

## **Monsoon Accessorize response to Labour Behind the Label questions on overall company policy 2007**

### **Monitoring and verification:**

#### *Policy:*

All Monsoon Accessorize suppliers are asked to commit to The Monsoon Accessorize Code of Conduct, which is based on the Ethical Trading Initiative (ETI) Base Code. This sets out minimum standards relating to working conditions, pay and employment rights. The Company works with suppliers to achieve improvements where necessary through corrective action plans. Progress is carefully monitored through regular visits and audits, carried out by in-house Monsoon specialists and independent external auditors. This includes some unannounced visits, by our local specialists, to ensure we have an accurate picture of progress.

#### *What proportion of audits is independent?*

Following the ETI members' meeting 16 November 2006 to discuss the growing crisis in ethical trading auditing and the questionable quality of third party auditing companies and audit fraud, participants were called on to employ in-house auditing teams – including local staff. Monsoon Accessorize has long recognized the deficiencies of external audits and doubled its own in-house auditing staff in China and India in 2007.

While we still use external auditors to carry out audits, monitoring and follow-up with our Near East and Far Eastern suppliers, our emphasis on using in-house staff in our main markets allows us to develop long-term supportive relationships with suppliers. At the same time, we are developing independent verification mechanisms, working with local stakeholders (see below) to conduct worker interviews and verify the robustness of our auditing processes.

#### *What is the nature of internal/independent assessments (frequency, announced or unannounced)?*

Following the initial audit, local staff visit key suppliers at regular intervals – at minimum, once a year, but often much more frequently. Higher risk suppliers will be visited as often as once a month until we are satisfied that they are making necessary improvements. Approximately one third of these visits are unannounced to allow an accurate picture of progress. Workers are also encouraged to contact our local staff, on a confidential basis, if they have any complaints or grievances.

#### *Are they collaborative with local stakeholders?*

We have begun to collaborate with local NGOs where possible. In particular, we are establishing a partnership with China Labour Support Network (CLSN), a local NGO, to introduce local, independent verification of our auditing process. The intention is for CLSN to conduct worker interviews,

alongside other checks, to verify the robustness of our auditing process. In India, we are setting up a similar verification partnership with Business Trading Ethically – a local not for profit company currently seeking charitable status.

*What steps are taken with suppliers who do not meet standards?*

Monsoon Accessorize prides itself on long-standing and positive working relationships across its supply chain. The fact that we have worked with some suppliers for over 30 years is an indicator of the strength of these relationships. We always prefer to work with suppliers to address issues through corrective action plans, than to walk away. However, as a last resort, we are prepared to stop trading if necessary improvements are not made over a reasonable timeframe.

**Wages:**

*What does the Monsoon Accessorize Code of Conduct say about wages?*

In line with the ETI Base Code, the Monsoon Accessorize Code requires that:

- Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- All workers be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

*How is this implemented?*

Monsoon Accessorize makes it clear to suppliers that it expects workers to be paid a living wage. This is re-inforced at supplier workshops and training days. It will be re-inforced within the supplier workbook initiative, to be launched in July 2007. The aim of this initiative is to build supplier ownership and understanding of the ETI base code by requiring them to undertake a self-assessment prior to audits. All key suppliers are receiving training on how to fill out the workbooks, and the theme of living wages is covered within this.

In addition, we are one of two members on the ETI's "Decent Work in China" sub-group. As you will know, this focuses on the implementation of code provisions including payment of living wages.

As a member of the ETI's Homeworkers Group we will be testing the Homeworker Guidelines which set out criteria for wage and social insurance provision together with other aspects of the Base Code

However, as per our comments last year, there is still uncertainty around what constitutes a “living wage” and we continue to encourage the ETI to establish a multi-stakeholder working group to address this. We would also welcome activity by Labour Behind the Label to progress understanding and agreement on this issue.

### **Freedom of Association:**

*What does the Monsoon Accessorize Code say about freedom of association?*

The Monsoon Accessorize Code requires that:

- Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

*How is this implemented?*

Monsoon Accessorize makes it clear to suppliers that they must not prevent workers from joining or forming trade unions or alternative forms of independent and free association. However, we recognise that successful implementation depends upon building understanding amongst suppliers and workers about the value of freedom of association. We are working to enhance this understanding through supplier workshops. We are also encouraging all Chinese suppliers to establish worker health and safety committees. This was specifically covered at a recent health and safety workshop with key suppliers in China and we will continue to re-inforce this message.

In addition, we are one of two members on the ETI’s “Decent Work in China” sub-group. This focuses on the implementation of code provisions including worker participation in decision-making and parallel means for free association and bargaining.

Finally, we are a member of the ETI’s Homeworkers Group. The project aims to better understand the role of homeworkers in the supply chain and ways of ensuring that ethical standards are upheld. We are members of both the UK group and the local group in New Delhi which is working on a beading in a north India project. Members of the New Delhi group include representatives of the NGO and trade union movement such the Self Employed Women’s Association (SEWA), India’s largest membership based organisation for women working in the informal sector.

We are also working separately with SEWA, with the aim of placing business with its hand embroidery centre in New Delhi going forward. This SEWA centre operates as a cooperative, providing some 180 workers with benefits such as training, insurance and greater transparency in terms of wages and direct interaction with factories.