



‘Small Steps - Big Challenges’

Update on (tackling) exploitation of women workers in the garment industry of South India

FNV Mondiaal & ICN Paper - March 2014



Mondiaal



Introduction

Tamil Nadu in South India is a global sourcing hub for ready-made garments. Clothing produced here is mainly made for the low and middle price segment of the fashion market. Furthermore the region is the largest cotton yarn producer in India, home to almost half of the bigger Indian spinning mills and 80% of the smaller mills. Yarn is exported directly to for example China and Bangladesh and used in garment production for the export market and the domestic market. Research of the India Committee of the Netherlands (ICN) and the Centre for Research on Multinational Corporations (SOMO) revealed that bonded labour is widespread in this sector.

This publication fits in a series of five publications¹ about employment conditions in the South Indian textile and garment industry, which pay particular attention to employment

schemes referred to under the name “Sumangali”, which is Tamil for a happily married woman. This employment scheme, that is now often used under other names, is a practice whereby young, unmarried, predominantly Dalit women are employed in textile and garment factories for years to enable their families to pay for their daughter’s dowry. In reality this scheme entails a system of bonded labour, in which labourers are tied to their employers through postponed payments of withheld wages.

In October and November 2013 ICN and FNV Mondiaal asked twenty-one major Netherlands-based and international buyers about their position, procedures and measures to ban bonded labour and related labour violations in their supply chains.

¹ *Captured in Cotton - Exploited Dalit girls produce garments in India for European and US markets*, May 2011; *Still ‘Captured by cotton’? Update on exploitation of women workers in the garment industry in Tamil Nadu, South India*, March 2012; *Maid in India - Young Dalit women continue to suffer exploitative conditions in India’s garment industry*, April 2012 and *Time for transparency - The case of Tamil Nadu textile and garment industry*, March 2013

Background, rationale and objectives of publication

In *Time for transparency - The case of Tamil Nadu textile and garment industry*, published by ICN and SOMO in March 2013, we argued in favour of strongly enhanced transparency in the global garment supply chain. Transparency is an important prerequisite for a proper due diligence procedure which identifies, prevents and mitigates actual adverse human rights impacts. The paper stresses the responsibility of companies to disclose information regarding corporate structure, supplier's base, employment relations, workforce and due diligence processes. The majority of companies is still very reluctant in this regard. This makes it almost impossible to assess the effectiveness of corporate actions to mitigate adverse human rights impacts in South India.

In *Small steps, big challenges* ICN and FNV Mondiaal look at developments in Tamil Nadu and at steps taken to ban bonded labour at first and second tier suppliers by twenty-six Netherlands-based and international major buyers that source from Tamil Nadu. We interviewed Business Social Compliance Initiative (BSCI) and Fair Wear Foundation (FWF) and received written input from the Ethical Trading Initiative (ETI). Furthermore interviews with Indian NGOs READ and SAVE were held. Updates on political steps taken and other initiatives are provided as well. This update anticipates on the publication of a research report to be published in spring 2014 by SOMO and ICN on the labour conditions in spinning mills in South India.

Labour rights violations in Tamil Nadu

A survey done by the Indian NGO SAVE in January 2013 reveals that the total workforce of the 1574 spinning mills in Tamil Nadu consists of an estimated 224,000 women workers. Almost 160,000 of them stay in hostels and around half of the total workforce works under Sumangali or similar schemes. Spinning mill workers are often subject to forced overtime, underpayment and hazardous and unhealthy working conditions. Schemes like Sumangali and similar schemes in reality are a form of bonded labour, since withheld wages or dues are only paid after workers complete a three to five year period. An estimated 80% of the girls are under 18, between fifteen to twenty percent is younger than 14. Their freedom of movement is restricted. Often they only leave the hostel once a month for shopping and rarely visit their families. Unions are completely absent.

Indian newspapers regularly report on incidents in spinning mills and garment factories in Tamil Nadu. While the situation varies from mill to mill, those incidents show that major human rights concerns in the region are still present.

Bonded labour, abuse and suicide in spinning mills

The following are reports from different Indian newspapers, published in the second half of 2013:

When K. Lisa, aged 20, set out from her village, she dreamt of mitigating her family's hardships. She soon joined a group of friends from her village to work at Nandhini Textiles near Sulur. At the factory, Lisa says she works for 12 hours a day. "The work starts at 8 a.m. and ends at 8 p.m. with two breaks for lunch and refreshments." She was first assigned work at the winding section. Sunday was weekly holiday, when she would join her friends, collect an advance from her employer to visit the weekly fair in Sulur. On June 3, she had an accident in the mill when her index and ring fingers got caught in the machine. "I cried and my friends rushed in to help," she says adding that she does not remember what exactly happened thereafter. An hour or so later, around 5 p.m., she found herself in a private hospital on Mettupalayam Road. She misses two fingers and cannot use her right hand anymore.

- Source: The Hindu, 20 August 2013

On 28 September 2013, various Indian newspapers reported that a 17 year old girl worker was found dead hanging in the Lakshmi Cotton Mills in Sulur, Coimbatore district. Whereas the mill owners claim she committed suicide, her family suspects a 'foul play' by the mill management after she had asked for a higher wage. The family intends to take local action, but the mill management pressures them to settle the case with compensation.

- Sources: SAVE, translation from Thinamalar (28 September 2013) and The Times of India, The Hindu and The New Indian Express, all reporting on 29 September 2013.

On 12 October 2013, a 17 year old girl worker from the Best Cotton Mills in Daraphuram was rescued by her family after 'being verbally abused and beaten' because she used her cell phone inside the mill. She reported that many other young girls at the mill experience various forms of violence and called upon the authorities to take action. The girl tried to commit suicide but was prevented from doing that by co-workers.

- Source: SAVE, translation from Theektir, 12 October 2013.

