



SOCIAL & LABOUR GUIDELINE

Explanation of the Social and Labour Standards of the G-Star Code of Conduct

Version 2.1

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Contents

| | |
|---|----|
| Introduction..... | 3 |
| 1. Employment is freely chosen | 4 |
| 2. Freedom of Association and Collective Bargaining are respected | 7 |
| 3. Working conditions are healthy and safe | 9 |
| 4. Child labour is not used..... | 17 |
| 5. Wages and benefits are provided to all workers | 20 |
| 6. Working hours are not excessive | 24 |
| 7. No discrimination is practiced | 26 |
| 8. Regular employment is provided..... | 31 |
| 9. No harassment or abused is allowed | 32 |
| 10. Environment | 34 |
| 11. Code and System implementation | 35 |
| Appendix 1 | 38 |

Introduction

G-Star creates products that are unique but recognisable for their consistent G-Star signature look. As G-Star does not own or operate any factories, we work together with skilful suppliers that share our passion to make high quality products.

We want to build an open and long-term relationship with suppliers in order to ensure continuity of the quality, look and on-time delivery of our collections. Next to that, we feel responsible to positively contribute to the working conditions of the people making our products.

We developed the G-Star Supplier Code of Conduct to make sure that all G-Star products are made under fair and safe circumstances. This Code of Conduct outlines the minimum social and environmental standards we expect each factory to meet and gives guidelines hereto. The Code is based on the UN Universal Declaration of Human Rights, the International Labour Organization (ILO) Core Conventions, the Ethical Trading Initiative (ETI) Base Code, the SMETA Environmental Criteria and ISO 14000.

To verify whether, you as a supplier, comply with our Code of Conduct, G-Star set up a compliance process using a combination of tools. As part of this process all our direct suppliers are monitored on a regular basis. Furthermore, the G-Star Sustainability team is closely working with factories to improve their social and environmental performance.

Purpose of this document

The Social and Labour Guideline intended for G-Star suppliers gives an elaborate explanation of the Social Standards of the G-Star Code of Conduct and its definitions, regulations and requirements.

Each article of the Code of Conduct is explained in detail and provided with background information, along with the expectations for remediation which can serve as guidance in developing a remediation plan that is effective and durable.

This guideline will support suppliers to understand how to reach full compliance to the G-Star Code of Conduct, but will also help in developing and establishing clear policies, procedures, and strengthen interaction to build an own Sustainability management system in the factory. Implementing these practices will improve the operational efficiency, reduce the occurrence of accidents, reduce the loss of workers and rework rate, and achieve efficient production.

This guideline does not replace any country specific labour law and regulations. It is the responsibility of the individual supplier to ensure to meet all legal requirements.

1. Employment is freely chosen

G-Star Code of Conduct

1.1 There are commonly 3 forms of forced labour:

- Prison Labour refers to the work performed by prisoners that is part of their sentence and usually not compensated.
- Indentured Labour refers to the work performed by a worker who is bound to an employer for a certain period of time through a contract.
- Bonded Labour refers to an illegal practice in which employers give high-interest loans to workers who then have to work at low wages to pay off their debt.

G-Star does not tolerate the use of any form of forced labour.

1.2 Workers are not required to lodge any type of deposits or hand over government-issued identification, passports or work permits as a condition of employment.

1.3 Workers must be free to leave the factory at all times and the freedom of movement of those who live in employer controlled residences are not restricted.

OECD due diligence guidance

[Module 3. Forced Labour \(page 122\)](#)

Explanation

The ILO definition of forced labour is given in its original Convention on the subject, No. 29. Forced labour is defined for the purposes of international law as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.” Convention No. 105 complements the first one by specifying five circumstances under which forced labour may not be imposed, even by a court of law:

- as a means of political coercion or education, or as a punishment for holding or expressing political views or views ideologically opposed to the established political, social or economic system;
 - as a method of mobilizing and using labour for purposes of economic development;
 - as a means of labour discipline;
 - as a punishment for having participated in strikes;
 - as a means of racial, social, national or religious discrimination.
- No prison labour:
 - The supplier shall not use prison labour or send out the work to prisons where work is forced and not compensated. This includes any materials, goods or services that are purchased for the manufacturer of products.
 - No bonded labour or indentured labour:
 - The supplier shall not involve in any recruitment or employment of bonded labour or indentured labour;
 - The supplier shall not use deduction through workers’ remuneration to repay debts;
 - The supplier shall not detain any original identity document of the worker, for example, passport, ID card, birth certificate or certificate of military personnel;
 - All payroll deductions shall comply with local labour regulations;
 - All wages and benefits shall be paid directly to the workers and not to any other person;
 - No fee of any kind shall be imposed by the supplier on anyone applying for employment at the supplier.

- Ensure freedom of movement:
 - The supplier shall ensure that workers are able to leave the factory during rest or after work;
 - The supplier shall not, in any way, restrict the access to religious places, use of the toilet or access to drinking water;
 - The supplier shall not allow any threats or restrictions on the activities of the workers, and shall not allow the security guards to be equipped with weapons in the factory;
 - The supplier shall allow the worker to leave the plant in a reasonable condition, for example, to leave the factory for the urgent matters of an individual or family, without fear of disciplinary action, discrimination or termination of the contract;
 - The supplier shall not oblige the worker to live in a dormitory;
 - The supplier shall allow the worker to terminate their employment after reasonable notice.

Labour contract:

- Workers shall be provided with a copy of the written contracts, in language that they can understand;
- The employment contract should clearly state the terms and conditions of employment, including the worker's rights with regard to payment of wages, overtime, retention of identity documents, and other issues related to preventing forced labour. The labour contract must be renewed on time (if applicable).

An employment contract should include:

- Description of the job, place of employment and duration of contract;
- Basic monthly salary, including benefits and allowances, as well as rates of overtime pay;
- Non-cash compensation and benefits, including free food and accommodation;
- Regular working hours, rest days and holidays;
- Maternity leave;
- Transportation to the country/place of employment and return, including repatriation;
- Employment injury and sickness compensation, emergency medical, and dental care;
- Social security rights and obligations;
- Grounds for termination of the contract;
- Probation period (conform to applicable labour regulations);
- Dispute settlement provisions;
- Measures to remove forced labourers if they are found, providing adequate services and assistance to the workers in the transition out of forced labour;
- Prohibition of the lodging of financial deposits with the company.

Financial loans

If financial loans to workers are provided by the supplier, the supplier needs to be makes sure that:

- The terms of the loan are made clear to the workers before they agree to the loan;
- The terms of the loan are written down and provided to the worker in the local language. This includes a transparent system for repaying the loan. Details should include sum loaned, interest rate, monthly repayments and number of payments;
- The terms of the loan do not tie the worker to employment;
- The repayments are reasonable in proportion to their total wage;

Migrant workers policy

- The supplier shall have a procedure to ensure compliance with legal standards with regards to employment of migrant workers, from recruitment, hiring, wages, benefits, working environment, manpower development and termination procedures;
- Holding of travel documents such as passport or visa is strictly prohibited. The supplier is responsible to provide secure facilities for workers to be able to store such documents;
- In case it is required by local governments that passports are kept by the employer or a local authority, documents should be accessible to the workers within 24 hours of request;
- When migrant workers are hired, the supplier should make sure that the agency does not require workers to pay unreasonable costs, such as recruitment fees, medical examinations, travels or fees;
- In case fees are required by recruitment agencies or local governments, the worker should be aware and informed regarding the required fees before employment. In case deductions are made from the wages, the workers should agree in writing in advance. G-Star advises that the requirement agency costs shall be borne by the suppliers or should at least guarantee that minimum wage is paid;
- Labour contract, policies, training materials and other instructions shall be available in the native language of the workers. The supplier shall make sure that a member of the staff in a management position (e.g. HR manager or Compliance manager) can communicate in the native language with the migrant workers;
- Migrant workers shall be treated equally and fair as local workers without discrimination at the workplace;
- Migrant workers shall not be forced to live in the factory dormitories. Outside of working hours, all migrant workers are allowed secure and free exercise of movement between the area of accommodation and the workplace.

