

AEPC Common Compliance Code

Action Taken Report

Stakeholders meeting in Delhi in Gurgaon on 28th and 29th May 2009

Meeting with Audit firm TUV on June 18th 2009

Meetings with Audit firms T Group – June 23rd 2009

Series of meetings with Retailers ad brands – July and August 2009

Draft Common Code formulated in October 2009, in consultation with all stakeholders

Meeting with President , WRAP – Nov 18th 2009

Meeting with CEO, FLA – Nov 20th 2009

Presentation to AEPC Executive Committee – Nov 21st 2009

Ratification by AEPC AEPC Executive Committee – Nov 21st 2009

Meeting with Senior officials of Ministry of Textiles , GoI – December 4th 2009

Preparation of Project Report – January 2010

Minutes of the meetings on AEPC's Common Compliance Code
28th and 29th May 2009 – Apparel House, Gurgaon

The list of participants is placed as Annex1.

Points for Information

I. Concept

1. Garment Exporters today are faced with increasing requirement for compliance and multiple compliance accreditations. To explore the possibility of developing a common compliance code so as to reduce the time and cost of apparel exporters, AEPC conducted meetings with exporters, buyers and accreditation bodies.
2. The main point of discussion with the stakeholders was to know the list of compliances laid down by the buyers and the problems exporters face while meeting these compliances.
3. The compliance issues were classified into three categories: Social, Environmental and Technical. Of these, social and environmental issues were considered more important, so the emphasis of the common compliance code should be on these.

II. Labour Reforms and Over Time

1. The main concerns were classified as over time (OT) and labour reforms. On this, it was clarified that the meeting was not on labour reforms as it is beyond the jurisdiction of AEPC. However, AEPC is working on this area separately through consultation with relevant bodies.
2. The idea behind the development of this common code of compliance must be upliftment of our people and for this we should maintain more transparency. It was stressed that law of the land has to be more feasible. On papers, manufacturing unit/factories to be compliant with the norms pay their workers double OT but practically this isn't the case.
3. It was pointed that in Northern India, manufacturing units are not able to provide OT while in Southern India, except Tirupur, OT has never been a problem as the major percentage of workers is women workers who do not normally work overtime. In north, almost 95% of workers are male workers and are ready to work overtime. This is also because they are mostly migratory in nature and hence look forward to OT to enhance their income levels.
4. Examples from other competing countries were also discussed. In Sri Lanka, there is no restriction on OT to the male members.
5. Following the above point, it was suggested that work culture especially for the factories/manufacturing units in the north, should be changed. Flexibility and

- voluntary nature should be given due recognition. Factories should be surveyed and percentage of migrant workers should be known.
6. The area which holds the highest priority, while dealing with the issue of compliance on OT, is to change the present limit of 2 hours per day and 50 hours per quarter as the upper limit to 2 hours per day and 150 hours per quarter.
 7. While doing this the quality of the products manufactured by the workers as also misuse of the provision will have to be looked into.
 8. At present night shift is not allowed for ladies. This may be changed but the problems faced by ladies workers during the extended working hours should be considered. For eg: proper transportation facilities should be arranged for them.
 9. There was even a suggestion of maintaining some kind of rationalism when it comes to the issue of Compliance-majorly in consistency and the working hours

III. Observations about the accreditation bodies, agencies and auditors

1. Different auditors have their own different areas of specialization, for eg: WRAP does accreditation for security aspects, SA 8000 is known for its health and safety accreditation etc.
2. Majority observed that SA 8000 is the best option and can be taken as a benchmark to develop the new code.
3. Regarding the various accreditations, like SA8000, WRAP etc, it was pointed that the accreditation needs of the various brands they are supplying are different. Some might comply under WRAP whereas some may need SA8000 certification. Owing to the above problem, benchmarking is very important.
4. It was also highlighted that exporters have the right to can ask the code of conduct guidelines from the buyer in order to evade compliance rejections.
5. Also, regarding the third party auditors, under certain cases exporters are given a list of auditors to choose from for their regular.
6. The exporters can also give timely feedback to the buyers about the quality of the auditors.
7. Every firm should have their own code of conduct within their organization so that the compliance issue doesn't come up as a problem

IV Code of ethics to be followed:

It was decided that legal requirements to be followed would be :

