



18.03.2022

Factory Control - Report Summary

Date of Control: 09.06.2021

Type of Control: Unannounced Aud

Auditor: Mr. Rajnath

Factory ID: 146

Child labour: Child labour not proven during the audit.

Bonded labour Bonded labour not proven during the audit.

Unions: Union membership allowed, but not practised by workers (e.g. no unions at the production site)

Discrimination Discrimination not proven during the audit.

Wages: Living wages are paid to all workers

Risk Assessment: Child Labour

There is no possibility of child labour at this production site. The factory fulfills all sorts of prescribed criteria set for running it. The factory owner also supported two Govt. schools situated in their catchment areas for the building construction and sports materials for the children.

Risk Assessment: Bonded Labour

Mostly workers are local engaged in the factory. They are aware about the bondage labour. The wage payment is being done through bank transfer only into their Bank A/c. No possibility of bonded labour.

Risk Assessment: Union Activity

A committee comprised of representatives from the workers side and owners side is in place. Time by time workers representative raise issues of the wages and workers health. Lack of willingness among of the workers to form a typical workers union. It's possible that issues raised by the workers might not be fully incorporated through the existing committee that could be more effective through a formal structure of the worker's union.

Risk Assessment: Discrimination

At the work place no discrimination is observed. A written down policy is also implemented and adhered by the management. However, possibility of caste based, gender based discrimination at the resident place in the village areas. But at the work place no such practice was came into notice.

General information about the risks we are facing at most audits

Independently from the findings of the above audit results, we want to inform you about general risks, we are facing at production sites:

1. Discrimination

Discrimination is a criterion that is generally very difficult to detect during an audit. The reasons are manifold:

- The staff could (involuntarily) be ignorant about the different possible forms of discrimination that might exist around them or through their behavior.
- It is sometimes difficult to distinguish when common habit ends and when discrimination starts.
- Employees may be reluctant to talk about discrimination out of shame or other reasons, so they do not share this information with the auditor.

- Many forms of discrimination are not "immediately visible" on an audit day but require the employees to be accompanied on a more permanent basis in order to get to know them.
- Gender based discrimination is prevalent in the Indian society in general.

2. Bonded Labour

- There is a common practice in India that workers borrow money from the employers to get help in an emergency (such as hospital treatment) or to finance some big expenses like a child's wedding. If the borrowed amount is too high, this could result in a kind of semi-bondedness or even bonded labor.
- It is not easy to decide when the borrowed amount of money is still adequate or when it starts to lead into bondedness. We follow the rule that the borrowed money should not be more than a three months' salary, to be lent without interest rate.

3. National Laws

There are for example in India around 29 laws that are directly relevant for the natural stone sector. If all these laws would have been followed by the producers, the private initiative by importers in cooperation with XertifiX would not be necessary. That's why XertifiX regularly checks whether the most important laws are followed:

- Mines Act 1952
- Factories Act, 1947
- Child and Adolescent Labour (Prohibition and Regulation) Act, 1986, amended in 2016 ("CLPR Act")
- The Right of Children to Free and Compulsory Education Act of 2009
- Inter-State Migrant Workmen Act 1979
- Forced labour (as per ILO Forced Labour Indicators)
- Bonded Labour System Abolition Act (1976)
- Trade Union Act, 1926
- Minimum wages Act, 1947
- Labor Code on Occupational Safety, Health and Working Conditions of Workers, 2019
- Contract (Regulation and Prohibition) Act, 1970
- The granite conservation and development rules 1992
- Hazardous materials management and handling Rules 1989
- Companies Act 2013
- Industrial Employment (Standing Orders) Central Rules, 1946
- Goods & Services Act 2017

4. Corruption

There is broad agreement on this, that the corruption rate in certain Asian countries could be high. The XertifiX criteria require therefore the company to have an anti-corruption policy. Furthermore, it is checked during the audit whether there are visible signs of corruption. However, corruption is rarely executed openly but is often done secretly behind the doors. Therefore, to be absolutely sure as an auditor that there is no corruption, it would be necessary to have full insight into all financial matters – which is certainly not possible. Therefore, if the audit gives the result of “no detection of corruption” at the production site, it could - but does not necessarily - mean that there is no corruption at the production site. Furthermore, efforts are being made to sensitize the stakeholders about the present laws and mechanisms to comply with them. These are likely to reduce the dependence on unacceptable forms of trade and business practices.

5. Migrant workers

In many production sites, there are migrant workers next to the local workers or the permanent workers. Our experience shows that the situation of the migrant workers could be quite different from the one of the local workers. This is often connected ...

- ...to their recruitment process through contractors who hire the workers in their native places and organize the transport to the workplace.
- ...to the dependency from these contractors (which could even result in semi-bondedness or bondedness).
- ...to language problems since the migrant workers often do not speak the same language as practiced at the workplace.
- ...to marginalized living conditions (e.g. no sanitation, no drinking water, no electricity), which are not necessarily visible during the audit, if the living places are farer away from the workplace.
- ...to discrimination by the local workers.
- ...to the fact that they bring their families with them, where the spouse cannot necessarily find a job or the children cannot find an adequate pre-school centre (in India: aanganwadi centres) or school education (since they are not capable to visit the local school due to language problems or they are not admitted to the local school).
- ...to worse payment, which might be connected to the fact that workers receive the salary from the contractor or that they are not receiving any social benefits, which are regular workers certainly entitled to.

6. Unions and Collective bargaining

- It is quite often the case that there are no unions around the production sites which could be joined.

- It could also be the case that there are unions, which are however not properly functioning, namely having no impact on behalf of the workers' salary and rights.
- If there are unions, it could also happen that members of the supervisory team joined the union only, and not the workers themselves at all.
- Because industry is still decentralized at the moment, unions often do not have enough influence and therefore cannot be very effective. Sometimes this can also be due to a lack of negotiating skills and a lack of understanding of the perspectives.

7.Leverage

- The volume of business for a given exporter from a particular quarry is sometimes too small for the quarry owner to introduce quickly all the reforms suggested by XertifiX. We try to counter this through networking with other stakeholders, such as the associations, mining department, NGOs etc.

We are aware of all of these general obstacles and seek in our audits ways to alleviate these difficulties through cross-referencing research through observation, focus group interviews, and document reviews. However, it cannot be guaranteed that the one-day audit can adequately identify all of the points mentioned above. This is due to the nature of the matter of a one-day audit.