

QUARTZ

BAD LOOK

H&M, Columbia, and others are accused of ignoring disturbing abuses at a large Indian supplier

Marc Bain

June 25, 2018



📷 Do you know who made your clothes? (AP Photo/Shizuo Kambayashi)

A report by an international watchdog group is alleging that retailers including H&M, Abercrombie & Fitch, Columbia Sportswear, and Benetton have largely ignored reports of violence and other serious abuses against workers at an Indian factory making their clothes.

According to [the report](#) (pdf), from late March through mid-April, managers at a Bangalore factory owned by Shahi Exports, which claims to be India's largest clothing manufacturer, brutally repressed attempts by workers to unionize and stifled an increase in the workers' wages. The campaign, it says, included "physical beatings; death threats; gender, caste, and religion-based abuse; threats of mass termination; and the expulsion from the factory of 15 worker activists."

The group behind the report, the [Worker Rights Consortium](#) (WRC), is a nonprofit founded by university administrators, students, and international labor-rights experts to investigate working conditions in the global garment trade. After documenting the abuses, it says it asked the many large international brands that Shahi supplies to pressure the company into taking appropriate action. But the brands have continued to work with the company, even though it hasn't taken basic steps to redress the situation at the Unit 8 factory and despite allegations of events that would violate the law as well as the brands' own supplier codes of conduct.

Those brands include the four that the specific factory was producing for directly, and more than a dozen others that Shahi supplies through other facilities: American Eagle, C&A, Children's Place, Decathlon, Gap, Inditex (owner of Zara), Marks & Spencer, Primark, Puma, PVH Corp. (owner of Calvin Klein and Tommy Hilfiger), Tesco, Uniqlo, VF Corp. (owner of Vans and others), and Walmart.

We have attempted to contact each brand named; statements from those that have replied can be found at the bottom of this story.

Shahi itself denied the accusations in the report, calling it one-sided. "It is a partial account of what we have done in the matter, as WRC decided to release the report while our internal investigations and actions were underway," the company said in a statement. "They have also outrightly refused to accept local government and judicial authorities and are propagating allegations based on solely their own investigation."

Examples of the alleged abuses

According to WRC, the abuses it describes at Shahi's Unit 8 factory come from both eyewitnesses who supported the union and those who had no association with it. They match some incidents [initially reported by the Deccan Herald](#), a local paper.

Among the alleged abuses:

- One man, Ameen, who publicly signed the union petition, was told by a human-resources manager that his family would be killed. He was later beaten in the factory by roughly a dozen employees, under the guidance of that manager. Employees were instructed to bring his mother, Dilshad, who also worked in the factory, and then the men physically attacked her as well.
- As part of the same incident, Dilshad was verbally harassed in religious and sexual terms. Again at the urging of a manager, an employee called her “thukri,” a derogatory term for a Muslim, and “munde,” which literally translates to “widow” but is also used to suggest a woman sleeps around.
- One woman who signed the union petition, Thyamma, was pushed into a group of employees and managers, who were told to kill her. She was abused in gender-based terms and had her head smashed against a wall. She left the factory barely able to walk, and had to be hospitalized. (The Deccan Herald's account [says her spine was damaged](#).)
- The supervisor of one employee who was found with the union petition told him, “We were very liberal in allowing you to work in this factory. Your caste is only fit to clean bathrooms. How dare you ask for an increase in wages?” The employee was then beaten and

fell to the ground. A police officer lifted him up and pushed him out the factory gates.

There were many more allegations of other employees being assaulted or verbally abused. WRC also says there were threats of mass termination, as managers suggested that workers unionizing would force the factory to close and everyone to lose their job.

The claim that brands haven't acted

Though Shahi has reinstated workers who were direct victims of violence, the managers involved in the alleged incidents continue to work at the factory and have not been held accountable months later, WRC says. And according to the group, while a police investigation into the abuses is currently ongoing, police were actually present during some of the abuses, even watching while workers were beaten.

“Shahi’s customers are a who’s who of leading brands,” said Scott Nova, executive director of WRC. “All have policies supposedly prohibiting physical and verbal abuse of workers and protecting the right to unionize. This case shows that companies like Abercrombie & Fitch, Benetton, Columbia, Gap, and H&M do not take their own human rights commitments seriously. As a result, neither do their suppliers.”