On 14 October 2013, 47 young labourers, the majority of them women and young girls, were rescued by local officials and NGOs from the P.V. Spinning Mill in Erode district in Tamil Nadu. This happened after two girls escaped and reported to the district administration that workers suffered in the mill as bonded labourers, with 12 hours working days and poor food. Local organisations reported that forced overtime, deprivation of proper food and bad treatment by the mill management were common working conditions in the mill.

- Sources: READ, The New Indian Express (16-10-2013), The Times of India (16-10-2013) and The Hindu Newspaper (16-10-2013, <http://www.thehindu.com/news/national/tamil-nadu/47-young-labourers-rescued-from-spinning-mill-in-erode/article5237711.ece>)

A child of 12 years hailing from West Bengal was found working in a spinning mill near Palladam early December 2013. He was rescued by a team of officials.

- Source: The New Indian Express (7-12-2013)

Despite regular reports by local organisations and in Indian media, exporters and spinning mill associations systematically deny the existence of bonded labour and related exploitative practices in the textile and garment sector in India. They claim that wages have increased and that workers can choose any company if they are not happy². Whereas there are signs that Sumangali has been reduced in a few factories, the use of similar employment schemes remains widespread in the spinning mills, be it under new names. *The Employee Provident Fund* for example, is by law a social security fund. Employers are supposed to transfer 12 percent of the employee's salary to this fund and add the same amount as employer's contribution. This money has to be transferred to the concerned government office. Instead of transferring the money, NGOs and trade unions now report that there are employers in the textile and garment sector who keep the money in their own account and only transfer it when a worker finishes her 3 to 5 year contract. A worker that leaves before finishing the contract period loses the PF money she is legally entitled to.

Heavy work for taunted Dalit girls

The non-governmental organization READ in Tamil Nadu combats the Sumangali Scheme with a specific focus on girls from the Arunthaiyar sub-caste, the 'Dalits among the Dalits'. Almost 60% of the girls working under the Scheme or similar arrangements are Dalits, of whom many belong to the Arunthaiyar. READ has noted that Dalit girls face specific forms discrimination: while recruiting workers, in the factory hostels as well as on the work floor.

READ finds that the rooms in the hostels are allotted 'community wise' and that Dalit girls are taunted if they complain about the hostel provisions like lack of lighting, a dysfunctional fan or lack of water ('you are not used to these comforts, so why do you complain'). With regard to the situation at the workplace READ says that all the heavy work like carding, waste and cone cleaning are given to Dalit girls, while easier work like counting and checking is given to non-Dalit girls. Also Dalit girls are forced to do extra work during night shifts, when there are not enough workers present.

Some improvements

As a result of local and international campaigning and brands' pressure, the abusive employment schemes such as Sumangali have reduced in some garment factories. Three of the four local suppliers that featured in former ICN and SOMO reports, approached Indian NGOs to either monitor their production units, train workers and management or a combination of both. These factories are Eastman Exports Global Clothing, K.P.R. Mill and SSM India.

In K.P.R. Mill three NGOs - SAVE, READ and CARE-T - visited the factory and in three units training on workers' rights is being organised for workers, supervisors and management. The three NGOs have undertaken monitoring visits to all 6 units of K.P.R. Mill and report improvements: wages are now transferred to bank accounts, workers receive an ID card, they are allowed to have hand phones, parents are allowed to visit weekly and the girls can visit their homes.

Regarding Eastman Exports, SAVE has been allowed access to ten units out of a total of 26. SAVE submitted its evaluation report of the company and organised health awareness training both for workers and management in one spinning mill and 8 garment units. The training focussed on hygiene and health, but did not cover worker's rights issues.

In SSM India workers and management at one spinning mill (SSM Mill at Dindigul) and one garment unit (Sumeru Knits at Coimbatore) were trained. These units are now phasing out the Sumangali scheme. No new workers are recruited under Sumangali or a similar arrangement.

According to the involved NGOs the above mentioned companies show a varying degree of improvements. The fourth company, Bannari Amman, has approached SAVE after one of its buyers (Impala Loft) requested the company to do so.

Investigating Netherlands based and international companies sourcing from South India

Human rights violations and hazardous labour conditions in the textile and garment industry are a widespread phenomenon in Tamil Nadu and therefore constitute a potential human rights risk for all companies sourcing from the area. The companies we requested for information were selected based on the *Time for Transparency* paper that listed the 20 major international and 20 major Dutch buyers of the Tamil Nadu garment and textile industry plus their respective suppliers³. From those forty companies, we have not included brands that are member of the Ethical Trading Initiative Tamil Nadu Multi-Stakeholder (ETI-TNMS) Group. Until today this is the only multi-stakeholder initiative that specifically

² Source: Indian Express 22-8-2013: <http://epaper.newindianexpress.com/c/1528138>

³ Based on export data obtained from the Tuticorin Port in Tamil Nadu, December 2012.

aims to address the human rights violations related to the Sumangali scheme. ETI-TNMS member companies have taken first steps to increase joint leverage and mitigate adverse human rights impacts. Instead we investigated which steps buyers that have not joined the ETI-TNMS took to fulfil their responsibility to respect. Furthermore, we looked at progress made within the TNMS group. From the companies that are not member of ETI-TNMS group, a total of twenty-

six companies were selected for this research. While we left out the non-garment companies, we decided to include IKEA, being a well-known furnishing chain store. The following companies could not be contacted because contact information was not found: Rahim & Sons (UK), Somerbond (UK), Vadotex (NL), Vetir (France) and Yang Design SAS (origin country unknown).