2. Freedom of Association and Collective Bargaining are respected

G-Star Code of Conduct

- 2.1 In order for workers to be able to voice their comments/concerns, suppliers should encourage open communication between workers and management, while respecting the right of workers to associate, organise and bargain collectively.
- 2.2 Suppliers must not threaten, penalize, restrict or interfere with workers' lawful efforts to join associations.
- 2.3 Workers representatives should not be discriminated against and should be able to carry out their representative functions in the workplace.
- 2.4 Where the right of 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.

OECD due diligence guidance

[Module 6. Trade Unions and collective bargaining \(page 143\)](#)

Explanation

Relevant references:

- 1948 ILO Convention 87: Freedom of Association and Protection of the Right to Organize
- 1949 ILO Convention 98: Right to Organize and Collective Bargaining Convention

Freedom of association

Freedom of association is a fundamental human right, rooted in the ILO Constitution and one of the core labour standards defined in the ILO Declaration on Fundamental Principles and Rights at Work. The decision to associate or not must be made freely without any external pressure or interference.

Collective Bargaining:

The ILO defines collective bargaining as voluntary negotiation between employers or employers' organizations and workers' organizations, with a view to the regulation of terms and conditions of employment by means of collective agreements.

A Collective Bargaining Agreement (CBA) is applied uniformly to the entire workforce and subject to a periodic process of renewal according to the terms under the same agreement itself. The CBA must be in compliance with the minimums set by law, and any terms that are found to be below the requirements set by law may potentially invalidate the CBA.

G-Star considers that strong and independent workers' and employers' organizations, and the effective recognition of their right to engage in collective bargaining, are major tools for labour market governance and form the basis for social justice, equity and economic development.

Suppliers should respect the following points below, which explains points 2.1 till 2.4 from the G-Star Code of Conduct in more detail.

- Workers should not be discriminated against for belonging to a trade union;
- If the law restricts the right for a worker to associate freely, workers nonetheless have the right to collectively express their concerns and have a dialogue with the management at the enterprise level which is at the same time consistent with national law;
- Suppliers should not use intimidation, unreasonable searches, or police or military force to obstruct workers' right to freedom of association;

- Workers' organizations have the right to conduct their activities without employer interference, and this includes the right for workers to conduct meetings without the presence of management;
- Workers are free to meet and discuss workplace issues during breaks at work and before and after work;
- Workers are free to choose who they communicate their concerns to;
- Workers have the right to freely choose representatives to organize workers. Management shall not interfere in anyway in the election process of worker representatives;
- Workers can personally, or through workers' representatives, engage in dialogue with management, inspect working conditions and carry out other organizing activities that do not disrupt factory management;
- Suppliers should not prohibit or impede company unions from affiliating with sectorial, regional, national, or international unions or federations.

Workers Committee

- When a supplier has 50 or more workers the factory shall have a workers committee. The committee shall include representatives of the supplier and the workers.
- The workers representatives need to be appointed on the basis of nomination given by the trade union. In case there is no trade union in place, the representatives of the workers shall be chosen by nomination amongst the workers.
- The workers committee shall meet at least once every two months to discuss and exchange views.
- The agenda and the minutes of the workers committee meetings should be kept and stored.
- The decisions and outcomes from the workers committee meetings shall be shared with all the workers.
- The supplier and the registered trade union shall take necessary measures to implement the recommendations of the workers committee. If, for any reason the supplier or the registered trade union finds it difficult to implement the recommendations within a given time line, they shall inform the worker committee about it and take the efforts to implement them as early as possible.
- The supplier shall make sure that all the workers committee members are trained and well informed about the local labour rights and benefits.

3. Working conditions are healthy and safe

G-Star Code of Conduct

- 3.1 Suppliers must provide a safe and hygienic working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of suppliers' facilities.
- 3.2 Suppliers will also ensure these same standards apply to any dormitory or canteen facilities.
- 3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- 3.4 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- 3.5 Suppliers shall assign responsibility for health and safety to a senior management representative.

OECD due diligence guidance

[Module 5. Occupational health and safety \(page 135\)](#)

Explanation

Building Safety

The supplier ensures that all architectural and structural designs are approved by the government or municipal authorities and a qualified structural engineer as required by law. Utilizing a building for purposes not intended in the original design (e.g. residential building) is not allowed unless approved by a qualified engineer and government or municipal authorities.

Work Environment

- *Lighting*

The supplier shall ensure uniform and bright lighting throughout the factory, i.e.: 70 fc (foot candles) (750 lx (lux)) at production line areas, and 20~50 fc (200-500 lx) at office and warehouse areas, and 100 fc (1000 lx) at inspection areas. The light must be measured at the workstation point.

- *Noise*

Workers shall not be subjected to noise levels of 85 decibels or more. Hearing protection shall be provided by the supplier and used to reduce noise exposure.

- *Temperature*

Factory temperature should be maintained at 18.3^oc - 29.5^oc (65^o~85^oF). If workers are necessarily exposed to temperatures below or above this range proper personal protective equipment (PPE) shall be provided by the supplier.

- *Ventilation*

- Production facilities that emit hazardous steam, gas or airborne particles shall be isolated; ventilation, filtering and purification systems shall be added as needed;

- Ventilation (e.g., vent hoods) should be provided in areas where heat exhaustion can occur.
- *Monitoring*

The supplier shall monitor the lighting, noise, temperature and ventilation at least on a monthly basis. Documentation of the recordings shall be kept.
- *Handling, transporting & storage of raw materials/finished goods*
 - Lifting devices shall be provided to move heavy things (e.g. pick up large rolls of fabric, transport stacks of cut material, and move boxed goods on pallets);
 - The area where lifting devices are used shall be clearly marked off, and a caution sign should be displayed in and around the area.
- *Stairway with railings*

All stairways must have proper railings.
- *Warehouse/storage area*
 - Warehouse/storage areas shall be properly organized;
 - Storage racks shall be structurally adequate to handle the weight anticipated;
 - Storage arrangements shall be orderly with even rows and adequate aisles;
 - Combustible raw materials and finished products shall be stored separately in designated areas;
 - Spark-free lights should be installed in the warehouse.
- *Personal protective equipment (PPE)*
 - The supplier shall provide proper personal protective equipment (PPE) to workers to perform their job safely, e.g., stainless steel mesh gloves (see picture below), earplugs, goggles, waterproof boots, insulated shoes/gloves, cotton/carbon mask, gloves, respirator, eyewear etc.;
 - The supplier shall regularly educate and monitor the proper usage of the PPE.
- *Eyewash*

Eyewash stations shall be placed at strategic points in each area of the production floor and be accessible to all workers.
- *Machine safety device*
 - The supplier shall ensure that 2-hand controlled cutting / punching machines are used;
 - The supplier shall provide proper safety devices on all machines, e.g., pulley guard, needle guard, eye guard, finger guard, etc.;
 - The supplier shall inspect and maintain machine safety devices.

