

Executive summary

The state of Tamil Nadu in the southern part of India, is a major hub in the global cotton-based textile and garment industry. Countless foreign factories, brands and retailers are sourcing a variety of products made in Tamil Nadu, from yarns and fabrics to apparel items and household textiles. Hundreds of spinning mills operate around the clock to churn out huge quantities of yarns and fabrics. Over sixty per cent of all Indian spinning mills are located in this state and employ over 280,000 workers. Tamil Nadu is the second largest contributor to the national Indian textiles industry, accounting for 19 per cent of the country's overall textile output.

But the Tamil Nadu textile industry is also the scene of persistent labour rights violations. In the past ten years, SOMO and Arisa, along with other civil society actors have reported on a range of labour rights violations, including child labour, discrimination on the basis of caste and tribal background, and forms of forced labour in garment and textile factories.

| *'We are working non-stop, without knowing whether it is day or night.'*

About the research

For this research, Arisa and SOMO again looked at labour conditions in the Tamil Nadu textile industry, this time focusing on the risk and existence of forced labour, using the 11 indicators of forced labour as defined by the International Labour Organization (ILO) as a guide?

These 11 indicators are:

1. Abuse of vulnerability;
2. Deception;
3. Restriction of movement;
4. Isolation;
5. Physical and sexual violence;
6. Intimidation and threats;
7. Retention of identity documents;
8. Withholding of wages;
9. Debt bondage;
10. Abusive working and living conditions;
11. Excessive overtime.

The aim of SOMO and Arisa is to help enable structural improvements to employment, working, and living conditions for workers in the Indian textile and garment industry, and in particular, for the most vulnerable worker groups (such as child and adolescent workers, female workers, migrant workers, and workers with a tribal, ethnic or low caste background, including Dalits).

Methodology

For this report we conducted desk research to chart the trade flows of textiles and apparel items from Tamil Nadu to their export destinations, and uncover the supply chain relationships between buying companies and spinning mills.

At the centre of this report are the findings from the large-scale field research we undertook, which looked in-depth at 29 spinning mills, located in various districts in Tamil Nadu. Our Indian counterparts conducted lengthy, structured interviews with 725 workers: 441 men and 284 women. This sample was enough to give us a good insight into the Tamil Nadu textile sector, which encompasses more than 2,000 spinning mills. As well as individ-

ual interviews, we organised focus group discussions on three specific topics, with groups of workers from four mills. All the interviews took place between October 2019 and January 2020 and, to increase our understanding of the impact of the corona crisis on the sector and workers, we conducted further interviews with 15 workers in October 2020.

Before publication, we shared parts of the draft report with the garment manufacturers, brands and retailers that we found to have links with the 29 investigated mills. The outcomes of this review are described in detail in the report.

For security reasons, we anonymised the mills in this report; the mills have numbers (1-30). As the mills are not mentioned recognisably in the report, we have not included the mills in the review.

We do not disclose the names of the interviewed workers. Quotes of workers have been anonymised. This is for security reasons, there is a conceivable risk of retaliation by employers and local authorities.

Forced labour in the Tamil Nadu textile industry – existence and risk

In this report, we present evidence of the existence and/or the risk of forced labour in the 29 spinning mills that we investigated. The indicators of most concern to us are: abuse of vulnerability, deception, intimidation and threats, abusive working and living conditions, and excessive overtime. These indicators were most present in our sample of mills.

The new findings presented in this report, combined with analysis done earlier by Arisa, SOMO and other organisations, allow us to conclude that the problems we found are not limited to the researched mills; forced labour is a major risk throughout the entire Tamil Nadu textile sector.

'I am not happy, I am feeling trapped. This makes me feel angry. I feel like running away from this place but I can't leave due to my family's situation.'

This research shows that a considerable proportion of workers in this sector are labour migrants. From various lingual groups, these workers face language barriers that complicate their communications with employers, HR managers, and supervisors, as well as with other workers, both socially and on work-related topics. This situation makes workers vulnerable and isolated.