Top-20 International buyers

Buyer	Country		Reactie
1 GAP (including Old Navy, Banana Republic)	USA	ETI-TNMS member	<input type="checkbox"/>
2 Migros	Switzerland	BSCI Participant	
3 Primark	Ireland	ETI-TNMS member, signatory of Bangladesh Accord	<input type="checkbox"/>
4 Peacocks	UK		<input type="checkbox"/>
5 Asda	UK	ETI-TNMS member	<input type="checkbox"/>
6 C&A	The Netherlands	ETI-TNMS member, signatory of Bangladesh Accord	<input type="checkbox"/>
7 Walmart	USA	On its website Walmart refers to guidelines developed to contain the practice of Sumangali ⁴	<input checked="" type="checkbox"/>
8 Ernsting's Family	Germany	ETI-TNMS member, BSCI participant, signatory of Bangladesh Accord	<input type="checkbox"/>
9 TDP Textiles	UK		<input checked="" type="checkbox"/>
10 Impala Lofts	Germany	Partner of Fair Trade Germany	
11 Crew Clothing Co.	UK		<input checked="" type="checkbox"/>
12 Rahim & Sons	UK	No contact details as per October 2013	<input checked="" type="checkbox"/>
13 Bon Prix	Germany	Part of the OTTO Group, ETI-TNMS member, BSCI Participant, signatory of Bangladesh Accord	<input type="checkbox"/>
14 Tommy Hilfiger Europe	The Netherlands	Part of PVH (Phillips-Van Heusen Corporation), Fair Labour Association affiliate, signatory of Bangladesh Accord	
15 Vetir	France	No contact details as per October 2013	<input checked="" type="checkbox"/>
16 Somerbond	UK	No contact details as per October 2013	<input checked="" type="checkbox"/>
17 LPP	Poland	signatory of Bangladesh Accord	<input type="checkbox"/>
18 Carodel	Belgium		<input checked="" type="checkbox"/>
19 Abercrombie & Fitch	USA	Signatory of Bangladesh Accord	<input checked="" type="checkbox"/>
20 Yang Design SAS	?	No contact details as per October 2013	<input checked="" type="checkbox"/>

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⁴ <http://corporate.walmart.com/microsites/global-responsibility-report-2013/antiHumanTrafficking.aspx> (page retrieved 31 January 2013)

Top-20 of Dutch or Netherlands-based buyers

Company		Reactie
1 C&A (NL)	ETI-TNMS member, signatory of Bangladesh Accord	<input type="checkbox"/>
2 Tommy Hilfiger Europe	Part of PVH (Phillips-Van Heusen Corporation), signatory of Bangladesh Accord	
3 Ikea (NL)		<input checked="" type="checkbox"/>
4 Tumble 'N Dry		<input checked="" type="checkbox"/>
5 Gaastra	Part of McGregor Fashion Group, FWF member	<input checked="" type="checkbox"/>
6 Vadotex	No contact details as per October 2013	<input checked="" type="checkbox"/>
7 No Excess		<input type="checkbox"/>
8 Scotch & Soda	BSCI Participant	
9 Teidem	BSCI Participant, signatory of Bangladesh Accord	<input type="checkbox"/>
10 Tricotagefabriek Strijbos	No website	<input type="checkbox"/>
11 Kiddo Fashion		<input checked="" type="checkbox"/>
12 Sorbo Fashions	BSCI Participant	<input checked="" type="checkbox"/>
13 O'Neill Europe	Part of Logo Group, BSCI Participant, signatory of Bangladesh Accord	
14 Abfico	No contact details as per October 2013	<input type="checkbox"/>
15 Lemetex	Home interior products. BSCI Participant. Not included in the research	<input type="checkbox"/>
16 Van den Broek		
17 Hezemans Textiles Not included in the research	Textiles for catering and health, Fair Trade certification for bed and bath textiles.	<input type="checkbox"/>
18 HEMA	BSCI Participant, signatory of Bangladesh Accord	
19 Taste 21	Design company. Not included in the research	<input type="checkbox"/>
20 Zeeman	Signatory of Bangladesh Accord	

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Topics of inquiry

The companies were asked whether they found Sumangali practices or related rights violations among their first and second tier suppliers and whether they could state their position. They were asked what steps they have taken or will take to identify and address the labour issues in the Tamil Nadu textile and garment Industry and how they monitor compliance of suppliers with their Code of Conduct and/or international labour standards. Finally, the Dutch companies were asked whether they intent to be a partner in implementing the Action Plan of the Dutch Garment and Textile Industry, including participation in the Sumangali working group.

Analysis of the companies' responses

Eight out of twenty-one companies responded. These companies were HEMA (NL), Impala Loft (Germany), Migros (Switzerland), O'Neill Europe (NL), PVH/Tommy Hilfiger Europe (NL), Scotch & Soda (NL), Van den Broek (NL) and Zeeman (NL).

The companies that were contacted but have not reacted at all, were Abercrombie & Fitch (USA), Carodel (Belgium), Crew Clothing Co (UK), Ikea (NL), LPP (Poland), Kiddo Fashion (NL), Sorbo Fashions (NL), Teidem (NL), Tumble 'N Dry (NL), TDP Textiles (UK) and Walmart (USA).

Gaastra (NL) and No-Excess (NL) acknowledged receiving the email, but did not follow up despite reminders sent. No-Excess asked for a Dutch translation of the letter saying it wanted to avoid any misunderstandings. This request was remarkable, taking note of their English website and the fact that No-Excess is doing business with an English speaking country. When ICN and FNV Mondiaal explained in Dutch the content of the letter and translated the questions, no response in turn was received from No-Excess.

1 Position and commitments

Six companies (Hema, Impala Loft, Migros, O'Neill, PVH and Van den Broek) acknowledged the problem of labour violations in Tamil Nadu. Only PVH (owner of Tommy Hilfiger) and Migros, acknowledged that problems in their supply chain exist or have existed. Migros, whose supplier Eastman was implicated in previous research, writes: 'we have no proof for the allegations raised in the report'⁵. According to Migros, it 'has taken immediate action and involved the supplier mentioned in the report [Eastman]. Migros implements the BSCI system' and 'is in bilateral contact with the accused supplier and gets regular updates on their activities.' In its answer, Migros states that 'complex and cross-cutting issues such as Sumangali - which has been recognised as a phenomenon that **often but not always** gives rise to labour rights abuses.'

