

**WORKER RIGHTS CONSORTIUM
FACTORY ASSESSMENT
AVERY DENNISON (INDIA) PVT. LTD.

FINDINGS, COMPANY RESPONSE,
AND CURRENT STATUS**



March 11, 2020

I. Introduction and Executive Summary

This report concerns the Worker Rights Consortium's (WRC) findings of violations of freedom of association and the eventual resolution of these violations at Avery Dennison (India) Pvt. Ltd., a manufacturing facility in Bangalore, India, that is a subsidiary of the US-headquartered company, Avery Dennison Corporation ("Avery Dennison"). The Avery Dennison Bangalore facility produces printed labels and radio frequency identification ("RFID") tags for a wide range of international apparel brands, including Columbia Sportswear ("Columbia"), which utilizes these products in its collegiate licensed products.

The WRC reached the findings of violations discussed in this report through an investigation in 2018 of charges of retaliation and discrimination by Avery Dennison against workers at the Bangalore facility who are members of the Bangalore-based Garment and Textile Workers Union (GATWU), an affiliate of the Indian labor confederation, New Trade Union Initiative (NTUI). As detailed in this report, the WRC's investigation found that Avery Dennison had violated the freedom of association rights of workers at this plant by:

- Improper payment by a factory human resources manager to the leader of an incumbent union at the factory and enlistment of that union's leaders to oppose workers' effort to establish alternative representation at the factory by the GATWU;
- Permitting supporters of the incumbent union at the facility to physically assault and issue threats of violent injury, rape of a family member, criminal prosecution, and eviction from housing, against other employees for associating with the GATWU; and
- Conducting unjustified and intimidating surveillance of workers' nonviolent associational activities.

As university codes of conduct prohibit violations of freedom of association at all facilities involved in the production of collegiate licensed goods,¹ the WRC found that these incidents placed Avery Dennison in violation of university standards, thereby obligating Columbia to ensure that the violations were corrected.

The WRC shared the findings concerning these violations with Columbia and other international brands supplied by the facility, as well as with Avery Dennison, itself, the GATWU, and with the UK-based multi-stakeholder initiative, the Ethical Trading Initiative (ETI), of which several of these other brands are members. The ETI, also in

¹ "The term 'Licensee' shall for purposes of the Code, and unless otherwise specified in the Code, encompass all of Licensee's contractors, subcontractors or manufacturers which produce, assemble or package finished Licensed Articles for the consumer." Collegiate Licensing Company (CLC), Special Agreement on Labor Codes of Conduct, Schedule I § I; and "Licensees shall recognize and respect the right of employees to freedom of association and collective bargaining." CLC, Special Agreement, Schedule I § II.B.

2018, had initiated, at some of these brands' request, a process of private mediation between Avery Dennison and the GATWU and NTUI, with the role of mediator ultimately performed by the former head of the Global Union Federation, IndustriALL, Jyrki Raina.

The WRC urged Columbia and other international brands to require Avery Dennison to correct the violations of associational rights at the Bangalore facility. During this, a number of international labor rights advocacy organizations, including the Netherlands-based Clean Clothes Campaign and the US-based International Union League for Brand Responsibility, which were supporting the GATWU and NTUI, separately engaged extensively as well with these other brands to press Avery Dennison to respect its workers' freedom of association.

Columbia, which had not disclosed Avery Dennison as part of its supply chain for goods licensed by WRC affiliate universities, acknowledged that the plant produced labels for Columbia's collegiate goods and that Columbia's own corporate code of conduct requires suppliers to respect freedom of association² but initially questioned whether university codes of conduct applied to the facility since the latter does not manufacture finished garments. After the WRC explained to Columbia that university labor standards cover all workplaces involved in the production of any part of a collegiate product,³ Columbia accepted that university codes applied in this case and agreed to press Avery Dennison to correct the violations of associational rights that the WRC reported.