'Only my salary keeps my family alive. It is very difficult to work here but there is no other choice.'

The majority of the workers we interviewed had received incorrect information during their recruitment, about the working and living conditions in their prospective jobs. Only once they began working, and were living in the hostel, did they discover that their wages were lower than expected, their working hours were longer than they had been told, and annual leave was unpaid. They also found that money was being deducted from their wages for food and accommodation, contrary to what they had been told during recruitment. This situation amounts to deceptive recruitment.

Interviewed workers described the huge pressure they are under to do overtime to meet their employer's schedule and demands. This pressure can take all forms: scolding, getting 'a black mark on our record', having to do an extra shift, threat of dismissal, delayed payment of wages, and deductions from wages. The picture painted by those interviewed was of a climate of fear within the spinning mills. The workers internalise the threats they receive, and think that whatever their employers and superiors are threatening them with will actually happen.

Spinning mill workers work extremely long hours. Interviewed workers spoke of 12-hour shifts, and having to work two 8-hour shifts in a row is not uncommon. Occasionally, workers are even made to work three 8-hour shifts back-to-back. Hostel workers reported that they are regularly woken up in the middle of the night in order to work. This is clear evidence of excessive and involuntary overtime.

'Most of my life I am spending with the machines. There is absolutely no contact with the outside world.'

Low wages are another obvious problem. Interviewed workers said their wages were not sufficient to maintain their families. Wages are often further reduced by deductions or financial penalties imposed by management for 'misconduct'. Many workers have no formal written confirmation of their employment terms and employment relationship, so have nothing to fall back on to claim what was promised to them. This is evidence of abusive working conditions, deception, and the abuse of vulnerable workers.

'We can't take leave, if we take leave our wages will be delayed. We have to keep working for the sake of our families and most of us have debts and loans to pay off.'

Linking Tamil Nadu spinning mills to international garment brands and retailers

The Tamil Nadu textile and garment industry is mainly export-oriented, producing various goods for foreign garment factories, brands, and retailers, including yarns, fabrics, apparel items and household textile. We focused, in this research, on the European and US brands and retailers that cater to Dutch and European markets. Despite painstaking desk research, it proved difficult to establish concrete links between the 29 spinning mills we investigated, and buying companies, because of the pervasive lack of transparency about trade flows and supply chain relationships. This lack of transparency is a major issue in the global textile and garment industry.

On the basis of our supply chain research, we were able to establish direct and/or indirect links between 10 garment brands and retailers, and the mills we investigated. SOMO and Arisa use the term 'direct link' to mean cases where yarn and/or fabric used in the brand/retailer's products comes from one of the investigated mills. This does not mean that the brand/retailer has a contractual relationship with the investigated spinning mill; there may be one or more suppliers and/or agents in between (for example, garment factories). We speak of indirect links between brands/retailers and the mills under investigation, in cases where a brand/retailer sources from a CMT-unit that is part of the same vertically integrated company as the mill we investigated but yarn/ fabrics do not come from the investigated mill but from another spinning unit within this company; or even from a spinning unit outside this company.

SOMO and Arisa are of the opinion that also in the latter case, there is a responsibility to conduct 'heightened human rights due diligence'. If labour rights and human rights issues become apparent, for example by means of CSO reports like the current SOMO-Arisa report, in units belonging to the same company as where branded products are made regardless of the direct or indirect relation to the unit where issues are reported, then these are signals to be taken seriously and require the buyers to investigate and take action.

We are aware that we have only been able to establish a limited number of supply chain links. There are many other corporate actors involved besides the ones mentioned in this report.

In alphabetical order these ten companies are:

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|---|-------------|----|--------------------|
| 1 | Carrefour | 6 | Sainsbury's |
| 2 | GAP | 7 | Tesco |
| 3 | IKEA | 8 | The Cookie Company |
| 4 | Marc O'Polo | 9 | WE Fashion |
| 5 | NEXT | 10 | Zeeman |

We distinguish five ways, or scenarios, in which brands and retailers could be linked to spinning units. Note: more than one scenario may apply in the supply chain of a buyer company.

