

SHAHI EXPORTS PRIVATE LIMITED, UNIT 26 (India)
Third Party Complaint Investigation
Summary Report
June 23, 2023

FLA in November 2021 received a complaint from the Garment Labour Union (GLU), Bengaluru (“the union”) containing allegations of Freedom of Association (FOA), Harassment and Abuse, and Health and Safety violations in the factory Shahi Exports Private Limited, Unit 26, located at Maddur, Mandya District, Karnataka, India. The factory practices were alleged to be in noncompliance with FLA’s Code of Conduct and Compliance Benchmarks.

After delays and sustained engagement and consultation with representatives of Nike, Inc., the FLA member brand sourcing from the factory, as well as ongoing communications with GLU officials, FLA in April 2022 initiated a Third Party Complaint Investigation concerning the above-referenced allegations of GLU.

As the credibility and successful use of its Third Party Complaint mechanism depends greatly on the ability of FLA’s independent investigators to ensure that their reports are based on a thorough and objective analysis of the evidence, FLA worked with Nike and reviewed different candidates to conduct the Shahi factory investigation. In July 2022, FLA selected the Association for Stimulating Know How (ASK) to conduct the investigation. FLA had successful previous experience engaging ASK on complicated factory investigations in India.

In October 2022, after consultations with Nike on the structure of the investigation, FLA and ASK entered into an agreement with the terms of reference for the investigative work. ASK, under the leadership of Dr. Aqueel Khan, reached out to the parties to explain its work plan, and then conducted a detailed factfinding investigation at the Shahi factory from November 4-6, 2022. Following that, ASK undertook the challenging task of consolidating the information compiled and analyzed from that investigation into its report.

Throughout the lengthy process needed to complete the report and produce the final version being published on FLA’s website today, including careful review of and feedback on specific findings by the parties to the investigation, ASK never lost

its focus on the core findings concerning the allegations received and recommendations for improvement covering each of the three core areas. Those findings and recommendations are at the heart of its final report.

The findings, which follow a detailed description of ASK's methodology and factfinding process, are laid out clearly, with five addressing freedom of association issues; ten under the broadly-framed harassment and abuse heading; and seven under health and safety. They are framed in a manner such that both Shahi factory management and the union should be able to clearly understand both the issues and varied conclusions reached by ASK.

The five central recommendations are also set out very clearly on the final page of the ASK report. These address each of the three areas of allegations – including two on harassment and abuse and one a cross-cutting recommendation on organizational changes.

Now, with the report's publication, the process moves to remediation: the set of specific corrective actions necessary to implement those recommendations. Nike has reported to FLA that work on remediation by Shahi management is already underway – having begun prior to publication of the final report – and it has shared a framework document focused in particular on training initiatives.

FLA welcomes this information and looks forward to receiving further updates on how remediation is moving forward tied to each of the five recommendations. As noted above, there are specific recommendations by ASK on freedom of association – concerning issues central to what is set for in the GLU complaint – as well as in addressing harassment and abuse and the range of health of safety concerns set out initially by GLU and detailed in the course of the investigation.

In each area, the report concisely sets out the need to develop and implement specific measures necessary to prevent recurrence of the problems that precipitated the complaint and were documented during the investigative team's factfinding mission. Corrective action should closely track the specific report recommendations.

In moving forward with implementation of the needed corrective action, it will be essential that Shahi communicate its activities and engage with GLU. This is an

area that FLA will continue to track closely, welcoming information from both the factory and union concerning the quality and impact of steps taken.

FLA thanks Nike, ASK, the union, and factory management for their sustained engagement as well as their patience with a process that took a considerable amount of time. Notwithstanding the quite understandably different perspectives of the parties on elements of the factual and legal analysis undertaken, ASK has produced a sound report that lends itself well to effective implementation.

Remediation is necessary in order that the affected workers receive the redress set forth in the report's recommendations, and to ensure that the factory establishes a set of policies and procedures designed to lessen the likelihood of future noncompliance with FLA standards on freedom of association, harassment and abuse, and health and safety.

That is the roadmap providing the needed path forward to protecting workers' rights and improving workplace conditions, such that both the union and management will be able to point to this investigation as having helped stimulate lasting changes at the factory.