Subsequently, representatives from Avery Dennison's corporate headquarters, whose Indian subsidiary had refused to meet with the WRC concerning the freedom of association violations in Bangalore, contacted the WRC to request to meet concerning the WRC's findings. In late 2018 and the first half of 2019 the WRC held in-person and telephone discussions with Avery Dennison corporate representatives at which the company agreed to and provided updates concerning implementation of corrective measures to address the WRC's findings. These corrective measures are also detailed in this report.

In May 2019, the WRC was notified by Avery Dennison and by the GATWU and NTUI that, through the ETI-convened mediation process led by Jyrki Raina, the company had agreed to recognize and engage in collective bargaining with a joint committee made up of members of both the incumbent union and the GATWU, thereby effectively implementing one of the key remedial actions that the WRC had recommended. Finally, in December 2019, following extensive negotiations, Avery Dennison and the joint committee of both unions' members signed a new collective agreement covering employees at the Bangalore facility.⁴

² "Supplier must recognize and respect the right of employees to associate, organize and bargain collectively in a lawful and peaceful manner without penalty or interference.", Columbia Sportswear Company, Standards of Manufacturing Practices, https://www.columbia.com/on/demandware.static/-/Sites-Columbia_US-Library/default/dwad948e32/AboutUs/PDF/Standards_of_Manufacturing_Practices_08.pdf.

³ CLC, Special Agreement, Schedule I § I

⁴ Memorandum of Settlement entered into by the management of M/S Avery Dennison (India) Private Limited and its workmen, represented by Joint Committee, December 30, 2019.

The collective agreement signed by the company and the joint committee in December 2019 commits Avery Dennison to a number of significant improvements in wages and benefits for the facility's workers. These include both across-the-board and seniority-based wage increases, productivity and annual bonuses, as well as improvements in sick leave, medical leave, marriage leave, and bereavement leave.⁵ Avery Dennison has also implemented voluntary deduction of union dues for employees who have joined the GATWU.

The WRC will continue to monitor the situation at the Bangalore Avery Dennison facility. However, the WRC found that the company's recognition of the joint union committee that includes representatives of the GATWU, along with its signing of the new collective agreement and other corrective measures discussed in this report, has substantially resolved the freedom of association violations documented here, restored compliance with university codes of conduct in this area, and provided a firm basis for further progress.

II. Methodology

The WRC reached the findings in this report based on substantial, credible, and mutually corroborative testimony from Avery Dennison workers, as well as meetings with representatives of Avery Dennison and of both unions present in the factory, the GATWU and the Avery Dennison Workers Union (ADWU), as well as a review of relevant documents provided to the WRC by all of these sources. The WRC also requested interviews with Avery Dennison's local management in Bangalore, however, the latter declined this request.

III. Findings and Recommendations regarding Violations of Freedom of Association

In early 2018, employees at the Avery Dennison facility in Bangalore began joining the GATWU to form a unit of that labor organization in the plant. One of the issues that led workers to join the GATWU, reportedly, was a reduction by the company in April 2018 in the amounts paid to some workers in allowances for housing and transportation.

Many of the workers who joined the GATWU had previously been members of a preexisting union at the facility, the ADWU, which was party to a collective bargaining agreement with Avery Dennison. In August 2018, the WRC received from the GATWU and initiated an investigation of a complaint of recent violations of freedom of association at the facility by the factory's management.

The WRC's findings concerning freedom of association violations at the facility and the steps taken by Avery Dennison to correct these violations—following the WRC's engagement with the company, as well as Columbia and brands supplied by the Bangalore facility—are discussed in detail below.

⁵ Memorandum of Settlement.

A. Interfering with Freedom of Association by Providing Improper Financial Inducement to Incumbent Union Leader

Finding

The WRC reviewed documentary evidence, in the form of a bank transfer statement, indicating that in October 2017, an Avery Dennison human resources (“HR”) manager, M.K. Umesh, had paid a sum of 300,000 Indian rupees (“INR”) (equal to US\$4,130, the equivalent of 12 months’ wages) to an employee, T.R. Krishnappa, who was a vice president of the incumbent union, the ADWU. When the WRC, in the course of investigating the complaint from the GATWU concerning freedom of association violations at the facility, inquired with both the ADWU and Avery Dennison concerning the payment, both confirmed that this payment had been made, but claimed that the payment was a personal loan from the HR manager to the union vice president rather than an attempt by the company to influence the ADWU.