Fire Safety

- *Fire drills*
 - Fire drills shall be conducted (at least) twice a year in both production facilities, the canteen and dormitory facilities;
 - All workers should participate in each fire drill;
 - The supplier shall record (in writing) the fire drill trainings and participation;
 - Training on the proper use of extinguishers as well as an annual refresher training shall be provided to at least 40% of the workforce;
 - Fire drills shall be properly documented with details, e.g. a description of the process, dates, participants, and photos.

- *Fire-fighting equipment*
 - Adequate and appropriate fire-fighting equipment shall be provided in all areas of the factory including the canteen and dormitory;
 - There shall be regular and periodic inspections of fire extinguishers by factory staff; additionally, extinguishers should be serviced by a qualified licensed company on at least an annual basis;
 - Extinguishers shall be located in readily visible and designed areas that are not obstructed;
 - The area in front of the fire extinguishers shall be clearly marked with a “yellow box” and kept clear of obstruction;
 - Extinguisher operating instructions shall be posted on the device and should be legible and facing outward;
 - Extinguisher seals and tamper indicators shall not be broken or missing and extinguishers shall be fully charged;
 - Extinguishers shall be appropriately sized so that users are able to lift them;
 - Fire extinguishers shall be properly mounted and the top of the extinguisher shall be less than 1.5 meters from the ground in order to be easily accessible;
 - The factory shall have at least 1 extinguisher every 1000 square feet (92.9 square meters);
 - From any location in the factory the worker shall have to travel no more than 75 feet (22.86 meters) to access a fire extinguisher. However, if the fire extinguisher is located in an area subject to Class B fires (flammable or combustible liquids, flammable gases, greases, etc.) the travel distance shall be no more than 50 feet (15.24 meters)

- *Fire alarm*
 - The supplier shall install a fire alarm on each floor of a production, canteen or dormitory building;
 - Fire alarms shall be either manual or automatic. Automatic devices are sprinkler systems, water flow alarms, and smoke/heat detectors. Manual alarms consist of pull stations / boxes that require manual activation;
 - The entire building shall be provided with a fire alarm for occupant notification. This alarm should be distinct from other building alarms, used for fire and evacuation only, audible throughout the entire building, take precedence over all other alarms, and be remotely monitored at a constantly attended location such as local fire and/or police department or alarm company;
 - All alarm devices shall be tested regularly, at least two times a year by qualified personnel. Testing should be conducted in combination with evacuation fire drills. The alarm system must have a backup power source or there should be a secondary alarm system.

- *Fire exits*
 - There are at least two exits per floor, on opposing sides of the room;
 - All exit routes shall be unobstructed at all times;
 - The supplier shall ensure that all emergency exits are marked with a “yellow box”, indicated with an exit sign, and kept unobstructed at all times;
 - Exit doors shall be at least 32 inches (81.3 centimetres) in width. The floor on each side of the

- exit doors shall be levelled;
 - All emergency exit doors shall open outwards and remain unlocked during work hours;
 - Stairwell doors in multi-story buildings should allow re-entry from the stairwell;
 - Exit signs shall be either internally or externally illuminated with at least one foot candle (10 lx) intensity;
 - Emergency lights shall be placed above exits and in stairwells.
- *Work station and working position*
 - The supplier shall ensure that workers have ergonomic seats or working positions during their working activities;
 - Works stations shall have sufficient space for the worker to ensure better work efficiency.
- *Walkways / aisles*
 - All primary aisles shall be at least 44 inches (112 centimetres) in width, and shall be marked with yellow lines/tapes, and kept unobstructed at all times.
- *Evacuation plot plan*
 - An evacuation plot plan shall be displayed at strategic locations in each room throughout the factory. It shall indicate to workers how to exit the factory in case of an emergency.

The evacuation plan shall include specific markings:

 - A “You are here” marker
 - The evacuation direction
 - All locations of fire extinguishers and fire equipment
 - All electrical wiring and wiring rails shall be cleaned regularly by sweeping or vacuuming in order to avoid a fire;
 - Electrical wiring shall be insulated properly. Exposed conductors with electric currents shall be installed in an inaccessible area; otherwise, it shall be equipped with safety guards and have clear warning signs.
- *Electrical control panels*
 - At least 3 feet (91 cm) of the area in front of electrical panels, transformers, control panels etc., shall be marked with a “yellow box” or other marking and be kept clear at all times.

Dormitory

- *General conditions*
 - The dormitory shall be located in a separate building from the production facility;
 - The building shall be structurally sound and well maintained;
 - All dormitories shall be kept secure, clean, adequately heated/cooled, have good ventilation and safety provisions (such as fire extinguishers, first aid kits, unobstructed emergency exits, emergency lighting, smoke detector, fire alarms, evacuation diagrams etc.). The same requirements as for the production facility should be followed;
 - Emergency evacuation drills shall be conducted at least twice a year. If a dormitory building is occupied by workers from different factories, each fire drill shall include all workers living in the building;
 - There should be access to toilets, showers, running water and safe drinking water;

- Toilets and shower areas should be designed to provide an appropriate level of privacy.
- *Dormitory room*
 - Dormitory rooms shall allow sufficient living space and should be segregated by sex (each worker should have a minimum of 50 square feet of living space or the amount required by law);
 - Hazardous and combustible materials used in the production process, or other chemicals, shall be stored away from the dormitory and the buildings connected to the sleeping quarters.
- *Individual bed/mat & locker*
 - Workers shall be provided with their own individual mats or beds;
 - Workers shall be provided with their own secured storage space/locker for their personal possessions.

Child Care

- Child care facilities shall be located away from the production and storage areas;
- The supplier shall prohibit and prevent children's access to the production related areas;
- The supplier shall comply with local laws concerning childcare facilities.

Medical Care & First Aid Kit

- Medical care shall be available on-site as required by law. If there is no medical care on-site, workers shall have appropriate access to medical care when needed;
- One fully stocked first aid kit shall be available for every 100 workers. If there are multiple floors, suppliers shall ensure that there are enough first aid kits per production floor;
- In case of an emergency, any worker shall be able to access the first aid kit. If kits are locked to prevent items from being stolen, then several workers in near vicinity of the kits shall be selected to have access to the keys. The names of these workers shall be posted next to the first aid kits.

Kitchen & Canteen

- A hygiene certificate shall be obtained for the kitchen and canteen if required by law;
- Updated health certificates shall be kept for all canteen staff;
- Kitchen and canteen areas shall be operated under sanitary, safe conditions;
- All workers that handle food shall wear an apron, gloves and hair net;
- The kitchen area shall have anti-slip floor mats;
- The canteen shall have sufficient seating to accommodate the majority of workers.

Sanitation

- *Drinking water*
 - Safe and clean drinking water shall be free and available at all times and within reasonable distance of workstations;
 - There shall be at least one purified drinking station on each production floor. However, if the production floor has more than 300 workers, a second unit shall be available;
 - Drinking water shall be of a reasonable temperature and the means to drink water (cups, etc.) shall be safe and sanitary and available in an appropriate number;
 - The supplier shall not restrict the time and frequency of workers to consume drinking water.

- *Running water supply*
 - Factories shall have at least 1 sink for every 50 workers. However, it shall follow the ratio of 50 workers per one faucet head;
 - Sinks/taps shall be functional with running water.