PVH states: 'Regarding the suppliers mentioned in the Time for Transparency report, Tommy Hilfiger does no longer business with JJ Exporters, Mandhan Industries Pvt Ltd and Sabare International Ltd. For Tommy Hilfiger, much of the sourcing is done via an apparel agent. Our agent has worked with the factories, government and other stakeholders to support eradication of Sumangali schemes. He also worked to ensure proper wages are paid to the workers, regulations governing the hostels are in place to improve workers' living conditions, and ongoing monitoring of the mills is taking place'. PVH further asserts that 'we have not encountered any Sumangali schemes aside from a historical case at Eastman which confirmed the Sumangali scheme was eradicated in April 2010'.

Impala Loft is a buying house that supplies to a Fair Wear Foundation (FWF) member. It sources from the garment division of Bannari Aman factory. FWF is planning to conduct a verification audit at this garment division in 2014. According to Impala Loft, Bannari Aman is also open to have the spinning mill audited by FWF.

Most companies said that no Sumangali related or other exploitative practices were found among their suppliers. Zeeman: 'Zeeman did not encounter this scheme running with any of our suppliers. This scheme runs mainly in the spinning sector



and none of our Zeeman suppliers had their own spinning mills. We checked each of our suppliers and found none of them had Sumangali system running in their company. We further did make it very clear to each supplier that such practices are not supported by Zeeman and there will be consequences if any supplier is found to be indulging in this scheme.' Scotch and Soda, Van den Broek and O'Neill also indicate they have never found Sumangali at their supplier's. Hema states it cannot share this information.

2 Membership of BSCI, FWF, FLA

Hema, Migros, O'Neill and Scotch & Soda are member of BSCI and accordingly audits are conducted by third parties among some of their suppliers. In their responses all companies explicitly refer to BSCI membership and as such the position and monitoring systems of BSCI. PVH is member of the Fair Labor Association (FLA) that monitors part of their supplierbase and reports on non-compliance issues and actions taken by the company. Gaastra is member of the McGregor Fashion Group and as such member of the Fair Wear Foundation. McGregor's first tier suppliers in Tamil Nadu are involved in the FWF Violence Against Women Program.

3 Transparency

Some of the respondents gave general commitments to transparency. PVH for example states it is committed to transparency and HEMA stresses the importance of transparency. Both companies are signatories of the Bangladesh Accord (see page 10) that requires companies to disclose their suppliers, who are published in an aggregated suppliers list. However, none of the companies publish their

⁵ In "Captured by Cotton", ICN and SOMO write that 'Sumangali workers were employed at Eastman's spinning mills in Dindigul at least until April 2010. Some of Eastman's buyers claim that the Sumangali Scheme was abolished in April 2010 [...]. Interviews conducted at the end of April 2011 with workers currently employed at three of Eastman's units confirm that the employment practices have indeed changed since April 2010.' In the same report, ICN and SOMO describe several unresolved issues at Eastman, such as excessive and forced overtime and restricted Freedom of Movement. In 'Maid in India' ICN and SOMO write that Eastman phased out the lump-sum payment (SOMO/ICN, 2012).

full suppliers list, like for example Nike, Patagonia and very recently H&M do.

Both Hema and Scotch & Soda indicated that they are not in favour of disclosing their suppliers. According to Hema it is not their policy and they are 'not convinced that enforced disclosure will help to improve working conditions'. Scotch & Soda acknowledges the importance of more transparency towards consumers and between companies, and believes that cooperating with other companies in the industry and sharing audit findings or insights about the way to tackle non-compliances is more effective. The company is also willing to communicate about audit procedures, specific audit findings, specific corrective action plans and progress in action. No-Excess explicitly stated in their response that they don't see the need to share suppliers' information with ICN and FNV Mondiaal.

4 Supply chain monitoring and auditing: first and second tier suppliers

Most of the respondents monitor their first tier suppliers through third party social audits and many combine those third party audits with an internal monitoring system. No company indicates whether bonded labour or other labour rights violations were found during audits at their South Indian suppliers. Only two companies, PVH and O'Neill have taken steps to monitor labour conditions beyond first tier suppliers. BSCI is now setting up a database of second and third tier suppliers and is developing tools to improve conditions in those supply chains.

PVH explains: 'Any new supplier is required to pass a human rights audit to receive any purchase orders. Factories that do not pass an audit or fail to correct identified issues will not receive purchase orders. Factories are audited on a regular basis to check on compliance levels and to verify issues previously identified are being addressed in a sustainable and preventative manner... Among the other suppliers, some source fabric from South India, but others source from their own mills in North India where the Sumangali Scheme has not been found.' PVH reacts that whereas the focus has been on first tier suppliers, the company has started to audit its second and third tier suppliers 'based on high risk issues'. Audits were conducted on mill level after it learned about Sumangali practices in Tamil Nadu. It also notes that the agent of its Tommy Hilfiger brand has started to audit mills in the region and requires a signed commitment from suppliers not to employ the Sumangali scheme. PVH states that it will continue to incorporate the monitoring of second tier suppliers and beyond into its monitoring programs.

Migros states that it follows the BSCI monitoring approach and procedure, by means of independent audits. According to

the company, the BSCI methodology allows assessment of lower tier suppliers, which they apply in the fruits and vegetable production chains. In 2012 Migros' team in Hong Kong visited several Indian garment factories. More broadly, it 'closely follows the development together with BSCI and that it was present at Round Tables through the BSCI representative in India.' Furthermore, Migros refers to the guidance paper on Sumangali developed by BSCI⁶, the capacity building, trainings and awareness raising activities in India. Migros does not make clear what role it plays itself in these activities.