Regardless of how such a payment is described, however, a company labor relations official paying a substantial sum of money to an employee union leader represents a violation of freedom of association, as it unavoidably creates a conflict of interest that undermines the ability of the union leader to independently represent the collective interest of employees vis-a-vis the company. Indeed, the district secretary of the Centre of Indian Trade Unions (“CITU”), the labor confederation to which the ADWU is affiliated, informed the WRC in August 2018 that the confederation viewed the payment to the union leader from the HR manager as unacceptable and had removed the union vice president, Krishnappa, from his office in the ADWU on account of this.⁶

International labor standards state explicitly that actions by employers that “support workers’ organisations by financial or other means, with the object of placing such organisations under the control of employers or employers’ organisations, shall be deemed to constitute acts of interference” with freedom of association.⁷ As a result, the WRC found that Avery Dennison interfered with employees’ associational rights when its HR manager made this payment to the ADWU employee union leader.

Company Response and Current Status

In response to the WRC’s findings, Avery Dennison adopted a facility-wide policy that managers were prohibited from making personal loans or payments to workers, a practice that, as noted, interferes with workers’ exercise of associational rights. As the WRC found no evidence of other payments or loans by this manager or other company

⁶ While the WRC’s findings in this case, as discussed in this report, were that Avery Dennison management had interfered in the CITU’s affiliate at the factory, the ADWU, through its HR manager’s payment to the ADWU leader and by soliciting the ADWU leadership’s opposition to the GATWU, the WRC found no evidence that the ADWU was established at the factory under the influence or at the behest of the company.

⁷ International Labour Organization (ILO) Convention 98 (Right to Organize and Collective Bargaining), Article 2(2).

managers to union leaders, nor of any recurrence of this practice thereafter, the WRC finds that the company's action was sufficient to correct the violation which occurred.

B. Discouraging and Soliciting Interference in the Exercise of Freedom of Association

Finding

The WRC's investigation found that on the afternoon of June 25 members of Avery Dennison's management, including the company HR managers, M.K. Umesh (who had made the payment to the ADWU vice president, Krishnappa), Saurav, and Muthusubramanian, held a meeting at the factory with employees who were leaders of the ADWU incumbent union, at which these managers requested that the leaders of the ADWU assist the company in opposing the establishment of a GATWU-affiliated union at the factory. Specifically, the managers told the employees present that the GATWU was creating many problems for the facility by submitting various complaints to the state labor department and to those brands that are the facility's buyers. The managers added that these complaints had resulted in a loss of orders for the facility and that the ADWU leaders should convince the other workers to not join the GATWU-affiliated union.

Subsequently, on August 7, 2018, Avery Dennison's management held a general meeting at the facility with employees, at which managers urged workers not to become involved with "outside elements" and to not bring into the factory any "outsiders"—a thinly veiled reference to the GATWU. Like the GATWU, however, the incumbent union, the ADWU, as already noted, is affiliated with an external labor confederation, the CITU. Yet Avery Dennison's management has not referred to the ADWU and its leaders as "outside elements" or "outsiders" with which employees should not become involved.

Respect for the right of freedom of association requires that workers be permitted to freely choose which union, if any, they wish to join.⁸ Avery Dennison further interfered with this right when it solicited the leaders of the ADWU incumbent union to persuade workers not to join the GATWU-affiliated union and when it discouraged employees' participation in the GATWU as constituting involvement with "outside elements". The company's actions in this regard were particularly concerning in light of the evidence that Avery Dennison had previously also interfered with workers' associational rights by providing financial inducements to an employee leader of the ADWU and, as discussed below, subsequently permitted other employee leaders of the ADWU to assault and threaten other employees on company premises.