- *Toilets*

- Toilets shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations;
- Lavatories shall be segregated by gender unless it is a single stall with complete privacy and lock;
- In men’s lavatories, urinals may be provided instead of water closets. However the number of water closets in such case shall not be reduced to less than 2 or 3 of the minimum water closets specified in the table below;
- Criteria for calculation of closets/toilets:

| Number of Workers | Number of Toilets |
|-------------------|--|
| 1 to 15 | 1 |
| 16 to 35 | 2 |
| 36 to 55 | 3 |
| 56 to 80 | 4 |
| 81 to 110 | 5 |
| 111 to 150 | 6 |
| Over 150 | One additional fixture for every additional 40 workers |

- Suppliers shall not place any restrictions on toilet use in terms of time and frequency;
- Toilet supplies such as soap, toilet paper and towels shall be provided;
- Garbage bins shall be provided in the female toilet.

Certificates & Training

- *Documentation*
 - The supplier shall keep all legally required fire safety certificates;
 - Fire extinguishers shall be inspected regularly and have the inspection tag attached;
 - Records of work injuries shall be kept for at least one year or longer, if required by law.
 - CPR (Cardiopulmonary resuscitation: an emergency procedure that combines the use of chest compressions and artificial ventilation to maintain circulatory flow and oxygenation during cardiac arrest). At least 2% of the workforce shall be trained in CPR/first aid.
- *Personal protective equipment and safety training*
 - Workers shall be provided with necessary and effective personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) if the job requires the use of such equipment;
 - Workers shall not incur any costs related to the normal and regular provision and maintenance of personal protective equipment;
 - The supplier shall provide proper training and written policies, procedures and practices for workers on wearing, using, and maintaining personal protective equipment.
- *Occupational health check*
 - The supplier shall provide annual occupational health checks to workers handling hazardous materials or more frequent if required by law;
 - The occupational health check shall be conducted by a qualified medical professional at the suppliers' expense;
 - The assessment of the hazards at the workplace should be performed periodically.
- *Mental Health*

In the suppliers' Health & Safety Company policy the mental health issue of the workers shall be included. The [World Health Organization](#) sets out guidelines on how to assess and develop such as policy.

The below factors on workplace performance can be considered and monitored as they can influence the mental health problems of workers:

- Lack of participation and control in the workplace;
- Excessive or insufficient workload;
- Monotonous or unpleasant tasks;
- Lack of recognition at work;
- Inequity;
- Poor interpersonal relationships;
- Poor working conditions;
- Poor leadership and communication;
- Conflicting personal and work demands (work-life balance)

Implementation guidelines for Health and Safety requirements

The following points are further guidelines on how to ensure that the health and safety requirements are effectively implemented in order to create a durable effect.

- Make sure that the Health and Safety Committee is functional;
- Develop and disseminate labour safety policies and regulations; these policies and regulations shall conform to the relevant labour code;
- Place a safety reminder board with large symbols and letters at the entrance gate and inside the factory where it is easy for workers to see it;
- Post messages/ posters about labour safety around the factory to continually remind workers to be aware of safety issues;
- Use safety slogans which are easy to see, understand and remember;
- Use pictures and diagrams to illustrate to workers both the correct and unsafe ways of using equipment, machinery or fire rescue devices, or doing activities such as lifting;
- Ensure every worker has sufficient personal protective equipment and provide workers with personal storage to keep their personal protective equipment;
- Supervisors should ensure that all workers are wearing all their standard protective equipment before starting every shift and explain the purpose of wearing protective equipment if necessary;
- Train workers on a regular basis on how to enhance their productivity in a safe way and how to ensure that their health is protected;
- Train workers on a regular basis on how to use lifting machines such as forklifts, as well as how to conduct manual lifting correctly.

4. Child labour is not used

G-Star Code of Conduct

- 4.1 Suppliers must not engage in or support the use of child labour as defined in ILO Convention C138 and/or C182.
- 4.2 Factories must only employ workers who meet the applicable minimum legal age requirement or at least 15 years of age, whichever is greater, or as an exception, 14 years in countries covered by article 2.4 of the ILO Convention 138. This specified age shall not be less than the age of completion of compulsory schooling.
- 4.3 All official documentation stating each worker's age must be available for review. In those countries where official documents are not available to confirm exact date of birth, factories must confirm age using appropriate and reliable assessment methods.
- 4.4 Young workers under 18 shall not be employed at night or in hazardous conditions.
- 4.5 Suppliers shall develop or participate in and contribute to policies and programme which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child.

OECD due diligence guidance

[Module 1. Child labour \(page 101\)](#)

Explanation

Definition of Child Labour as per ILO:

The term child labour refers to any kind of activity or work which, by its nature or the circumstances in which it is carried out, is harmful to the intellectual, physical, social and moral development of young people and undermines their education, preventing them from going to school, constraining them to abandon schooling too soon or requiring them to work and study at the same time.

The ILO's main international standards on child labour are:

- Minimum Age Convention (No. 138), 1973.
- Worst Forms of Child Labour Convention (No. 182), 1999.

These two Conventions provide the framework for national law to prescribe a minimum age for admission to employment or work that must not be less than the age for completing compulsory schooling, and identifies certain sectors which pose greater risks to the development of young people (worst forms of child labour) which require a higher minimum age.

Child labour is a violation of fundamental human rights and has been shown to hinder children's development, potentially leading to lifelong physical or psychological damage. There is a strong link between household poverty and child labour and child labour perpetuates poverty across generations by keeping children of the poor out of school and limiting their prospects for upward social mobility.

Young workers

The term "child labour" should not be confused with "youth employment", "young workers", "adolescents" or "student work". Child labour is a form of exploitation that is a violation of a human right. In contrast, providing opportunities for young people to obtain training and work experience in decent conditions is an important contribution of companies to support the development of the young worker. The key distinctions between children and young workers include: the age of the person; whether work interferes with the young person's formal education and training; whether the tasks assigned are appropriate for his or her

skills and development level; and the conditions under which the young person is engaged (reasonable hours of work, wages commensurate with his or her productive capacity; access to further training; and inclusion in any social benefits scheme for which he or she is eligible).

Preventing Child Labour

Age Verification:

The supplier shall check proof of age and verify a prospective worker's age prior to employment in order to comply with the G-Star Code of Conduct and/or applicable legal limits. The supplier shall keep copies of these documents in personnel files through the term of employment. If none of these documents are available, an official stamped copy of a school certificate or affidavit from a local government representative or village is acceptable.

Due to the fact that some of these documents can be easily forged or altered, best practice strongly suggests employers in certain countries either employ or contract the services of a government-certified medical doctor to accurately verify a worker's age through a physical examination. Documentation of exam results (e.g. medical certificate) shall be attached to at least one other proof of age document listed above.

If during the course of an assessment a workers' file shows that proper documentation is missing or is unavailable, G-Star reserves the right to require the supplier to provide no less than two government-certified medical doctors' physical examinations to determine the existing worker's age.

G-Star may also choose to partner with a local organization to assist in the age-verification process.

Proofs of age include:

- Birth certificate
- Residential card
- Proof of education
- Medical certificate
- Driver's license
- Voter registration

Hiring legal minors (or juvenile workers)

The supplier may hire legal minors, in compliance with the G-Star Code of Conduct (CoC) or applicable labour laws. The definition of legal minors depends on the country of the factory.

Special requirements:

- Physical examination (if applicable): in case the physical appearance of the legal minor leaves doubt about the legal age, a medical certificate shall be requested to prove the legal age.
- Registration of legal minors (if applicable): the supplier shall register legal minors with the local labour authority, unless applicable regulations have exemption rules;
- Any costs relevant to medical certificates and registrations shall be assumed by the supplier.