Scenario 1. (direct link) The spinning units are part of the supply chain of a brand/retailer because the brand/retailer works with a sourcing model which identifies the spinning mills that should supply yarn and/or fabrics ('nominated' or 'preferred' suppliers) for the production of end-products.

Example: Tesco (mill 14).

Scenario 2. (direct link) A brand/retailer is linked to a spinning unit through a garment factory - that may be based in India or another country - that sources yarn/fabrics from the spinning unit in question. The brand/retailer outsources the responsibility to select the yarn/fabric supplier to the first-tier supplier (a garment factory or an agent).

Examples: Zeeman (mill 6), WE Fashion (mill 3).

Scenario 3. (direct link) A brand/retailer sources from a CMT unit of a vertically integrated company that also encompasses one or more spinning units. Yarn/fabrics are supplied by the spinning unit of the umbrella company.

Scenario 4. (indirect link) A brand/retailer sources from a CMT unit of a vertically integrated company that also encompasses one or more spinning units. Yarn/fabrics are supplied by a different unit or company.

Examples: IKEA (mill 19), GAP (mill 7), NEXT (mill 7), Sainsbury's (mill 7), The Cookie Company (mill 27), Marc O'Polo (mill 14).

Scenario 5. Brands and retailers source from a garment factory that sources from one of the investigated spinning mills. Yarns and/or fabrics used in the products of the brand/retailer are, however, sourced from another supplier. There are obviously many more international brands and retailers - both big and small - that are linked to Tamil Nadu spinning mills. The lack of supply chain transparency makes it impossible to identify the specifics of these links. In some cases, we found brands/retailers to be sourcing from (or to have had sourcing relations with) a CMT unit within a vertically integrated companies that also encompasses one of the 29 spinning units that we investigated, without us being able to establish the full details of the sourcing relation.

One example is Carrefour (mill 7) and The Cookie Company (mill 9).

Summing up: the brands and retailers that we found to have direct or indirect links with the mills we researched are (in alphabetical order): Tesco, WE Fashion, Zeeman (direct links), and Carrefour, GAP, IKEA, Marc O'Polo, NEXT, Sainsbury's, The Cookie Company (indirect links).

The bigger picture

Hundreds of companies must be sourcing from garment factories in Tamil Nadu, given the size of the Tamil Nadu industry. The following 25 apparel importers (listed in alphabetical order) are selected on the basis of information derived from the trade database Panjiva, particularly the number of shipments, and shipment value 2019 - 2020:

1. Ann Taylor (US)
2. Asda (UK)
3. ASOS (UK)
4. G-Star Raw (The Netherlands)
5. GAP (US)
6. Guess (US)
7. H&M (Sweden)
8. J. Crew (US)
9. Jockey (US)
10. Kidiliz Group (France)
11. Marks & Spencer (UK)
12. Mast Industries (US)
13. NEXT (UK)
14. Orchestra (France)
15. P&P Loyal (Italy)
16. PEPCO (Poland)
17. Primark (Ireland)
18. Ralph Lauren (US)
19. River Island (UK)
20. Takko (Germany)
21. Tesco (UK)
22. The Children's Place (US)
23. Tom Tailor (Germany)
24. Sainsbury's (UK)
25. Walmart (US)

For GAP, Next, Sainsbury's and Tesco we found direct or indirect links with the investigated spinning mills or with the larger companies of which the investigated spinning units are part of. It is likely that the other 21 apparel importers on this list are also using yarns and fabrics produced by Tamil Nadu spinning mills. So far, we have been unable to find information about direct or indirect links between these apparel importers and a specific spinning mill or spinning unit.

Frontrunners catching fire

Brands and retailers that are frontrunners in terms of supply chain transparency are allowing themselves to be linked to potential human rights and labour rights violations in their supplier factories. If these links to violations and abuses are discovered, it could result in exposure in the media, public disapproval, and reputation damage. Competitors that lag behind in terms of supply chain transparency may very well have human rights and labour rights violations occurring in their supply chain, but do not face the same type of exposure, and so stay quietly under the radar. A level playing field does, therefore, not exist; Arisa and SOMO are calling for this to change.

