

TROPIC MAD SA (MADAGASCAR)
SUMMARY REPORT
March 16, 2023

FLA affiliates PUMA and Gymshark, joined by non-FLA affiliates ASOS and Levi Strauss & Co, reached out to FLA to request an FLA “brand commissioned investigation” to be conducted at Tropic MAD SA, one of their supplier factories in Madagascar. According to information provided by the four companies to FLA, they sought the independent investigation to address several serious allegations made by workers and union representatives concerning the factory, including:

- Wage discrimination due to an absence of an objective wage, job classification, and hiring policies and supporting procedures;
- Dismissal of workers in relation to strike actions that took place in February and May 2022 due to wages and related compensation issues;
- Sexual harassment and gender-based violence, including through verbal threats and “bullying” by management directed in particular at female workers;
- Assignment of short-term contracts to younger female workers;
- Poor communication with unions and absence of an adequate industrial relations policy and procedures, including with respect to the process for disciplinary actions;
- Unpaid overtime work;
- Soliciting workers to pay certain management personnel for better work assignments/tasks;
- Additional anti-union practices, including unfair dismissals based on union membership.

Following a careful review of the allegations, FLA confirmed that they met the criteria for initiating an independent investigation. After a lengthy review of potential investigator candidates and narrowing the list to two finalists, FLA entered into a Terms of Reference contract with Mr. Yaseen Moollatjie to conduct the investigation. Mr. Moollatjie is the managing director of The Labour Hive, a labor law consultancy based in South Africa. Mr. Moollatjie brought to this assignment a strong legal background and record addressing often complicated labor law and policy issues across different industries, including the garment/textile industry.

After extensive consultation with FLA and brands, the independent investigator developed and implemented a comprehensive workplan and timeline for this investigation. As he explains in detail at the “Methodology” section of his report, he arranged meetings with all relevant stakeholders, including officials from the IndustriALL Global Union, Better Work Madagascar, active unions in the factory, current workers as well as those dismissed after the above-referenced strike actions, and factory management. He also reviewed all relevant documentation requested from and provided by different parties throughout the course of his investigation.

His detailed report includes a thorough analysis of all allegations and his findings and conclusions about each specific allegation.

The investigator's findings and conclusions support the factory in several important respects, including his assessment that the strike actions were illegal (even recognizing the circumstances that led to them); the factory acted appropriately concerning one notorious manager responsible for numerous harassment allegations; there were no violations concerning either overtime or short-term contracts; and the evidence did not show unfair dismissals based on union membership.

At the same time, the investigator highlighted several actions taken — or not taken — by the factory that helped lead to the strikes and to other serious problems that are detailed in his report, including:

- A poorly managed “people value management” project that had a direct effect on workers' earnings and contributed to the two 2022 strike actions;
- Management's failure to establish clear communications channels with the workers (and with buyers as well) that led to confusion and uncertainty on several occasions;
- The absence of an effective internal monitoring and grievance system that helped prevent a timely and effective identification and remediation of important issues;
- Failure of the factory's internal policy and procedures to look beyond local law requirements to international labor standards, including those tied to the requirements of its buyers and FLA;
- Arbitrary implementation of certain disciplinary procedures, including a lack of transparency concerning specific evidence tied to charges against workers;
- Absence of a healthy social dialogue (including lack of a collective bargaining agreement) between workers and management; and
- Lack of adequate training opportunities provided to both managerial staff and workers on key labor law topics such as Freedom of Association, Harassment and Abuse, Compensation & Benefits and Hours of Work.

Thus, in his objective and balanced analysis, the investigator was able both to clear the factory of certain allegations and highlight numerous areas where it failed to comport with international standards (and in some cases with national law as well).

His detailed set of recommendations in the final several pages of his report provide a very helpful foundation for implementation of a successful Corrective Action Plan involving close consultation with the four brands that commissioned this investigation.

FLA commends the investigator for his hard work and thorough analysis and sees his recommendations as providing a clear course for effective and timely remediation. FLA thanks the four brands for already moving forward with initiating the remediation process and greatly appreciates their diligence and patience, and that of other stakeholders, throughout the investigation. FLA very much looks forward to the implementation of the recommended corrective actions.