of association and the right to expression
- To (continue to) call upon FFI/JKPL to immediately embark upon a process of mediated dialogue with the local trade union GATWU and other local
- labour rights a janisations including NTUI, Cividep and Munnade
 To insist that his dialogue takes the form of a series of meetings to ensure
 follow up. A jirst meeting should have as objective the normalisation of the
 relations be ween FI/JKPL and the labour rights organisations concerned.
 The steps that are necessary to reach a situation of normalised relations
 should be laid down in cleanly in a protocol to be discussed at this meeting.
 The protocol is to be signed by the attending parties which should be
 witnessed and co-signed by an independent third party accepted by all.

I look forward to hearing what steps you have taken to address these issues.

2. Sample letter to Ann Taylor and Arman

Dear Madam/sir

I am contacting you regarding the ongoing labour dispute at Flore and Fabrics International Pvt Ltd, and its 100% owned subsidiary Jeans knit Pvt Ltd. Local labour rights organisations are still being restrained from speaking out on labour issues at these facilities and workers' freedom to organise is seriously restricted. I have been informed by the Clean Clothes Campaign (CCC) and are India Committee of the Netherlands (ICN) that your company is a buyer from these factories.

I understand that notwithstanding the international pressure on FFI/JKPL management, FFI/JKPL has still not committed to a meaningful dialogue with the local labour organisations to resolve the labour issues at its facilities. For the dialogue to be meaningful the complaint that is the basis of the gag order against the local labour organisations including the Garment and Textile Workers Union (GATWU), the New Trade Union Initiative (NTUI), Civil Initiatives for Development and Peace (Cividep), Women Garment Workers Front (Munnade) and the CCC Task Force and Nadu has to be withdrawn.

I have been informed that your company has cut its business relations with FFI/JKPL. I helieve however that this does not relieve your company from the obligation to help to remediate the labour dispute since you were producing at FFI/JKPL at the time that labour rights violations were reported and the restraining orders as issued.

I urge your company to contact FI/JKPL to urge management to start a mediated dialogue with the local la our organisations, in support of the collective efforts made by brands Fi /JKPL is currently producing for and MSIs. Your company should clearly state to FFI/JKPL that you will only reconsider placing orders if the following outstanding demands are met.

- FFI/JKPL allows and facilitates normal to de union activities and respect freedom of association and the right to expression as well as reiterates to their employees that they have the freedom
- FFI/JKPL allows and facilitates the functioning of independent grievance procedures involving organisations that workers are confident will follow up on their concerns
- FFI/JKPL withdraws the complaint that forms the basis of the restraining order
- FFI/JKPL develops and implements a remediation plan in collaboration with GATWU and other stakeholders to address outstanding usues at FFI/JKPL

I look forward to hearing what steps you have taken to address these issues.

Yours sincerely,

3. Sample letter to Guess and RaRe

Dear Maurice Marciano, Steve Pearson and Luisa Bertoncelli,

I am contacting you regarding the ongoing labour dispute at Fibre and Fabrics International Pvt Ltd, and its 100% owned subsidiary Jeans Knit Pvt Ltd. Local labour rights organisations are still being restrained from speaking out on labour issues at cases facilities and workers' freedom to organise is seriously restricted. I have been informed by the Clean Clothes Campaign (CCC) and the India Committee of the Netherlands (ICN) that your company is a buyer from these factories.

I understand that notwithstending the international pressure on FFI/JKPL management, FFI/JKPL has sall not committed to a meaningful dialogue with the local labour organisations to resolve the labour issues at its facilities. For the dialogue to be meaningful the complaint that is the basis of the gag order against the local labour organisations including the Garment and Textile Workers Union (GATWU), the New Trade boion Initiative (NTUI), Civil Initiatives for Development and Peace (Cividep), Women Garment Workers Front (Munnade) and the CCC Task Force Tamil Nadu has to be wandrawn.

Your company should condemn the restraining order and FFI/JKPL's refusal to engage in a meaningful local dialogue with the local labour rights organisations. Your company should furthermore take steps to see that FFI and JKPL do not victimize workers for speaking out about their experiences in the factory or for exercising their right to freedom of association

I am extremely disappointed that you have failed to respond to the Clean Clothes Campaign and the India Committee of the Netherlands who wrote to inform you about those violations.