⁸ "Workers ... shall have the right to establish and, subject only to the rules of the organisation concerned, to join organisations of their own choosing." ILO Convention 87 (Freedom of Association and Protection of the Right to Organize), Article 1.

Company Response and Current Status

Although, as discussed above, Avery Dennison had solicited the ADWU leaders to persuade workers not to join the GATWU and had directly communicated the same message to the employees, following the WRC's engagement with the company and with Columbia and Avery Dennison's other buyers (as well extensive engagement with these other brands that was separately conducted by international labor rights advocacy organizations, including the Netherlands-based Clean Clothes Campaign and the US-based International Union League for Brand Responsibility) the company agreed, through mediation, to recognize, for purposes of collective bargaining, a joint committee formed with members of both unions, with which it subsequently negotiated a labor agreement covering the facility. In light of the fact that, since the company agreed to recognize the GATWU through the joint committee, the WRC has not received reports of further efforts by the management to discourage membership in the GATWU, the WRC finds that the company's recognition of the GATWU and participation in good faith collective bargaining with the joint committee comprised of the GATWU and the ADWU has resolved this violation.

C. Assault and Threats of Assault, Rape, Criminal Prosecution, and Eviction in Retaliation for Exercising Associational Rights

Findings

1. Assault and Threat of Assault in July 2018

On July 3, 2018, a worker named Narender Babu, who was an activist in the GATWU at Avery Dennison, had obtained a copy of a bank statement showing the transfer of INR 300,000 from an account belonging to the Avery Dennison HR manager, M.K. Umesh, to the ADWU employee union vice president, Krishnaappa, in October 2017. The worker, Narender Babu, circulated a copy of this bank statement to other employees as evidence of Avery Dennison having improperly influenced the ADWU unit.

On the next day, July 4, 2018, the ADWU vice-president, Krishnaappa, along with a group of about 15 other employee leaders and members of the ADWU, confronted the employee, Narender Babu, in the latter's work area in the factory. One of the ADWU supporters, an employee named Lokesh, who is an activist in the ADWU, asked Narender Babu why the latter was circulating this information. Narender Babu replied that the transaction showed that Avery Dennison's HR management was "paying off" the ADWU and that other workers had a right to know this.

The ADWU activist, Lokesh, then raised his fist and threatened to hit the employee, Narender Babu, in the face. At this point, another employee named Sidhappa, who is a friend of Narender Babu, attempted to intervene in the confrontation. The ADWU activist, Lokesh, then seized Sidhappa by his shirt collar, shoved him against a wall, and threatened to break his nose and face.

While this assault was taking place, a factory security guard named Shetty stood nearby, in full sight and within earshot of the incident, but did not intervene in any way. Upon hearing the commotion, however, a larger group of 30 – 40 employees approached and began shouting at the ADWU employee union leaders surrounding the employees, Narender Babu and Sidhappa, causing the ADWU employee union leaders to disperse.

On the following day, July 5, 2018, Narender Babu and Sidhappa attempted to submit a written complaint concerning the incident to the factory’s assistant HR manager, Ganesh Shetty (no relation to the security guard named Shetty). The manager disclaimed any knowledge of the incident and refused to accept their complaint, so the two employees submitted their complaint, instead, at the factory’s reception desk.

The two employees reportedly also approached the security guard, Shetty, who had witnessed the incident and asked why he had not reported it to the factory’s HR department. The security guard replied that he had reported the incident to the factory’s assistant HR manager, Ganesh Shetty—who had told the same employees that he had no knowledge of the incident.

The WRC found that even though the threats of violence against and actual assault of other workers by the ADWU activist, Lokesh, were witnessed by a company security guard and were the subject of a written complaint from the affected workers, no immediate action was taken by the company against the ADWU activist for this misconduct. As noted, international labor standards on freedom of association require that employers allow workers to freely choose which union to join and participate.⁹ This right is violated when an employer permits the members of one union to be violently threatened and permits the members of another union to inflict such threats and, indeed, assault another employee with total impunity.