Scotch & Soda has independent audit firms carrying out annual audits and setting up corrective action plans in order to realize the requested improvements. Scotch & Soda also states it visits their factories themselves. They state that 'this monitoring system helps us to determine if our suppliers succeed in implementing the BSCI Code of Conduct and meet our requirements. In case of non-compliance with the Code of Conduct we will start an improvement program, including more frequent audits: at least twice a year. If our Code of Conduct is severely violated and the supplier is unwilling to discuss and execute improvements (for example in case of child labour) we terminate the contract.' Scotch & Soda indicates that Scotch & Soda and their suppliers inform all subcontractors about BSCI requirements and make BSCI standards and CoC a condition in all contracts they sign with subcontractors, which is an obligation for all BSCI participants. The responsibility is placed on their suppliers to en-



⁶ 'Guidance on Sumangali' Business Social Compliance Initiative, April 2011. An updated version is released in February 2014: 'Position Paper on Sumangali', February 2014, Business Social Compliance Initiative.

sure that these subcontractors comply with these standards. Hema said that, additionally to their BSCI membership, they have their own audit system where factories are audited against minimum requirements.

O'Neill states that it controls its supply chain *'quite rigorously, not allowing any unauthorised sub-contracting.'* All factories where production is made are included in the monitoring system. They started mapping other tiers close to production such as embroidering, washing, dying and spinning.

Van den Broek assesses the working conditions at potential supplier's factories themselves. If any doubt exists regarding this, they won't enter into a business relation. Van den Broek does not conduct external audits but requires their business partners (including vendors, producers and subcontractors) to sign a Social and Environmental Code of Conduct.

Impala Loft also has its office in India auditing their Indian suppliers.

Zeeman requires all their suppliers to sign its Code of Conduct, which states amongst others that no forced or child labour exists. The company locally works with agents that make daily visits to the factories. It also states that their factories are independently audited by TUV/Sercura. Zeeman only works with first tier suppliers.

5 Participation in the Action Plan of the Dutch Garment and Textile Industry, including participation in the Sumangali working group

On 20 June 2013 the Dutch trade associations Modint, Inretail and VGT presented an Action Plan to promote a more

sustainable fashion industry to Minister Ploumen of Foreign Trade and Development Cooperation. They acknowledge that big problems exist in the sector. One of objectives formulated in the Action Plan is to set up a working group of companies sourcing from South India to tackle the issue of Sumangali.

Four companies responded to the question concerning their participation in this working group. Scotch & Soda and Van den Broek state their support for the plan and its goals, but did not express intention to join the working group. Zeeman indicated they don't intend to participate in the working group. O'Neill is the only company that will join the working group on Sumangali/bonded labour.

Stakeholder and business initiatives

Ethical Trading Initiative - Tamil Nadu Multi-Stakeholder Group (ETI-TNMS)

As a response to the many reports in recent years about exploitative practices in the textile and garment industry in India, ETI started developing the TNMS programme in 2011. The TNMS group is a tripartite group, including trade unions and NGOs, whose company members are: ASDA/George, Bestseller, Boden, C&A, El Corte Ingles, Ernsting's Family, Gap, H&M, Inditex, JD Williams, John Lewis, M&S, Mothercare, OTTO Group, Primark, Tesco and Tom Tailor.

This programme aims *'to contribute to the elimination of exploitative practices including forms of bonded and forced labour, such as the Sumangali scheme, in the textile and garment industry of Southern India. The programme was developed in response to the many reports in recent years that have brought to light concerns about*



labour practices in the garment/textile industry in Tamil Nadu.

The TNMS programme was developed based on recommendations made during a multi-stakeholder meeting in Tamil Nadu in March 2012. The programme:

1) *Promotes the ethical recruitment and retention of young women into the sector.* ETI and ILO have organised two meetings to identify recruitment and retention that need reform and improvement. One of the aims is to reduce the period one can be hired as an apprentice from 3 years to 6 months.

2) *Aims to enable workers to address their concerns through the worker peer group programme.*

The programme will begin early 2014 with a focus on worker health and well-being as a way to engage industry managers and gain direct access to workers. ETI believes that by covering health and well-being issues, this will expose important rights-based issues within the workplace. A second cycle of awareness raising and worker/management training will be developed with civil society input.

3) *Supports outreach initiatives to potential and former workers in areas where recruitment takes place to raise awareness on their rights and seek redress.*

In cooperation with trade union affiliates and local NGOs in selected recruitment communities, ETI will promote spreading information on workers' rights, legal redress and legal support services in order to enable workers to realise their rights and obtain support.

In July 2013, ETI established an office in Coimbatore and recruited a local team. So far the team has worked to gain more knowledge and insight in the local context. ETI's work on the issue started in 2011, still most concrete activities have yet to take place. While several stakeholder consultations took place, local NGOs like Care-T, READ, Tirupur People's Forum (TPF, a forum of 45 NGOs) and SAVE express concerns regarding the meaningfulness of these consultation, in specially in terms of involvement of local civil society in program development and information sharing. TPF feels inclusion of a grievance mechanism and a role for NGOs that goes beyond implementation of community awareness raising are lacking in the current program.