Special protection:

- The supplier shall implement special protection to legal minors according to applicable laws;
- Working conditions for legal minors should strictly follow relevant regulations, such as reduced working hours, overtime and no night work;
- Working hours for legal minors should not exceed legally allowed limits or the G-Star CoC, whichever is lower;

- Training shall be properly provided to legal minors upon employment, and all legal minors shall be fully informed of the special protection on working hours and conditions.

Policies & Procedures

- The supplier shall establish policies and procedures against child labour, and makes sure the policies and procedures will be updated periodically to comply with new laws and regulations;
- A person shall be designated to be in charge of child labour issues, and the designated person shall be fully aware of all regulations related to child labour;
- All relevant documents shall be properly maintained;
- Personnel files for all workers, including resigned or terminated workers, shall be properly maintained for at least 12 months;
- Records for training of legal minors shall be properly maintained for review.

Child labour remediation plan:

If child labour is found, the supplier shall seek to understand the severity of adverse impact and root causes of the risk. G-Star does not terminate the business with the supplier without taking any remediation plan for the child labour.

The supplier is responsible to:

- Send the child labourer to school;
- Bear the education cost of the child labourer;
- Pay the minimum wages until they turn into the legal age limit.

The supplier shall immediately notify the child's family, arrange and pay for all costs to return the worker to the family home safely.

The supplier shall compensate all wages that are owed to the worker, including wages for the most recent period. The supplier shall compensate the worker their normal monthly wage until they reach the age of 14 (or the legal age as required by the government).

Upon the worker reaching the age of 14 or the age allowable to work, the worker should be given the opportunity to be re-employed by the supplier.

The supplier shall demonstrate that they have put in place the systems and processes necessary to ensure that hired workers meet the age requirements to begin work.

5. Wages and benefits are provided to all workers

G-Star Code of Conduct

- 5.1 Suppliers must pay workers at least the minimum wage required by local law or the prevailing local industry wage (whichever is higher) based on the work performed. Wages should always be enough to meet basic needs and to provide some discretionary income.
- 5.2 Suppliers must provide to workers all legally mandated benefits inclusive of annual leave and holidays as stipulated by law.
- 5.3 All workers must be paid regularly and on time. In addition to their compensation for regular hours of work, workers must be compensated for overtime at a premium rate.
Piece rate workers shall not be exempt from the right to overtime compensation.
- 5.4 All workers shall be provided with written and understandable information about their employment conditions, including wages and benefits, before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- 5.5 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.

OECD due diligence guidance

[Module 7. Wages \(page 149\)](#)

Explanation

Reference of standards:

- ILO Protection of Wages Convention, 1949 (No. 95) and Recommendation, 1949 (No. 85);
- ILO Minimum Wage Fixing Convention, 1970 (No. 131) and Recommendation, 1970 (No.135);
- ILO Protection of Workers' Claims (Employer's Insolvency) Convention, 1992 (No. 173) and Recommendation, 1992 (No. 180).

Fair wage

The first step towards a fair wage is calculating what wage level can cover a worker's basic needs. Fair wage calculations must take into account some common factors including the number of family members to be supported, the basic nutritional needs of a worker and other basic needs including housing, healthcare, education and some basic savings.

G-Star defines this as follows: a fair wage should be earned during a standard working week (maximum of 48 hours per week) and should provide for the basic needs of the family and for some discretionary income.

Wages & Benefits structure and system

When the supplier establishes the wages -and benefits system, they shall consider the following factors:

- Minimum wage or the local industry standard (whichever is higher);
- Work position (based on job description and specification);
- Work performance analysis;
- Seniority wages and benefits regulations;
- Comply with local minimum wage standards;
- Date of payment;
- Statutory welfares, including holidays, annual leave, maternity leave and work-stoppage;
- Payment methods (i.e., cash or electronic bank transfer, etc.);

- Pay period and type (i.e., hourly wages, piece rate wages or monthly fixed salary);

For the wage slips provided by suppliers, the wage structure should include at least the following items:

- Normal wage rate;
- Overtime pay rate;
- The calculation of the benefits, such as annual leave and holidays;
- Deductions including meals, dormitory rental and social insurances.

In addition, suppliers also shall establish the rewards and penalty policy. The policy should at least include:

- Types and requirements for rewards, bonuses and / or allowances;
- The calculation method of the award, bonus, allowance and punishment shall be clearly stipulated in the wage structure.

When workers violate the rules, the supplier shall not deduct the wages of the workers. The worker's performance or behaviour problems must be dealt with by other management methods, including advice, warnings and / or continuing training.

The supplier shall communicate with all workers on a continuous basis regarding the wages policies and system. This information shall also be available in written documents and is well maintained to ensure that workers fully understand the policies and system.

Worker communication includes:

- Explain relevant policies and regulations in the new worker training;
- Periodical trainings when policies change or updates are made:
 - ✓ Post a revised or updated policy in the workplace;
 - ✓ Provide workers with a copy of the revised or updated policy;
 - ✓ Provide classroom training to workers;
 - ✓ Use other effective communication methods.

All communication records shall be kept and provided to auditors for verification. The supplier shall not charge workers for a uniform or any tool or equipment that is used during the work. If according to relevant laws and regulations, any worker shall be responsible for the suppliers equipment or property loss or damage, the employer must make a corresponding policy, clearly stipulates fees and a reasonable fee standard.

Piece-rate wage and daily output target

Even with the worker signing a piecework wage agreement; the supplier shall guarantee certain wages to workers based on the actual working time, which shall be no less than the minimum wage standards or industry standards on minimum wages (whichever is higher).

Even with the worker signing a piecework wage agreement; the supplier shall comply with relevant laws and regulations to workers to pay overtime wages.

Overtime Payment

All overtime shall be paid with a premium rate as defined in the national law or in the collective bargaining agreement. In countries where a premium rate for overtime is not regulated by law or if there is no collective bargaining agreement, the supplier should compensate the workers for overtime that is established by the supplier and that is equal the industry standards.

(E.g. legal requirement premium rate for overtime: 1.5 for weekdays, 2 for weekends and 3 for mandatory holidays)

Probation wages and benefits

During a training or probation period, wages shall not be less than the local minimum wage requirements. The period of probation must be in accordance with the relevant legal requirements.

Payment voucher/Slip

The supplier shall provide each worker with a single copy of the pay slip. The slip should be clear, and in worker's native language. The supplier shall communicate with the workers in order to make them understand the calculation method.

The payment voucher/slip must include at least:

- Worker name;
- Worker number (if applicable);
- Factory name;
- The actual normal work hours;
- The actual overtime hours;
- Wage rates (for example, hour rates / piece rates for workers);
- The total amount of wages and overtime;
- Any other extra reward, such as a personal or team bonus;
- Any other cash benefits;
- Deduct insurance fee, tax and/or other statutory deductions;
- Date of payment of wages;
- Pay date.

For non-mandatory deduction of expenses, such as additional benefits, insurance and savings schemes, the supplier shall maintain the documents indicating that workers voluntarily accept the deduction of the cost.

The supplier is recommended to retain the worker's recognition of the signature of the salary that has been paid.

Mandatory benefits

Suppliers shall provide legal benefits to all workers in a timely manner, including but not limited to legal holidays, paid annual leave, work related injuries (a minimum of 80% coverage and a commitment to achieve 100%), maternity leave, medical insurance and social security insurances.