In response to requests for comment, several brands that do business with Shahi said they took the allegations seriously and contacted Shahi’s management about the situation.

A spokesperson for Columbia Sportswear, for instance, says the company has “insisted that Shahi management take immediate action to address the situation, including: reinstate suspended workers, pay medical expenses of workers, return any personal property of workers, engage in constructive and meaningful

engagement with the union, and discipline any employees that are found to have engaged in violence or acts of discrimination.”

It added that, based on its understanding, those accused of violence have been suspended pending an investigation, though not fired. According to Shahi, a “senior management committee” is investigating the allegations against the suspended managers and employees and will take “severe punitive action” if they’re found guilty.

The WRC maintains that every brand it contacted—except Tesco, which did not reply to its requests—said it would contact Shahi. But “none of the brands that are Shahi’s buyers, either from the Unit 8 factory or from Shahi’s other production facilities, are requiring Shahi’s management to take these crucial steps—with the result that all of the individuals responsible for the violence are still employed by Shahi, and most are still working inside the Unit 8 factory,” the WRC says.

A spokesperson for H&M, however, said, “We can assure you that we are extensively using our leverage.” The company did not contest any of the allegations against its supplier factory, acknowledging that the allegations seemed “well-grounded.”

When asked why it continued to do business with Shahi, H&M noted that it has an ongoing dialogue with factory management and the worker representatives, who are supported by the global trade union IndustriALL. “We are doing our best to facilitate the dialogue between the parties involved to get to a solution, as well as to give the supplier the right stimulus to set up a different approach to industrial relations and strengthen their policies,” H&M said.

Shahi is a prominent business in its own right. In December, CNN Money [profiled the company](#) for its efforts to help rural women, who make up much of its workforce. More recently, Anand Ahuja, a top executive and part of the family that

owns the company, has [been in the headlines](#) for his engagement to Bollywood star Sonam Kapoor.

Among its demands, the WRC also wants to see all workers who were suspended from their jobs reinstated with full back pay. Shahi says it has already reached an agreement to do just this with the 15 workers who were suspended, and that they are to resume work on June 27.

Statements from the brands

WRC suggests that every brand that works with Shahi, whether they sourced from the Unit 8 factory or not, has a responsibility to ensure that the company isn't violating its workers' rights anywhere across its operations. Many brands seemed to concur in their statements, despite WRC's claim that they hadn't done enough. Many said they are working with Shahi to address the problems they've been alerted to at the Unit 8 factory.

Here are statements from brands that have thus far replied to our requests for comment, as well as a full statement from Shahi:

American Eagle

We took the concerns raised by WRC very seriously and have been in communication with the factory to discuss their response. Our goal is to create strong, supportive relationships with our factory partners and work collaboratively to improve working conditions in our supply chain. While we recognize that the supplier has taken positive actions to address the concerns raised, we also are working with them to continue to take additional steps.

American Eagle Outfitters works diligently to monitor working conditions at all factories where our products are produced around the world. We have a stringent

Supplier Code of Conduct that requires our suppliers to treat their workers with dignity and respect and protect freedom of association.

C&A

C&A has been in contact with the owners of Shahi Exports Pvt. Ltd to investigate the allegations published in the report. The abuses discussed in the report violate our supplier code of conduct, Indian law, and international labor standards. We do not tolerate such practices.

Shahi Exports Pvt. Ltd has agreed with us and other brands that they will

1. initiate a close dialogue with the local union in parallel to the ongoing conciliation process.

2. form a committee which investigates all allegations regarding certain employees and managers and reports back to us within an agreed period. To allow a free and fair investigation, those employees and managers have been suspended from Unit 8 with immediate effect until further notice.

3. sign together with the local union a Memorandum of Understanding agreeing that the workers (members of the union) who have been suspended previously can return to work.

We will continue to closely monitor the developments at the Shahi factories and urge all parties to clarify the allegations.

Columbia Sportswear

Columbia Sportswear Company takes seriously any allegations of violations of fair labor standards and continuously monitors all of our sites to ensure safe and fair working conditions.