- Factory License
- Contractors' Registration & License
- Consent from Pollution Control Board
- Registration with Employees Provident Fund
- Registration with Employees State Insurance Corporation
- Certified Industrial Employment Standing orders
- Compliance with Factories Act – 1948

- Compliance with Payment of Gratuity Act
- Compliance with Minimum Wages Act
- Compliance with Payment of wages Act

Child labour

- Legal/Code – Compliance on Child Labour Standards
- Proof of Age Documentation / Other Means of Age verification
- Governments Permits and Parental Consent Documentation
- Employment of Young Workers (those between the minimum working age and the age of 18 years)
- Hazardous work for Young Workers
- Young Worker Identification System
- Apprenticeships and Vocational Training / Minimum Working Age
- Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child.

FORCED LABOUR

- **Legal/Code – Compliance – Forced labour standards**
- **Employment is freely chosen**
- **Employment Terms – Voluntary Agreements/ Prohibitions**
- **Debt/Bonded Labour/ Prison Labour/Involuntary Labour wage advances**
- **Free disposal of wages/cash and In-Kind compensation**
- **Recruitment through referrals**
- **Freedom of movement/Employer Controlled Residence**
- **Workers are not required to lodge “deposits” or their identity papers with their employer and are free to leave their employer after reasonable notice.**
- **Worker ability to terminate employment**
- **Forced overtime**

HARASSMENT OR ABUSE

- **Legal/Code Compliance – Harassment and Abuse standards**
- **Progressive disciplinary practices**
- **Discipline/Fair and Non-Discriminatory**
- **Monetary fines & penalties**
- **Gender appropriate and non-intrusive security practices**
- **Sexual harassment**
- **Psychological harassment**

- Physical/Verbal – Abuse
- Freedom of movement

NON-DISCRIMINATION

- Legal / Code compliance - Non-Discrimination standards
- Employment Decisions
- Work-force Demographics
- Recruitment and Employment Practices/Job Advertisements, Job Descriptions and Evaluation Policies
- Equal Pay for Equal Work
- Marital Discrimination
- Pregnancy Testing
- Possible Marriage or Pregnancy Discrimination
- Pregnancy and Employment Status
- Protection and Accommodation of Pregnant Workers and New Mothers
- Health Status -Related Discrimination
- Medical Examination
- Confidentiality of Health Status
- Reasonable Accommodation for Health Reasons
- Discriminatory Violence/Harassment/Abuse
- Union affiliation

HEALTH & SAFETY

- Legal/Code compliance - Health and Safety standards
- Document Maintenance/Worker Accessibility and Awareness
- Written Health and Safety Policy
- Worker Consultation
- Health & Safety management systems
- Communication to Workers
- Notification and Record Maintenance
- Permits and Certificates
- Evacuation Requirements and Procedure
- Safety Equipment and First Aid Training
- Personal Protective Equipment and Use
- Chemical Management and Training
- Material Safety Data Sheets/Worker Access and Awareness
- Chemical Management for Pregnant Women and Young Workers
- Protection Reproductive Health
- Ventilation/Electrical/Facility Installation and Maintenance
- Lighting, Temperature and Noise
- Machinery Safety, Maintenance and Worker Training
- Proper Use of Machinery
- Worker Refusal to Use Unguarded or Unsafe Machinery
- Ergonomics Bodily Strain

- **Medical Facilities Sanitation in Factory Facilities**
- **Toilets**
- **Toilets/Restrictions**
- **Food Preparation**
- **Health & Hygiene**
- **Drinking Water**
- **Drinking Water/Restrictions**
- **Sanitation in Dormitories Dormitory Facilities**
- **Dormitories Separate From Production Facilities**
- **Child Care Facilities/Children on Premises**

ENVIRONMENTAL REQUIREMENTS

- **Legal/Code compliance – Standards on Environment**
- **Environment management programme or system**
- **Domestic Sewage**
- **Chemicals, Hazardous substances and Waste handling**
- **Chemicals and Hazardous substances storage**
- **Chemicals and Hazardous substances issue and handling**
- **Material safety Data Sheets**
- **Workers awareness Chemical Management for Pregnant Women and Young Workers**
- **Protection Reproductive Health**
- **Personal Protective Equipment & Use**
- **Ventilation**
- **Re-cycling practices**