Documentation keeping

All working time record, payroll records, the original piece rate wages, resignation or termination letters, and other accounting documents which shall comply with the relevant labour laws and regulations requirements shall be kept, or retained at least twelve months. These documents help to ensure the compliance with the minimum wage requirements and appropriate overtime premiums.

Remarks:

G-Star does not allow any form of monetary fines. The policy of "penalty" refers only to verbal or written warning punishment.

Leave policy:

The purpose of a leave policy is to ensure that annual and casual leave is managed fairly and consistently. By establishing a leave policy and by making sure that the applications procedures are clearly communicated to the workers it will help to reduce the percentage of unauthorized leave at the supplier. A low percentage of unauthorized leaves will benefit the supplier in its production planning and production efficiency.

A workers leave approval procedure for casual and annual leave should contain tot following steps:

- 1) Worker collects leave form from HR;
- 2) Worker submits the leave form at HR;
- 3) HR will discuss the leave request with concerned supervisor or line chief;
- 4) If they do not allow the leave, HR will discuss with the worker to explain. In case the leave is approved leave form is signed by HR and worker is informed on the approval;
- 5) If leaves are refused, HR records and writes down the reason of refusal of the leave;
- 6) All documents are kept in the workers personnel file.

Work related injuries or accidents:

If personal injury is caused to a worker by accident arising out of and in the course of his employment, his employer shall be liable to pay compensation in accordance with local law. Personal leaves of the workers will not be deducted.

Attendance Bonus Policy:

Supplier might follow an attendance bonus policy for the workers, in which they are able to receive a bonus when they have reached a 100% attendance. This policy should include the allowance of taking the annual and casual leaves. The attendance bonus policy should therefore clearly state the conditions and requirements of receiving the bonus.

6. Working hours are not excessive

G-Star Code of Conduct

- 6.1 Suppliers must ensure that regular working hours or overtime do not exceed the legal maximum according to local law or industry standards, whichever affords greater protection. In any event, workers shall not, on a regular basis, be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period on average.
- 6.2 While it is understood that overtime is required from time to time in the garment sector, overtime shall be voluntary and based on mutual agreement with workers. In any event, overtime shall not exceed 12 hours per week and shall not be demanded on a regular basis.
- 6.3 Suppliers must record all workers' working hours completely and accurately and time records for all workers must be available for review.

OECD due diligence guidance

[Module 4. Working Time \(page 131\)](#)

Explanation

Working hour's standards reference:

- Hours of Work (Industry) Convention, 1919 (No.1);
- Weekly Rest (Industry) Convention, 1921 (No. 14);
- Forty-Hour Week Convention, 1935 (No. 47);
- Holidays with Pay Convention (Revised), 1970 (No. 132);
- Reduction of Hours of Work Recommendation, 1962 (No. 116);
- Night Work Convention, 1990 (No. 171) and its Recommendation, 1990 (No. 178).

Focus on 100% transparency

When promoting the importance of working hour control, G-Star understands the reasons resulting in overtime work, such as rush orders or material delays and other external factors which could not be controlled solely by the factory. Root causes of overtime work should therefore be searched from every angle.

As a result, G-Star will continue to work with suppliers who provide real working time and wage records. G-Star will work with these suppliers to reduce their overtime. However, forged attendance card and/or payroll records are absolutely not tolerated, because this will not help to understand the actual work time, nor could G-Star work with the supplier to identify the root causes.

Regular and continuous overtime is not accepted by G-Star, but factors such as peak seasons in production are taken into account.

All overtime must be voluntary:

The supplier shall ensure that all work is done on a voluntary basis. To ban any form of pressure to force workers to work overtime.

Working hour and rest-day

The supplier shall control the work time within the law or 60 hours per week (whichever is less). Every week must be guaranteed at least one day of rest.

Each working day shall provide adequate rest. In the countries which have legal limit to female workers' working hours, the supplier shall guarantee female workers have sufficient rest according to law.

Time recording system

In order to ensure the transparency and consistency of the working hours, the supplier shall provide the workers with a functional, mechanical and electronic attendance system to record their working hours. The attendance system shall be used to record the working hours and hours of each working day. In addition, working hours and overtime hours shall be recorded on the same attendance system. It helps to ensure the accuracy of working hours and wages calculation.

G-Star does not accept manual attendance records, except for following case: manual attendance records can only be used for short-term records, for example during the period in which the new worker has to obtain the attendance card or ID card.

Documentation keeping

All records of working hours, payroll records, original piece rate records, resignation or termination letters and other financial documents shall be retained for at least twelve months. This will help to monitor and control working hours. G-Star does not accept forgery and tampering with any records.

Remediation for excessive working hours

The following points are recommendations to develop the supplier management practices and to reduce the amount of overtime working hours in the factory. Below activities should be carried out by an Industrial Engineering department, whom carries the responsibility to analyse and improve the working methods at the factory.

- Plan the manpower that is needed based on the required output in which the used machines and product category are taken into account;
- Classify the workers as skilled/ semi-skilled/ unskilled (grading of workers);
- Prepare the job specification based on a job description of each skill level and make sure the workers are hired accordingly;
- Track and measure the performance of the workers and set targets accordingly;
- Distribute the capacity of the factory based on the regular working hours. Therefore, do not include overtime hours when setting up the capacity plan;
- Calculate the monthly available working days and include days of leave of the workers:
 - *Monthly available working days:* (monthly work days X total workers) - leave days;
- Prepare a monthly production plan based on available days of the workers and the regular working hours;
- When in peak season overtime cannot be avoided only use a 2 hours overtime slot. Prior approval for overtime from the workers is required;
- In case there is overtime work during the weekly holiday make sure to give a compensatory leave within 3 days/ or as per the legal requirement.

For more guidance on the root cause analysis for excessive working hours see Appendix 1.

7. No discrimination is practiced

G-Star Code of Conduct

- 7.1 Factories should only employ workers on the basis of their ability to do the job, not on the basis of their personal characteristics or beliefs.
- 7.2 No person must be subject to any discrimination in employment, including hiring, salary, benefits, access to training, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social or ethnic origin, maternity or marital status.
- 7.3 Women and men shall receive equal remuneration for work of equal value, equal evaluation of the quality of their work and equal opportunities to fill all positions open.
- 7.4 Factories shall provide appropriate services and accommodation to women workers in connection with pregnancy, child birth and nursing.

OECD due diligence guidance

[Box 10. Discrimination and gender-based discrimination \(page 119\)](#)

Explanation

Reference of standards:

- Equal Remuneration Convention, 1951 (No. 100);
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111);
- 1998 Declaration on Fundamental Rights and Principles at Work (ILO);
- Declaration on the Elimination of Violence against Women, adopted by the United Nations General Assembly (A/ RES/48/104), New York, 20 December 1993;
- Committee on the Elimination of Discrimination against Women, General Recommendation 19, Violence against women (Eleventh session, 1992), U.N. Doc. A/47/38 at 1 (1993), reprinted in Compilation of General Comments and General Recommendations Adopted by Human Rights Treaty Bodies, U.N. Doc. HRI/GEN/1/Rev.6 at 243 (2003);
- Convention on the Elimination of All Forms of Discrimination against Women, New York, 18 December 1979, United Nations.