It has come to our attention that there are allegations of violations of fair labor practices at the Shahi factory, in Bangalore, India. We have insisted that Shahi

management take immediate action to address the situation, including: reinstate suspended workers, pay medical expenses of workers, return any personal property of workers, engage in constructive and meaningful engagement with the union, and discipline any employees that are found to have engaged in violence or acts of discrimination. We have also insisted that Shahi formally and publicly reconfirm their commitment to freedom of association and to maintaining a safe and non-discriminatory workplace.

We understand that the people who have been accused of violence have been suspended pending investigation.

We have required Shahi to undertake these actions immediately and we will monitor progress with weekly meetings. If meaningful and prompt progress is not made toward meeting these requirements, we will take necessary steps, including reducing or ceasing production in the factory.

Gap Inc.

Gap Inc.'s Code of Vendor Conduct (COVC) expressly prohibits any efforts to undermine workers right to freedom of association, and any harassment or abuse. While Gap Inc. has never had any production in Shahi's Unit 8, we do work with Shahi in other facilities, and as such expect their company to fully abide by our ethical sourcing standards and to respect the rights of workers.

Upon learning about these serious allegations, we immediately contacted Shahi Exports management to communicate our concerns and to urge management to engage a third party to conduct an independent investigation. Given our contractual relationship with other facilities owned by Shahi Exports, Gap Inc. employees based in India also conducted our own investigation to gain a full understanding of the situation, as violence and harassment are clearly prohibited by our Code of Vendor Conduct.

Following the conclusion of our investigation, we have communicated the urgent need for Shahi's management team to implement a robust remediation plan to address the issues outlined below:

- Provide reinstatement, back-pay, return personal property, and cover the medical expenses of the affected individuals;
- Implement disciplinary measures, including termination of employment where appropriate, to any individuals found to be directly responsible for the incident;
- Improve access to and quality of potable water in Shahi's Unit 8;
- Review and improve transportation options for workers at Shahi's Unit 8;
- Communicate to their employees their commitment to respect both associational rights as well as to prevent discrimination or harassment of any kind, and to review this communication with WRC prior to its distribution; and to
- Engage in direct, good-faith dialogue with KOOGU [the Karnataka Garment Workers Union], in an effort to bring about a mutually agreed upon resolution to the incident in question.

We are also discussing with Shahi's management team what additional trainings, investments, and communications are needed across their full enterprise to help ensure that such an incident does not happen again. We are encouraging Shahi to be transparent about the course of action it takes in this regard.

We take these matters seriously, and will continue to remain in direct contact with the executive leadership of Shahi and with the Worker Rights Consortium to seek a prompt resolution of this incident.

H&M

We are deeply concerned by the alleged abuse against workers at one of our suppliers. We have an ongoing dialogue with the legal worker representatives which are supported by IndustriALL Global Union, as well as the supplier. We believe it is important that the legal parties resolve this dispute and we have since April handled this with priority and been facilitating the dialogue between them to find a solution. We can assure you that we are extensively using our leverage.

Our position is that the right to join or form a trade union and bargain collectively is a fundamental right of workers. The core to our social sustainability strategy is to support well-functioning dialogue between workers representatives and employers, to strengthen the voice of the workers and to enable these rights. The safety and the well-being of the workers should be a priority at all times. Workers representatives shall not be discriminated against and shall have access to carry out their representative functions in the workplace. Even in absence of a trade union in factories, workers should have means of speaking their voice to raise employment related issues without the risk of retaliation.

To further push the development forward when it comes to workplace dialogue and industrial relations, H&M group signed a Global Framework Agreement, GFA, with the global trade union IndustriALL and the Swedish Trade Union IF Metall in 2015. Apart from acting as a framework for local capacity building, this has also proved to be a good platform to engage around dispute resolutions.

Marks & Spencer

We do not source and have never sourced from Shahi Unit 8 in Bangalore, which can also be verified on our interactive supply chain map of suppliers on our website.

Ethical trading is fundamental to how we do business and our suppliers must adhere to our [Global Sourcing Principles](#) including providing good working conditions, freedom of association, health & safety in the workplace and treating workers with respect.

We take all appropriate measures to implement and enforce compliance with these principles and do not condone any mistreatment of workers nor violations of our Global Sourcing Principles in the factories that we source from. If issues arise in any of our contracted factories, our local Compliance Managers who visit regularly would make us aware of them so we can take action.

We are in conversation with Shahi at a group level, including providing proposals for how they can work with brands who do source from Unit 8.

