



FLA Member/Affiliate Update

Please note that s.Oliver ended its membership as an FLA Participating Company in 2023.

Jaba Garmino October 2023 Update and Closing

This update covers the developments that have occurred since the publication of the Fair Labor Association's (FLA) independent investigation report on the closure of the Jaba Garmino factory in Indonesia in July 2021. Following the release of the report, the FLA has contacted two of its affiliated companies, namely Fast Retailing and s.Oliver, regarding the implementation of the investigator's recommendations as outlined in the report's recommendations section, as well as to update complainants and discuss the next steps.

It's important to note that the independent investigation concluded that the sourcing practices of two brands, including s.Oliver, which ended its FLA affiliation as of 2023, did not play any role in the bankruptcy of Jaba Garmino. Allegations in this regard were found to be unsubstantiated and without merit. As underlined by the investigator in his report, a previous investigation conducted by the Fair Wear Foundation (FWF) related to similar allegations about one of its affiliated brands that sourced from Jaba Garmino prior to its closure also reached the same conclusion (<https://fairwear.force.com/public/s/complaints#!complaint-189-jack-wolfskin>).

The investigator has also highlighted that the responsibility of brands sourcing from a supplier over unpaid wages, wage components, severance pay, or any other benefits is a matter of considerable debate and disagreement. Current international and national legal standards do not impose any clear responsibility on sourcing brands. While the investigator identified the main reason behind the bankruptcy of Jaba Garmino as irregular and irresponsible credit use by Jaba Garmino management, which resulted in excessive debt, he made some recommendations to all relevant stakeholders to prevent similar unfortunate cases in the future. Additionally, he suggested some voluntary financial assistance/relief for ex-Jaba Garmino workers. However, he clarified that he is not in a position to determine the amount of such assistance/relief to be provided to the workers.

During meetings with its affiliated brands, the FLA has examined the planned steps or actions being taken regarding three main recommendations made by the independent investigator in the investigation report. These recommendations include:

1. Conducting risk assessments for sourcing countries to identify the level of legal protection for workers in cases of business closure/bankruptcy, enabling the implementation of extra safety measures in high-risk countries.
2. Performing regular financial audits of suppliers to detect potential financial troubles, including cash flow issues and debt problems, and collaborating with suppliers to address issues promptly.
3. Collaborating with other brands that sourced from Jaba Garmino under the leadership of an impartial organization to create an account for providing financial relief to ex-Jaba Garmino workers, even several years after the closure.

Since both brands have reviewed their country risk assessment protocols and started to check the financial status of their suppliers more strictly, as recommended by the independent investigator, the third recommendation of the independent investigator has become the main point of discussion. This recommendation was also the most important topic for complainants as they were seeking reparations for the financial loss that ex-Jaba Garmino workers had experienced.

Ultimately, the two companies decided to follow different approaches in implementing this recommendation. s.Oliver opted to organize a one-time donation for the ex-Jaba Garmino workers, while Fast Retailing decided not to contribute to any relief fund but instead allocated funding to a country-specific ILO project aimed at unemployment protection in Indonesia.

FLA actively assisted its then-affiliate s.Oliver by arranging meetings with complainants and different stakeholders, such as finding a reliable local NGO partner in Indonesia - Trade Unions Right Centre /TURC - for the disbursement of the one-time donation pay for the ex-Jaba Garmino workers (<https://turc.or.id>).

Aside from the two brands targeted in the complaint filed with FLA, as revealed by the investigator during the independent investigation process, there were many other US and Europe-based brands sourcing from Jaba Garmino prior to its bankruptcy. A series of conversations took place between FLA, FWF, CCC, and complainants in an effort to reach out to those brands and request contributions to a potential relief fund for the ex-Jaba Garmino workers. Unfortunately, those conversations did not lead to any agreement on how to proceed in this direction and ended without tangible results.

Since the independent investigation did not find any proven violations of any local or international laws, as well as FLA Workplace Code and Benchmarks or FLA's Responsible Sourcing Principles, the two brands were not under any obligation to follow the recommendations brought forward by the independent investigator. Therefore, both companies made their decisions without any mandatory action requirements.

Considering all these developments, FLA is now considering this case as closed and marking it as such in its tracking chart.