



On H&M's responsibility in the Industrial Dispute at ECC - 2 Srirangapatna, Karnataka, India

'As a large global company, we have responsibilities for all of our 177,000 employees — but also for the 1.6 million textile workers employed by our suppliers. We want everyone to be treated with respect and work in a safe and healthy environment' from <https://hmgroupp.com/sustainability/fair-and-equal.html>

The Gokaldas Exports Limited (GE) factory ECC-2, manufacturing solely for H&M for 6+ years now, has been the site of systematic violation of labour rights since 6 June 2020. GE has 20 factories in Karnataka with 4 of them being accredited by H&M. ECC 2 is the only GE factory with a majority union. The actions of GE have included violations of the right to freedom of association, the right to collective bargaining, victimisation, harassment and intimidation of union members, constructive dismissal and illegal layoff followed by illegal closure of the factory. These actions have rendered unemployed nearly 1200 women workers, earning Rs. 8666 (USD 119) a month, and placed in jeopardy the lives of their families and their surrounding local rural community. These grievous unfair labour practices have been committed through a systematic violation of existing labour law in India and the ILO's core labour standards. This has happened under the full knowledge and close watch of H&M and amounts to a violation of H&M's own voluntary Code of Conduct, its commitments to the ILO's Global Call to Action for the garment industry following the pandemic and the terms of its Global Framework Agreement (GFA) with IndustriAll Global Union.

H&M claims that it has all its GE orders and payments in place. GE hides behind the confidentiality clauses of its contractual obligations.

H&M, recognising GE's violations, claims that they will withdraw their orders from GE over an eighteen month period. We oppose the withdrawal of orders as it jeopardises the jobs and livelihoods of workers who were not directly involved with the dispute. It amounts to a collective punishment against workers and merely reinforces the power northern MNCs enjoy in the global south. Being responsible for the supply chain requires MNCs to ensure orders, prices and payment schedules that are not disadvantageous to the country of manufacture and its workers. H&M's responsibility for its supply chain must be both demonstrable and transparent.

The nature of the global apparel industry is such that manufacturers in the global south produce for 'buyers' which are northern owned and domiciled apparel retailing MNCs also known as 'brands'. Hence while the primary obligation for ensuring workers' rights rests with the southern manufacturer (in this case, GE) the principal responsibility remains with the buyer MNCs. As the sole buyer from the ECC-2 the principal responsibility for resolving the dispute and correcting the violations rests with H&M. As MNCs who also source from GE –and Adidas, Bestseller, C&A, Columbia Sportswear, Gap, Puma and Reebok and others must also be held to account for remaining silent when freedom of association has curtailed within their supply chain.

Facts of the Dispute

1. **30 May 2020:** GE started removing machinery by night. GE did not inform workers or their majority union, GATWU, about this change in the factory condition, which is a violation of the Industrial Disputes Act and the right to collective bargaining.
2. **31 May 2020:** GATWU, an affiliate of IndustriAll through Unions United, informed the H&M National Monitoring Committee (NMC) created under the GFA of this violation.
3. **6 June 2020:** GE declared a layoff of all workers without following the due process under law amounting to a violation of the right to freedom of association and a right to collective bargaining. GATWU informed the H&M NMC of this.
4. The workers began a daily picket at the factory.
5. GE managers began arriving at the picket and addressing workers scaring, threatening and intimidating them stating that if they didn't resign they would end up in a long drawn legal dispute which GATWU was trying to draw them into. These actions of GE amount to a violation of the right to freedom of association. The use of force under law and unfair labour practices resulting in constructive dismissals. Video footage of this was provided by GATWU to H&M by 4 July 2020.
6. **8 July 2020:** The first NMC meeting was held at which GE managers refused to make any commitment even about the payment of legally due layoff wages. H&M said that they merely had a mediator's role.
7. **8 July 2020:** GE paid the layoff wages but with it put in place an army of managers, officers and agents who started visiting workers' villages and their homes playing on their financial desperation and the fact that the majority of the workers are women and from historically discriminated castes and communities causing fear through which GE obtained workers' resignations. These actions of GE amount to egregious unfair labour practice that resulted in constructive dismissals. Video footage of these actions of GE was with H&M by 10 July 2020.
8. **31 July 2020:** Sustained and repeated efforts of IndustriALL finally resulted in an agreement for a NMC meeting on 6 August 2020.
9. **1 August 2020:** GE invited GATWU to a meeting on 4 August 2020 *'to discuss the current developments at ECC-2 and to explore the next steps / solutions.'*
10. **4 August 2020:** In the meeting between GE and GATWU, GE claimed no dispute remained since all workers had 'resigned' while GATWU pressed for the reopening of ECC-2.
11. **6 August 2020:** As a record of the August meeting between themselves and GATWU, GE admitted that: *'While we have not been able to amicably conclude your grievance on reopening of the Unit in the given circumstances, we will continue to engage and find ways to reach an amicable settlement in the matter'*.
12. **6 August 2020:** At the NMC meeting, in view of the various violations by GE under H&M's watch, GATWU / IndustriALL proposed that GE put forward a terms of reference for a negotiated settlement that would allow for the reopening of ECC-2 with H&M's help. H&M agreed to take this forward with GE with IndustriALL's assistance.
13. **12 August 2020:** At the NMC meeting – neither H&M nor GE came with a ToR nor did they have any proposal for finding a solution for reopening ECC-2 in violation of their agreement in the 6 August meeting of the NMC. Other than the claim of withdrawing orders H&M had nothing to say in terms of solutions thereby making itself directly complicit in the union busting and the efforts through mass constructive dismissals preside over the illegal closure of ECC-2.
14. It is H&M's contention that it cannot direct its suppliers to retain or operate any particular facility. While this may be factually correct, in the face of a pre-meditated violation of the

right to freedom of association and the sheer scale of constructive dismissals, H&M in accordance to their own Code of Conduct and its GFA with IndustriALL, bears responsibility for all the workers in its supply chain and the onus lies with H&M to demonstrate respect for union rights.

15. Two months and twenty two days into the illegal lay off, H&M is yet to act.

Hence we demand that H&M ensures

1. Resolution of the dispute with Gokaldas Exports over payment schedules, orders and prices that allows GE to reopen ECC2 no later than September 15.
2. Commitment to future orders for ECC2 for at least 3 years in order to ensure that it remains viable at the present level of employment.
3. GATWU is recognised as the sole bargaining agent at ECC2.
4. Payment of the wage cost of the illegally laid off workers for the entire period of the lockdown and the dispute. Payment of Compensation of 3 months of wage for extracting resignations from the workers under duress and for the delayed response in resolving the dispute.
5. That it acts in consonance with its commitment to the ILO's Global Call for Action in the garment industry, its own Code of Conduct and the agreed GFA with IndustriALL.



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28 August 2020