Frequently, we see that jobs in the factories are allocated largely on the basis of gender. E.g. most workers working in the sewing section are women, while almost all those in the cutting, ironing and finishing sections are men. This can influence the working conditions of the workers. If there are fewer women in higher-paid positions (e.g. management positions or positions at the cutting or inspection departments) it could be an indicator that there is a form of discrimination against women.

Suppliers are requested to ensure that women are adequately represented in worker committees or decision making bodies for the monitoring and mitigation of risks of adverse impacts.

Maternity protection at work:

Principles and rights related to maternity protection at work have been embedded in three Conventions on maternity protection of the ILO. These rights are also firmly established in a host of international treaties relating to human rights, women's rights, rights to health, and the rights of the child. As per the ILO Conventions there are five core elements of maternity protection.

1. Maternity leave – the woman's right to a period of rest from work in relation to pregnancy, childbirth and the postnatal period;
2. Cash and medical benefits – the woman's right to cash benefits during her absence for maternity and health care related to pregnancy, childbirth and postnatal care;

3. Health protection at the workplace for the woman and unborn child during pregnancy, as well as during breastfeeding;
4. Employment protection and non-discrimination – guarantee of the woman’s employment security and the right to return after her maternity leave to the same job or an equivalent one with the same pay after leave; moreover, a woman cannot be discriminated against while at work or while searching for work because of her reproductive role.
5. Breastfeeding arrangements to help workers to breastfeed or pumping breast milk at the workplace for a period after returning to work.

Guidelines to create awareness among the workers regarding maternity protection

The following points are recommended actions for suppliers on maternity protection for their workers:

- Ensure workers are aware about the maternity benefits policy;
- Keep the records and documentation of all the workers who are pregnant;
- Remove the worker from hazardous jobs if the worker is pregnant;
- Ensure workers are aware of their entitlements regarding breaks for breastfeeding;
- Maintain a well-equipped day care room to encourage the workers to bring their children;
- Designate personnel to keep in touch with the workers during maternity leave (keep up to date contact numbers of the workers in the personnel file).

Guidelines to avoid discrimination

Hiring practices:

- Information in job advertisements should not include any specification that leads to discrimination (e.g. gender biased specification);
- Provide facilities to avoid indirect discrimination. E.g. toilets for disabled should be available in the factory.

Identification:

- Identify key performance indicators to measure progress with discrimination and equal opportunity issues;
 - Examples of analysing discrimination indicators:
 - % of women in higher paid jobs;
 - No pregnancy examination for women during hiring;
 - Equal payment of migrant workers.
- Report on the progress of discrimination and equal opportunity issues, including measures taken to contribute to the elimination of such issues with key performance indicators through a report;
- Regularly analyse the operation of the policy (e.g., through examining personnel records) and appropriate follow-up action taken to eliminate unlawful direct and indirect discrimination, and to promote equality of opportunity.

Ensure that:

- Records are kept on the breakdown of the workforce in order to assess the effective operation of the policy, including workers’ and applicants’ gender, racial origins, and disability;
- The workers information is not be used for any other purpose and remain confidential (although workers will be able to check/correct the record of their own details, where necessary).

Communication:

- Effectively communicate the policy and the associated guidance and procedures to personnel and other interested parties;
- Provide all new workers with a copy of the policy, and provide formal training on the policy, either as part of the worker induction process or as part of an apprenticeship scheme;
- Provide workers with regular training and awareness-building which cover the issues in this policy in order to foster an awareness of shared responsibility and accountability.

Grievance system and procedure

The UN Guiding Principles on Business and Human Rights

The publication of the UN Guiding Principles for Business and Human Rights¹ elaborates on the criteria for the effectiveness of a grievance system. This is outlined in **Guiding Principle 31** of this publication and includes the expectation that system is: legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue.

It is important to have a functioning complaint system and procedure in place for resolving worker complaints. The complaints can be made anonymous and shall be in multiple ways (e.g. suggestion box, open door policy). Supplier shall investigate the complaints and take corrective actions accordingly. This process should be documented and saved.

The basic principles of a grievance system:

- A grievance system should be written and in a language that can be understood by all parties. All the employees and management should be informed and aware about the system at the time of employment;
- The process should be transparent, impartial and confidential;
- Each step in the system should have a clear time limit;
- The roles of the Worker Representatives and the HR department should be clearly defined.

Grievance procedures

The purpose of a grievance procedure is to allow workers to bring any dissatisfaction or feeling of injustice which may exist in respect of the workplace to the attention of the management. The supplier shall attempt to resolve the grievance in a manner, which is acceptable to the worker concerned and the organisation. A grievance pertains to any dissatisfaction with regard to matters that are directly related to the employment relationship, which exists between the supplier and the worker(s) concerned.

The supplier needs to communicate the below points with the workers:

- A worker who lodges a grievance, will not be prejudiced in his/her employment with the supplier;
- All grievances should be resolved at the earliest possible stage and as expeditiously as is practically possible at the point where the grievance originated.

Grievance mechanism methods

The grievance procedures differ from organization to organization. The methods usually adopted for identifying grievances are:

Open-door policy:

In this method, workers are requested to submit their grievances to:

- Immediate supervisor.

¹ https://www.ohchr.org/documents/publications/GuidingprinciplesBusinessshr_eN.pdf

- Head of production
- Human Resource manager,

Opinion Surveys /Online form:

In this method, the workers express their grievances to persons who are not their superiors. The identity of the worker is not disclosed.

Suggestion/compliant box system:

The workers can drop their complaints in the complaint box. The worker does not need to disclose his/her identity if s/he so desires.

Hotline:

Management can designate a senior person to receive the call of the workers. Workers should feel comfortable reporting problems to the person. A complaint can be shared via a telephone number or via Social Media channels such as WeChat, WhatsApp, Messenger etc.

Email:

Writing a complaint email is a formal way for a concern to be addressed immediately. Workers can write a complaint email to a designated and trusted person in the factory.

Exit Interview:

The information collected during an exit interview provides valuable insights in the reason for an employee to leave the company.

Type of grievances

The supplier shall categorise the grievance reasons and communicate this with all the workers:

- *Economic:* Wage fixation, overtime, incentive, allowances, increments etc.
- *Work environment:* poor physical condition of workplace, stringent production norms, defective tools & equipment, unfair practices etc.
- *Supervision:* relates to the attitude of the supervisor towards the employee such as perceived nation of bias, favoritism, regional feelings etc.
- *Work group:* worker is unable to adjust with his co-workers, suffers from feelings of neglect etc.
- *Miscellaneous:* issues relating to certain violations in respect of promotions, continuity of service, transfer, disciplinary actions, medical facility, work pressures, no leaves including maternity leaves and benefits, poor performances, job insecurity for any reason.

Investigation

During the grievance handling procedure, it might be decided that investigation is needed.

Some basic principles of such an investigation are:

- Investigation is done impartially. The person who conducts the investigation is someone who is unbiased, with no conflict of interest. If appropriate, a third party can be involved to perform the investigation;
- Investigator/management talks to all witnesses (in case this information is known);
- Grievant is given a chance to explain the incident (in case grievant is known);
- The investigation is completed in a timely manner and remain objective without rushing to judgement before obtaining all the relevant facts;

Involvement of external stakeholders:

The grievance system may not result in all problems being solved. It is possible that after following the proper procedures parties have not reached an agreement. In such cases, they may be able to resort to their rights under the national Labour law. The aggrieved person should have access to external contacts outside of management that can support in resolving the complaints, such as NGO's, Labor Unions or local communities.

Judicial remedy

It should be clear to workers that this procedure does not replace the rights to pursue complaints to an Industrial Tribunal or to the courts where it is appropriate.