Shahi Exports

Shahi does not agree with the allegations made in the report. This report lacks proper evidence and is one-sided. It is a partial account of what we have done in the matter, as WRC decided to release the report while our internal investigations and actions were underway. They have also outrightly refused to accept local government and judicial authorities and are propagating allegations based on solely their own investigation.

The allegations made against Shahi managers of beating, verbal abuse including caste and religion-based, are all criminal offences. Caste and religion based allegations have entitlement of upfront bail provisions not available to accused persons. A Police complaint was registered by the employees on the day of the event. The State Police has since carried out investigation as mandated under law. We remain in support of handling this issue and full cooperation will be given to the authorities. Police authorities, the State agency handling criminal offenses, are yet to conclude. 34 employees who were present during the event have given a statement to police that these allegations are not true. An

independent NGO investigation of over 300 employees was conducted at the factory which did not confirm the allegations of the WRC report.

Shahi has taken the following proactive steps to address the allegations:

- The 15 employees who were initially suspended by Shahi are all offered reinstatement back to the factory with all back wages for the period under suspension (they have agreed to this and are rejoining on June 27)
- The Shahi personnel against whom allegations are made, have been suspended and based on an investigation to be carried out by a senior management committee, Shahi has assured severe punitive action will be taken against them, if found guilty.
- Shahi unconditionally regretted to the concerned 15 workmen for the hardship caused to them on 4th April and will commit to ensuring their safety and comfort at the job
- Shahi always recognizes freedom of expression and has agreed to constructively engage with the Karnataka Garment Workers Union and hold discussions on issues faced by workers
- There were certain allegations of loss of valuables by some of the workmen and Shahi has agreed to restore all the valuables and if same cannot be restored, then Shahi has agreed to compensate the financial value of same.
- The local union have agreed to stop all criticism of Shahi to the press and social media as their issues have been resolved

Shahi has already entered into a written agreement with the union and the 15 employee representatives concerned mentioning all above points.

The proactive steps taken and the MOU entered with Union and the 15 workmen representatives should vouch that Shahi does not tolerate any violence or violation of human rights at all. Throughout the company's unblemished record of 44-year history, there has never been a violent event in our factories. Shahi has always stood for workers advancement, and the company continues to align its growth with the development of people. We have conducted business and

grown over the last several decades due to our straight-forwardness and openness in doing business. We affirm our commitment to working together with all stakeholders and would welcome all views, proposals and opinions. It is feedback which allows us to constantly improve. However, we do hope that in expecting us to be responsible as a business, the stakeholders would not themselves act irresponsibly.

Primark

The facility in question, Shahi Exports' Unit 8 factory, has never been an approved site for Primark production.

Primark recognises the severity of the issues raised by the Worker Rights Consortium and, where possible, will always seek to work collaboratively with other brands to effectively address such issues within the garment industry.

Puma

Shahi Exports is one of the largest Garment manufacturers in India with many factories. PUMA is not sourcing from the Unit in question, the Units we are sourcing from have been audited.

PUMA was only informed by WRC two weeks ago. We met immediately with Shahi management and also had a call with a member of the owner family. Shahi claims the violence was caused by the workers, not the factory management.

PUMA suggested to re-instate the dismissed workers and an independent investigation and/or mediation. We strongly deny the accusation that PUMA does not care for Freedom of Association or ignore the report by WRC.

VF Corp.

VF Corporation does not source product from Shahi Unit 8 where the alleged incidents took place; however, we do have a small volume of business with Shahi Unit 33. Our audits of Unit 33 have never uncovered incidents or behavior such as what is alleged to have taken place at Unit 8.

Upon receiving notice from the Worker Rights Consortium about the alleged incidents at Unit 8, which we find reprehensible and unacceptable, we immediately contacted Shahi corporate management to voice our concerns and reinforce VF's commitment to working only with suppliers that uphold the standards set forth in our Supplier Code of Conduct, including Freedom of Association and operating factories that are free of any form of harassment or abuse.

We've joined others in actively monitoring this situation and offering Shahi management assistance in preventing such issues within their organization, and, we've made it clear that Shahi's business relationship with VF is at risk if they are unable to meet our responsible sourcing expectations.

This story has been updated with comment from Shahi Exports.