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

- **Legal / Code compliance - Freedom of Association standards**
- **Right to Freely Associate**
- **Anti-Union Violence/Harassment/Abuse**
- **Anti-Union Discrimination/Dismissal, Other Loss of Rights, and Blacklisting**
- **Restoration of Worker Rights/Reinstatement**
- **Production Shift/Factory Closure to Prevent Exercise of Freedom of Association**
- **Severance Pay**
- **Employer Interference and Financial Control**
- **Employer Interference/Constitution, Elections, Administration, Activities and Programs**
- **Employer Interference/Registration**
- **Employer Interference/Favoritism**
- **Employer Interference/Favoritism Formation of Alternative Organizations**
- **Facilities for Worker Representatives**
- **Right to Collective Bargaining**

- Deduction of Union Dues and Other Fees
- Grievance Procedures / Channels of Communication

SUB-CONTRACTING

- Legal/Code compliance – standards on Sub-Contracting
- Over-booking production capacities
- Authorized & Unauthorized sub-contracting
- Sub-contractors to pursue code principles.
- Sub-contracting of labour
- Sub-contracting of production and value added processes
- Home-based work
- Disclosure of location of sub-contracted production processes
- Documentation and record maintenance
- Exploitation of workers
- Child labour / trafficking

List of Participants in various stakeholders meetings are :

1. Mr. Vimal Kirti Singh, Secretary General AEPC, Gurgaon
2. Mr. Vijay Mathur, Deputy Secretary General AEPC, Gurgaon
3. Mrs. Chandrima Chatterjee, Director Economics & Consultancy, AEPC, Gurgaon
4. Ms. Nidhi Arora, Assistant Manager, Economics & Consultancy, AEPC, Gurgaon
5. Ms. Vanni Mehta, Research Analyst, Economics & Consultancy, AEPC, Gurgaon
6. Ms. Ratandeep Kaur, Research Associate, Economics & Consultancy, AEPC, Gurgaon
7. Mr. Bjorn Palmqvist, Hennes & Mauritz India (P) Ltd.
8. Mr. Rabinder, Bureau Veritas
9. Mr Jain, Orient Crafts Ltd.
10. Mr. Dinesh Mittal, Orient Craft Ltd.
11. Mr. S.S. Bedi, Modelama Exports Ltd.
12. Mr. Arvind Rai, Modelama Exports Ltd.
13. Mr. Amardeep Dagar, Richa & Co.
14. Mr. Stanley Rajan, Mega-Trends Marketing Pvt. Ltd.
15. Mr. Vipin Gupta, Matrix Clothing
16. Mr. Dinesh Mehra, Gaurav International

17. Mr. Ram Sekhar Yadav, Gaurav International
18. Mr. Raj Kumar Rapria, Shivank Udyog Ltd.
19. Mr. Akshay Kapur, Radnik Exports
20. Mr. Shubhasish Das, Radnik Exports
21. Mr. Animesh Saxena, Neetee Clothing Pvt. Ltd.
22. Mr. Anudeep Hajela, SGS India Pvt. Ltd.
23. Mr. B.D. Sankhyan, Madan Trading Co. Pvt. Ltd.
24. Mr. Ganga C. Sharma, TUV Rheinland, New Delhi
25. Mr. Srinivas V. Pokkunuru, T-Group, New Delhi
26. Mr. Pravin Kumar, Pearl Global Ltd., Gurgaon
27. Mr. Kamal Rajput, Orient Craft Ltd., Gurgaon
28. Mr. Harpal Singh, Wear Well India Pvt. Ltd., New Delhi
29. Mr. Rajeev Mehta, Rolex Hosiery Pvt. Ltd., New Delhi
30. Mrs. Kusumita Nandi, Rolex Hosiery Pvt. Ltd., New Delhi
31. Mr. Yograj Grover, Fashionite
32. Mr. Vipin Ch. Diwvedi, B.L International, Noida
33. Mr. Sham Sunder Kumar, Frontline Fashions Unlimited, Noida
34. Mr. D.K Kohli, Himanshu Apparels, Gurgaon
35. Mr. Devender Singh, GOM Overseas Ltd., Gurgaon
36. Mr. Kumar Shailesh, Kish Exports Ltd., Gurgaon
37. Mr. Rajiv Gautam, M/s SPL Industries Ltd., Faridabad