Business Social Compliance Initiative (BSCI)

BSCI is a business-driven CSR initiative whose members commit to implement the BSCI Code of Conduct, as part of their business relations with suppliers. It provides information and tools to companies to monitor their supply chains and suppliers will be audited on a regular basis. BSCI currently



has over 1200 participants, the majority from the textile and garment sector. Nine of them figure on the top 20 lists in the *Time for Transparency* paper. These are Bon Prix (OTTO Group), Ernsting's Family, Hema, Lemetex, Migros, O'Neill Europe, Scotch & Soda, Sorbo Fashion and Teidem (Tonca Wear subsidiary). BSCI audits are mostly done on the level of the first tier suppliers. The new Code of Conduct (CoC), adopted in 2014, allows for audits in the 2nd and 3rd production tiers and aims to provide tools and solutions to address problems in the lower tiers. Auditors are now required to list all sub-suppliers that a factory utilises⁷. Its Annual Report 2012 states that major non-compliances found in audits are related to working hours, compensation and health and safety issues. Bonded labour is not mentioned⁸. According to BSCI, this does not necessarily mean that violations related to Sumangali are not found, it might be classified for example under working hours and compensation. The new CoC also expects all BSCI participants and their suppliers to have a grievance mechanism in place. Furthermore it requires auditors to provide specific evidence that special attention is paid to the most vulnerable people. The implementation guidance for the new CoC will be published mid 2014.

According to their Annual Report 2012, BSCI organised a round table in Tamil Nadu in 2012, where stakeholders were sensitized about labour rights violations related to Sumangali. The NGOs SAVE and READ have not been invited to this meeting. Outcomes of the meetings were discussed with auditors as well. Auditors also received instructions to follow the auditing guidance on Sumangali issued by Social Accountability International⁹.

BSCI expressed the opinion that the Sumangali scheme is a cultural practice *'and not necessarily a poor practice if implemented correctly'*, which in principle was not meant to be exploitative¹⁰. But it adds: *'Work must be done to eradicate misconduct of*

⁷ 'Position Paper on Sumangali', February 2014, Business Social Compliance.

⁸ 'Towards Improved Working Conditions in Factories and Farms Worldwide', Annual Report 2012, Business Social Compliance Initiative.

⁹ 'SA8000 Guidance Document', Social Accountability International, 2013, <http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=1463>

¹⁰ 'Towards Improved Working Conditions in Factories and Farms Worldwide', Annual Report 2012, Business Social Compliance Initiative; 'BSCI reaction to SOMO/ICN's call for more transparency in the South Indian garment sector', Business Social Compliance Initiative 2013.



the scheme.' This was repeated by Migros as well. In a recently updated position paper on Sumangali, BSCI states 'BSCI does not endorse Sumangali under any guise.'¹¹

BSCI participants received a briefing from BSCI providing them with replies they can use in their response¹². All BSCI participants that responded to our inquiries referred to their BSCI membership, recalling that they follow BSCI monitoring procedures. BSCI itself sees its role as limited. It states that the initiative cannot address the structural underlying causes that lead to the abusive situations in the factories, therefore a holistic approach is needed, in which a major role to structurally improve labour conditions lies with national authorities in the countries. On the specific issue of Sumangali, BSCI advises its participants to join the ETI-TNMS group, to prevent double work and to create more joint leverage on the issue. So far, four BSCI participants, El Corte Ingles, Ernsting's Family, the OTTO Group and Tom Tailor, have joined the ETI-TNMS.

Fair Wear Foundation

The Fair Wear Foundation is governed by trade unions, NGOs and business associations and works with garment and textiles companies in Europe to improve labour conditions in their supply chains. FWF currently works on violence against women with three brands (Kwintet, McGregor Fashion Group and Nudie Jeans) and six factories in Bangalore and Tamil Nadu. Not all FWF members sourcing from South India are involved in those efforts. Although the programme only focusses on the first tier suppliers, it contains elements that FWF and others can use in tackling Sumangali and related issues in spinning mills.

The Workplace Education programme provides factory trainings in Tamil Nadu and Bangalore on workplace standards, factory grievance mechanisms and gender based violence. It also promotes the establishment of so-called internal complaints committees at suppliers. These committees aim to

create awareness among women workers on harassment and encourage them to report violations and abuse at the work floor. These trainings provide women workers with an outside contact, which they can contact if they need support. This is especially important for women in hostels. According to the mid-term evaluation of the programme "foreign brands, as the customers of factories, will continue to have an important role to play. Support for trainings helps to ensure that workers and managers have the skills and knowledge needed to reduce workplace violence. Stable business relationships with suppliers support these efforts."¹³

Bangladesh Accord

Following the collapse of the Rana Plaza building in April 2013, a legally binding five-year agreement between Bangladeshi trade unions, international unions and retailers was signed by over 125 companies in January 2014. The Accord is mentioned here because it is groundbreaking in several aspects and provides lessons to tackle other labour rights abuses like Sumangali. It is legally binding, an aggregated suppliers list is made public and audit findings and action plans are published as well. Furthermore workers and their representatives are involved in monitoring the progress. From the 21 companies that feature in this report the following are signatories: Abercrombie & Fitch, Hema, LPP, O'Neill, PVH and Zeeman. The Accord shows that transparency on first tier suppliers on an aggregated basis and legally binding agreements are achievable for initiatives that aim to improve labour conditions in the garment industry¹⁴.

Developments in ...

Austria: The Catholic Women Movement approaches companies

In 2013, the Catholic Women Movement (KFB) approached ten Austrian companies in collaboration with Clean Clothes Campaign Austria on the issue of Sumangali. These companies are Eisbär, Huber, Northland, Palmers, Schneiders, Sportalm, Tostmann, Trikot Jones, Triumph and Wolford. Export data showed that Huber and Triumph were sourcing from Tamil Nadu. For the other companies, this is unknown. Huber explained their company structure and stated that all the purchasing has been centralized while 50% of their production is done in Europe. They have a Code of Conduct and the whole supply chain has to comply with it. Their quality department visits the factories in Asia twice a year (without prior notice) and checks whether the production is compliant with the COC. The Sumangali Scheme is known to them and they say they have checked their suppliers (according to the company they have two suppliers) without finding any traces of the scheme. Triumph states it merely produces in its own plants, which enables them to relatively well control

¹¹ 'Position Paper on Sumangali', February 2014, Business Social Compliance Initiative.