Moreover, the WRC finds that Avery Dennison also violated employees’ associational rights when it permitted the ADWU activist, Lokesh, to threaten Narender Babu, inside the factory in July 2018, for communicating with other employees regarding an Avery Dennison manager’s improper payments to another ADWU leader. Retaliation for union activities—including communicating with other employees concerning labor issues—is a violation of freedom of association under international labor standards.¹⁰ Moreover, Avery Dennison’s toleration of Lokesh’s threatened violence against Narender Babu, and his actual assault of Narender Babu’s coworker, Sidhappa, violated the prohibition on physical and psychological abuse of employees under university codes of conduct and the supplier codes of conduct of Columbia and Avery Dennison’s other buyer brands.

⁹ ILO Convention 87, Article 2.

¹⁰ “Workers shall enjoy adequate protection against acts of anti-union discrimination in respect of their employment ... Such protection shall apply more particularly in respect of acts calculated to—otherwise prejudice a worker by reason of union membership or because of participation in union activities...” ILO Convention 98, Article 1.

2. Threats of Rape of a Family Member, Criminal Prosecution, & Eviction in August 2018

In August 2018, the ADWU activist, Lokesh, made further threats against one of the Avery Dennison employees who is affiliated with the GATWU as well as against members of his family. On August 1, an Avery Dennison employee named Ramesh, who is a supporter of the GATWU, attended a GATWU meeting with other Avery Dennison employees, which was held away from the factory premises. At the GATWU meeting, another employee who was present told Ramesh that an ADWU leader named Nagaraj (“Naga”) had asked him to withdraw his membership in the GATWU and rejoin the ADWU.

The employee, Ramesh, told this worker that he should not comply with Naga’s request as the ADWU and Avery Dennison’s management were colluding against the workers’ interests. Later the same evening, at approximately 6:00 p.m., the employee, Ramesh, reportedly received a telephone call from a coworker at the facility, who informed him that the ADWU employee union leader, Naga, had just inquired to this coworker as to the location of Ramesh’s home.

At 10:30 p.m. on the same evening, the employee, Ramesh, received a phone call from the ADWU activist, Lokesh (who, the previous month, had assaulted and threatened other workers inside the factory). Lokesh threatened to rape the mother of the employee, Ramesh, saying, “You bastard, I’ll fuck your mother, if you don’t return to your house right now.”

The employee, Ramesh, responded to Lokesh’s threat by asking to speak with the ADWU leader, Naga. Upon taking the phone, the ADWU leader, Naga, first asked the employee, Ramesh, why the latter was talking against Naga’s union. Naga then said to Ramesh, “I know your character. You have a loud mouth when you get an audience. You come back to your house immediately.”

When Ramesh refused to return to his house or to tell Naga the address where he (Ramesh) was currently staying, Naga threatened the employee, Ramesh, with criminal prosecution and eviction from his housing. Naga told Ramesh, “I know how to deal with you. I will inform the police that you organize gambling in your house. I will also inform your landlord and have you thrown out [of your home].”

Ramesh responded to this threat by promising to meet with Naga the following morning. However, the next day, Ramesh filed a complaint with local police concerning the threatening phone call he had received from the ADWU supporters. Ramesh made a contemporaneous recording of this phone call, which was reviewed by the WRC, and which confirmed the threats of rape, criminal prosecution, and eviction from housing by the ADWU leader, Naga, and union activist, Lokesh.

As noted, the ADWU activists, Lokesh and Naga, made these threats against the employee, Ramesh, only one month after Lokesh had threatened violence against and

actually assaulted other workers inside the factory. Moreover, as also discussed, even though Lokesh's prior assault and threats against his coworkers were witnessed by a company security guard and the subject of a written complaint from the affected workers, no immediate action was taken by the company against the former for this misconduct.

Finally, this incident also followed, as discussed, Avery Dennison's management having requested Naga and other ADWU leaders to prevent the GATWU from being established at the factory. Lokesh's threat of rape against the mother of the employee, Ramesh, and Naga's threat of criminal prosecution and eviction against the same employee clearly targeted the latter on account of his association with the GATWU.