Impact of the coronavirus crisis

In July 2020, we conducted additional interviews with 15 workers to hear first-hand from them how the corona crisis had affected their lives. These interviews gave us an impression of the problems facing workers since the pandemic. None of the workers had received their regular wages during the period of lockdown. The Tamil Nadu state government made a one-off payment of INR 1,000 (€ 12), but only six workers received the additional promised ration cards for food. Only two of the interviewed workers were able to stay in the hostel during the lockdown, the others were sent home. All the respondents said that, following lockdown, the workforce had been almost halved, due to a dramatic decrease in demand for products, and difficulties with delivery of inputs (cotton), because businesses had closed. Post-lockdown, workers who were rehired were no longer paid for overtime. Workers also described inadequate measures being taken against coronavirus, in the workplace and especially in the hostels.

Conclusions and recommendations

This report presents clear evidence of the existence and/or risks of forced labour in the 29 spinning facilities in Tamil Nadu that we investigated. This evidence has led us to conclude that the risk of forced labour practices throughout the Tamil Nadu textile industry is sky-high.

Foreign brands and retailers, directly or indirectly sourcing yarn and/or textiles from spinning facilities in Tamil Nadu, risk becoming linked – directly or indirectly - with such inhumane practices.

For many years now, Arisa and SOMO have been reporting on the appalling labour conditions in the garment and textile industry in Tamil Nadu. It is deeply depressing that we are now reporting again on similar issues, but this time in a much larger sample than previously.

In the past years, all kinds of voluntary corporate improvement schemes and activities have been implemented but, given the situation we found, we can only conclude that these initiatives are not enough, as there has been insufficient change in the respect for, and protection of, human and labour rights. More, and stronger, measures are required to bring about the necessary structural changes to labour conditions in the Tamil Nadu textile industry.

This report offers a set of concrete, detailed recommendations. The main points are:

- International buying companies (brands and retailers) must acquire detailed insight into their upstream supply chains, and map their suppliers beyond first-tier end-product manufacturers up to the level of spinning mills/units. Using blockchain-based documentation is one option;

- International buying companies (brands and retailers) must publicly disclose full supply chain details;
- At the very least, international buying companies must insist with their first-tier suppliers (end-product manufacturers) that the latter make sure that their suppliers of yarns and fabrics (spinning mills) adhere to international labour standards. A minimum requirement that end-product manufacturers must demand from spinning mills is that all spinning mill workers receive proper employment contracts and monthly pay slips;
- International buying companies must gain control over and consolidate their supply chain, and establish direct relationships with spinning mills. A sourcing model based on 'preferred or nominated mills' and 'declarations of traceability' is one option;
- International buying companies must take responsibility for the communication about human rights and labour rights with spinning mills, the setting of standards at spinning mills and the monitoring thereof;
- International buying companies should base HRDD policies and practices on a progressive interpretation of what constitutes the production network. If non-compliance practices - such as human rights or labour rights issues - become apparent, for example by means of CSO reports, in units belonging to the same company as where your products are made regardless of the direct or indirect relation to the problematic unit, then these are signals to be taken seriously and require the buyer to investigate and take action;
- As part of their human rights due diligence obligations, companies must increase and improve collaborative efforts to prevent, mitigate, and remediate human rights and labour rights violations;
- At all stages of the human rights due diligence processes, companies must include rights-holders, their representative organisations, and other relevant stakeholders in a meaningful way;
- Alongside the voluntary actions companies are urgently required to take, Arisa and SOMO also advocate for brands and retailers to join enforceable brand agreements;
- SOMO and Arisa argue for legislative and regulatory measures, at both national and international levels, to force companies to take responsibility for human rights violations happening in their international supply chains, and hold them accountable if they fail to do so.