¹² 'BSCI reaction to SOMO/ICN's call for more transparency in the South Indian garment sector', Business Social Compliance Initiative 2013.

¹³ "Standing Firm against Factory Floor Harassment", Fair Wear Foundation, December 2013.

¹⁴ www.bangladeshaccord.org

whether production complies with their CoC but they were willing to continue the dialogue if more information on export transactions was shared. After KFB did so and pointed out their responsibility to monitor labour conditions further in the supply chain, including mills, Triumph never replied. The company is a member of BSCI.

Germany: Visits of Indian activists and NGOs

The German Clean Clothes Campaign invited two Indian activists to Germany to raise consumer awareness on the Indian garment industry and to talk to brands sourcing from South India. Representatives from worker's rights NGO Munnade in Bangalore and Dalit organisation READ in Tamil Nadu spoke to the OTTO group and to Ernsting's Family. FEMNET wrote a letter to the companies Otto and Ernsting's Family expressing concerns over Sumangali scheme at a supplier. Both companies referred to the activities in the context of the ETI-TNMS group. Especially in Hamburg, the home town of OTTO group, press covered the issue extensively.

See for example Bild TV "[Bloody fashion. The dirty business of the textile industry](#)", 10 December 2013 (in German).

USA: Journalist visits Tamil Nadu

Journalist Dana Liebelson of Mother Jones magazine visited Tamil Nadu and spoke to spinning mills workers. One of the women, named Aruna, was 15 years old when she started working in a textile factory that until recently supplied UK based maternity wear maker Mothercare. 'From 8 a.m. until 10 p.m. every day, including weekends, she fed and monitored rusty machines that spun raw cotton into yarn. [...] Aruna made just a quarter of the \$105 a month she was promised, about \$0,84 a day. Aruna shows me a scar on her hand, more than an inch long, where a machine cut her.' The article sites a spokesperson of the United States Association of Importers of Textiles and Apparel (USA-ITA) : 'We have not been aware of the labour practices that you describe'.

See: '[I Tried to See Where my T-Shirt Was Made, and The Factory Send Thugs After Me](#)', Mother Jones 29 November 2013.

UK and Australia: Stop the Traffik calls for consumer action

Stop the Traffik published "[Make Fashion Traffik Free](#)" report. They call upon consumers in the UK and Australia to send brands postcards urging brands to take action to help end this practice [Sumangali] by mapping and reporting on your cotton supply chain.

Child labour and Sumangali in textile sector high on Dutch political agenda

ICN, FNV Mondiaal, Clean Clothes Campaign and other NGOs have been advocating for some time with the Dutch government to push for concrete and measurable plans from Dutch textile and garment trade associations. Our reports on the Sumangali

issue triggered a motion in Parliament (25 April 2012) asking the Minister for Trade and Development Cooperation to come to an agreement with the garment companies on full supply chain transparency and eradication of child labour. This motion was adopted. In combination with the Rana Plaza disaster this led the Minister to demand an Action Plan from the garment and textile sector associations in order to resolve structural labour rights abuses in the industry (see above).

In addition the Ministry has announced it wants to have a Covenant (agreement) with the textile and garment industry on tackling both social and environmental issues in which both sides will play complementary roles. Another parliamentary motion has been adopted in November 2013 requesting the government to include in the Covenant: concrete measurable goals on ILO standards, living wages, purchasing practices, active participation of members of sector organizations and supply chain transparency.

Dutch garment sector associations, NGOs and FNV Mondiaal joined hands in calling upon the Minister of Trade and Development Cooperation to play an active role in tackling the issue of Sumangali and raising it with her Indian colleagues, thereby expanding the active role she plays with regard to the garment sector in Bangladesh.

Conclusions

Reports from Indian organisations and international media show that bonded labour and related labour rights violations continue in the Tamil Nadu textile and garment sector. The 2011 United Nations Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multi-national Enterprises clarify that enterprises have the responsibility to respect human rights. This responsibility includes performing a due diligence process in the supply chain. Human rights due diligence is understood as a process through which enterprises actively identify, prevent and mitigate their potential and actual adverse human rights impacts. Furthermore it is expected that companies communicate externally how they address their human rights impact. If leverage is lacking, it is expected that companies increase their leverage. The labour rights violations documented by ICN and others in the South Indian garment and textile industry constitute violations of ILO conventions and other human rights standards and therefore constitute a human rights risk for all buyers in the region.

When looking at the responses provided by major international and Netherlands-based buyers, who are not member of the ETI-TNMS group, we see that no company fully fulfils its responsibility to respect. ETI-TNMS member companies have taken steps to increase joint leverage and mitigate

adverse human rights impacts, but the progress of the program is slow and impact on the ground cannot yet be shown. The FWF Workplace Education Program and BSCI's new CoC contain elements that might help companies to address labour rights violations in the spinning mills.

Communication

Only eight of the twenty-one of the companies we approach have responded to our questionnaire. Communication with stakeholders is a requirement under the UNGP. One company (No-Excess) explicitly refused to respond. Of the non-respondents, Abercrombie & Fitch (USA), Carodel (Belgium), Crew Clothing Co (UK), Ikea (NL), LPP (Poland), Kiddo Fashion (NL), Sorbo Fashions (NL), Teidem (NL), Tumble 'N Dry (NL), TDP Textiles (UK) and Walmart (USA), the large majority does not externally communicate about this issue. Public information about the TNMS is very limited.

Identifying the human rights impact

Some of the responding companies acknowledge the issue. However only two companies (Migros and PVH – both have been part of previous research by ICN and SOMO) acknowledge it took place in their supply chain.

In addition, most of the respondents rely on the audits done by BSCI (in case they are a member) as well as their own monitoring systems, which do not adequately involve stakeholders and are not geared to detect bonded labour.