The right of freedom of association protects workers from facing retaliation on account of which union they choose to join or support.¹¹ Therefore, the WRC concluded that Avery Dennison bore some responsibility for the further misconduct by Lokesh and his accomplice, the ADWU leader, Naga, which were directed against the employee, Ramesh, in August 2018, on account of his activities in support of the GATWU; this misconduct constituted a serious violation of the latter's freedom of association rights.

Company Response and Current Status

With respect to the July 2018 incident in which the ADWU activist, Lokesh, threatened and assaulted the GATWU activist, Narender Babu, and his coworker, Sidhappa, Avery Dennison initially described this as an "altercation" between employees that was caused by a "production issue" and was "not related to GATWU". However, after the WRC explained to the company that, given the evidence, this claim was not credible, the company subsequently confirmed the WRC's version of events.

With respect to the August 2018 incident in which Lokesh and the ADWU leader, Naga, further threatened the GATWU activist, Ramesh, Avery Dennison claimed that it had commissioned an investigation of the reported incident which did not confirm its occurrence. However, the company-commissioned investigation did not review the audio recording of the incident upon which the WRC, in significant part, has concluded that these threats had been made.

Following the WRC's engagement with Columbia and Avery Dennison's other buyer brands, Avery Dennison's corporate representatives reported to the WRC that the company had disciplined the employee, Lokesh, for his misconduct toward his coworkers in the July 2018 incident. Subsequent to this, the WRC received no further reports of any threatened or actual violence or other retaliation toward members of the GATWU by activists or leaders in the ADWU. The WRC finds therefore, especially in light of the fact that Avery Dennison's management ultimately recognized and bargained with the GATWU's and the ADWU's leadership, through the joint committee, that this violation of freedom of association has been resolved.

¹¹ ILO Convention 87, Article 1; ILO Convention 98, Article 1.

D. Surveillance of Associational Activities

Findings

On July 11, the GATWU sent a letter to Avery Dennison informing the company that a majority of the factory's employees had joined the GATWU and requesting dues deductions from the paychecks of workers who are union members. The letter also requested that Avery Dennison negotiate with the GATWU concerning the company's reductions in the amount of allowances paid to workers for the cost of housing and transportation.

On July 13 and on August 8, 2018, the GATWU conducted union meetings with Avery Dennison employees outside the factory premises. Workers reported, and photographic evidence confirmed, that Avery Dennison security guards videotaped both union meetings and on August 8 also noted in writing the names of the employees who were in attendance.

Such surveillance of employees' nonviolent associational activities during non-work time outside the factory premises lacks any legitimate business justification and, particularly in the context of prior incidents of retaliation against workers for union activities, tends to have a chilling effect on workers' exercise of associational rights.¹² The WRC finds, therefore, that the company's surveillance of these union meetings constituted a further violation by Avery Dennison of workers' freedom of association.

Company Response and Current Status

Following the WRC's engagement with Columbia and Avery Dennison's other buyer brands, Avery Dennison's corporate representatives reported to the WRC that the company had instructed the firm employing the facility's security guards that the latter were no longer to conduct surveillance of workers' union meetings. Since then, the WRC has received no further reports of such surveillance and, therefore, finds the violation to have been resolved.

IV. Conclusion

The WRC finds that the steps taken by Avery Dennison, following the WRC's engagement with Columbia and Avery Dennison's other buyer brands—in particular, agreeing, through mediation with the GATWU, to recognize and engage in collective bargaining with the latter through a joint committee of representatives of the GATWU and the ADWU—have resolved the prior violations of freedom of association at the facility that are discussed in this report. The WRC will continue to monitor the situation at the factory with regard to respect for associational rights and believes that the signing in December 2019 of a new collective agreement covering the factory's employees provides a firm basis for future progress in this regard.

¹² ILO Committee on Freedom of Association, *Digest of Decisions and Principles* (2006), pp. 175-177.