The majority of companies that are not part of BSCI also rely on audit findings at first tier suppliers to identify the human rights impact. Those social audits have proven to be an inadequate instrument to detect bonded labour and related labour rights violations. Workers are under pressure to give desirable answers. The single units that are audited are often parts of a larger groups. Especially during peak production, different units of the same group may work on one order to meet delivery schedules. Furthermore, most audits take place only at first tier suppliers, not at spinning mills.

Mitigation

The phenomenon of bondage through withheld wages and other related labour violations are widespread in the second tier of production. This is where the adverse human rights impacts have hardly been tackled, let alone effectively remediated.

Only three companies took specific steps to address this human rights impact. Some BSCI participants referred to steps taken by BSCI to address the issue. BSCI however, advises its participants to join the ETI-TNMS group. So far only four BSCI participants did so, El Corte Ingles, Ernsting's Family, the OTTO Group and Tom Tailor.

Business initiatives like BSCI, multi-stakeholder initiatives like FWF and ETI and trade association like those in the Netherlands have, to varying degrees, developed policies and practices to address abuses under Sumangali and related schemes, but it is all on a voluntary bases. Member companies do not have to participate in those initiatives, nor is

it possible to assess the level of commitment of individual companies participating in an initiative.

When evaluating the effectiveness of steps taken so far by buyers in the Tirupur region it is hard to assess the impact. Some progress has been made at first tier suppliers, but this cannot be attributed to actions of specific brands, nor solely to the international garment industry as a whole. Media attention and campaigning by local NGOs and TUs were another major driver for change, in particular with regard to the present engagement of three Indian suppliers with local NGOs. The UNGP leave room for companies to prioritize actions to address human rights violations. However, this should be explained and based on considerations like leverage, including organizing joint leverage. The companies in this research are among the major international buyers in the region, which means they are the primary bearers of responsibility.

Meaningful stakeholder consultation

None of the twenty-one brands that were the focus of this research have consulted with local stakeholders on this specific issue.

Concerning the ETI-TNMS group, it can be said that its companies have identified the risk of bonded labour in their supply chains and have started taken steps to address the issue. However local stakeholders' view is that so far no meaningful consultation took place concerning the development of the ETI-TNMS program. The group, with major fashion brands on board, has leverage to have an impact on the human right situation on the ground. So far, progress has been slow. It took more than two years to agree on a program and appoint local staff to implement the program. Therefore it is still not possible to assess effectiveness of the TNMS programme.

The legally binding fire and safety building accord in Bangladesh is a breakthrough, which has the potential to change the whole global garment industry. It sets the bar for other initiatives that aim to address issues in the sector, by creating a high level of transparency, by being legally binding, by being a locally developed solution to a major human rights concern, by involving both local and international stakeholders. This example is not yet followed by companies and multi-stakeholder initiatives with regard to other issues and countries. Because of commercial reasons companies are reluctant to be transparent about their suppliers' base, audit findings, corrective action plans on a voluntary basis.

Recommendations



We recommend:

- Brands and retailers sourcing from South India to improve audit methodologies by training auditors to detect bonded labour, forced labour, discrimination and sexual harassment and by conducting offsite worker interviews. Audits should include local labour organisations who can talk to labourers and check information. Additional interventions include training for workers and management and create an accessible and credible grievance mechanism, that allows workers to voice their concerns.
- Brand and retailers to increase transparency by sharing information about first and further tier suppliers, including factory names, possible alternative factory names, locations, whether they are strategic suppliers, the duration of the supplier relationship etc.
- Business initiatives, multi-stakeholder initiatives, and trade associations to take the lead in facilitating further supply chain transparency in the global garment sector.
- Companies to communicate openly about audit procedures, specific audit findings, specific corrective action plans and progress in action. CSR reporting should cover due diligence processes and provide sufficient information to assess the adequacy of the steps taken by the enterprise.
- Companies sourcing from South India to take steps - in line with the United Nations Guiding Principles - to identify human rights impacts that are not unveiled by present auditing procedures. This should at least include engaging with local stakeholders. A prerequisite to do so is a mapping of the full supply chain.
- Initiatives that aim to address the human rights violations in the South Indian garment and textile industry - individual companies, business initiatives or multi-stakeholder initiatives - to engage in a meaningful dialogue with local stakeholders, in line with the UNGP. Building on the Bangladesh Accord, local stakeholders should also be involved in any effort to address human rights risks.

Finally we call upon all Dutch companies sourcing from South India to join the working group that is foreseen in the **Action Plan of the Dutch Garment and Textile Industry**.

Colophon

Research: Manon Straaver

Text: Manon Straaver, Marijn Peepercamp, Gerard Oonk

Text correction: Hans Maas

Layout: Hanneke de Graaf

Photo's:

front page: girl child rescued from a spinning mill in Erode district by READ in October 2012 (READ)

page 6: poster by the Campaign against Camp Coolie Scheme, warning for the labour conditions in the mills.

page 7: former Sumangali worker (Niki Janssen)

page 8: spinning mill in Tamil Nadu (Niki Janssen)

page 9: focus group discussion with former Sumangali workers (Niki Janssen)

page 10: girl child being interviewed after rescue from a spinning mill in Erode district by READ in October 2012 (READ)

About the authors



The India Committee of the Netherlands

The India Committee of the Netherlands (ICN) is an independent non-governmental organisation campaigning and doing advocacy work on human rights issues. Central to the work of ICN are the issues of caste-based discrimination, labour rights and child labour & education.



FNV Mondiaal is the solidarity support organisation of the Dutch trade union Federation FNV. By supporting democratic, representative and independent trade unions and labour related organizations FNV Mondiaal contributes to decent work and livelihood security for all workers. FNV Mondiaal supports the labour NGO SAVE.

Both ICN and FNV Mondiaal are active members of the Clean Clothes Campaign and the Stop Child Labour campaign.