8. Regular employment is provided

G-Star Code of Conduct

- 8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.
- 8.2 Obligations to workers under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub- contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

Explanation:

Although there is no unique Convention solely addressing regular employment, below conventions are relevant with this code:

- C95: Protection of Wages Convention, 1949;
- C158: Termination of Employment Convention, 1982;
- C175: Part-time Work Convention, 1994;
- C177: Homework Convention, 1996;
- C181: Private Employment Agencies Convention, 1997.

HR & recruitment procedures:

Supplier shall have a Human Resource (HR) department in place that is responsible for recruitment, safety, worker relations, compensation benefits, compliance, and training. An organizational structure shall be established with correct communication systems.

The supplier shall have a written HR policy. This policy shall include policies on manpower planning. If the company has a peak and off-peak season, it shall be clearly mentioned how the workers are allocated during peak and off-peak seasons.

The supplier shall follow a recruitment procedure applicable to all employees granting them equal opportunities to fill up the open positions. The recruitment procedure shall include the publication of the job description, and required qualifications, carrying out necessary number of interviews and reviewing employee's appropriate documentation.

Furthermore, the supplier will make sure that there is no discrimination (e.g. gender, age, religion pregnancy etc.) during the recruitment process.

Where necessary, effective measures shall be taken to ensure that workers are informed, in an appropriate and easily understandable manner on their employment conditions:

- Before they enter employment;
- When changes take place in the conditions under which they are employed.

Supplier shall ensure that:

- All the workers have a written contract;
- The contract is in a language which each worker can read and understand;
- Workers are paid regularly, on a daily, weekly or at least on a monthly basis;
- Workers should get a written consent for any deductions from wages other than legally permitted deduction. This could include pension contributions, rent, transport etc.;
- The deductions are clearly explained to the workers before they are asked to sign the consent.

9. No harassment or abused is allowed

G-Star Code of Conduct

- 9.1 Workers must be treated with respect and dignity.
- 9.2 Factories must not engage in or permit physical acts to punish or coerce workers, nor should they engage in or permit psychological coercion or any other form of non-physical abuse, including threats of violence, sexual harassment, screaming or other verbal abuse.

OECD due diligence guidance

[Module 2. Sexual harassment and sexual and gender-based violence \(SBGV\) in the workplace \(page 112\)](#)

Explanation

- Reference of standards: ILO Convention 100, 1951 on Equal Remuneration for Men and Women Workers for Work of Equal value;
 - ILO Convention 111, 1958 on Discrimination in Respect of Employment and Occupation, C29 - Forced Labour Convention, 1930;
 - C105 - Abolition of Forced Labour Convention, 1957.
- Prohibit any form of harassment, inside or outside the workplace (if relevant to work), by supervisors, workers or suppliers, and all offensive conduct (physical or verbal) that threatens human dignity and workers' morale, and which interferes with a positive and productive work environment;
 - Prohibit behaviour, language or gestures that are sexually coercive, threatening, abusive or exploitative; for example:
 - actual or attempted physical assaults of a sexual nature;
 - unwelcome intentional physical contact;
 - slurs, jokes, or degrading comments, using sexually degrading words to describe an individual, or suggestive or offensive remarks;
 - unwelcome sexual attention, advances, or flirtations;
 - the display of sexually suggestive pictures or objects, or emailing of such pictures;
 - overt or subtle pressure for sexual favours (e.g., implying or threatening that cooperation by a worker will have an effect on his or her employment, job assignment, pay, promotion, condition of employment, or future job opportunities).

Guidelines to avoid harassment or abuse

1. Develop, endorse and communicate to all workers a harassment and sexual harassment policy within the working environment. This shall be spread to all workers during recruitment and introduction training.
2. Take effective and appropriate remedial action if (sexual) harassment occurs.

Suppliers are required to establish a functional system within the company (in-house system) to prevent and respond to cases of (sexual) harassment:

- A policy statement prohibiting (sexual) harassment;
- A clear definition of what constitutes (sexual) harassment;
- A complaints/grievance procedure;
- A system that makes sure that the complaints/grievance procedure is functioning;
- Disciplinary rules and penalties against the harasser and against those who make false accusations;
- Protective and remedial measures for the victim;

- Promotional and education programs to explain the company policy regarding (sexual) harassment and to raise awareness of (sexual) harassment and adverse consequences for breach of the policy shall be provided to all workers, supervisors and managers of the company.

For (sexual) harassment the policy statement shall contain at least the following:

- The assertion that all workers, job applicants, and any third party associated with the supplier reserves the right to be treated with dignity and without distinction;
- A full explanation of forms of conduct that constitute (sexual) harassment;
- A declaration that (sexual) harassment is not permitted or condoned on the principle of zero tolerance;
- An assurance that all persons who have been subjected to (sexual) harassment at the workplace have a right to raise their grievance and appropriate action shall be taken in accordance to the policy and procedures of the supplier;
- An explanation of the procedure which should be followed by workers who are victims of (sexual) harassment, management and workers who are tasked to managed complaints;
- An affirmation stating that (sexual) harassment constitutes a breach of the suppliers' policy and will incur disciplinary actions in accordance to the agreement of the supplier;
- A directive stating that supervisors and managers have a positive duty to implement the policy and to demonstrate leadership by example.

10. Environment

G-Star Code of Conduct

- 10.1 Suppliers, their subcontractors and business partners must comply with environmental rules, regulations and standards applicable to the workplace, the products produced, and the methods of manufacture and must observe environmental conscious practices in the locations where they operate and in the materials they use.

Suppliers, their subcontractors and business partners are also expected to treat the land they use for whatever purpose in a respectful way that does no long term damage to it and to be respectful of the diversity of the plant and animal life with which they share it.

- 10.2 The environmental standards are outlined on the following pages of this document.
- 10.3 Our environmental and social criteria are equally important and therefore the environmental criteria will be assessed in the same way as the social standards; see 11.3 Code and System Implementation.

Please refer to the **G-Star Raw C.V. Environmental Guideline 3.0**. This manual provides guidance in managing the environmental standards a set forth in our Code of Conduct.



Environmental
Guidelines_G-Star

11. Code and System implementation

G-Star Code of Conduct

- 11.1 Suppliers are expected to implement and maintain the necessary systems in order to ensure compliance to this code. Suppliers should appoint one contact person of the management per factory who shall be responsible for implementing this Code of Conduct and communicating the code and its implications to all the factory workers. Suppliers should, where reasonably practicable, extend the code principles through their own supply chain. This implementation system is a necessary and integral part of this G-Star Supplier Code of Conduct.

The implementation system at supplier and all sub-contractors should include the commitment to this G-Star Supplier Code of Conduct, a management system, an internal monitoring system, worker training and education and a worker-complaints system.

- 11.2 Suppliers must maintain on file all documentation needed to demonstrate compliance with this Code of Conduct and required social and environmental laws. Suppliers shall agree to make these documents available for G-Star or designated auditors and submit to audits with or without prior notice.
- 11.3 Suppliers must not assign any work to other parties than the by G-Star contracted party without prior written approval of G-Star and only after the subcontractor has formally agreed with this Code.
- 11.4 As a condition of doing business with G-Star, each and every factory involved in manufacturing of G-Star products must comply with the G-Star Supplier Code of Conduct. In order to verify this, suppliers must permit audits at any time of all the factories involved in the manufacturing of G-Star products by G-Star workers and / or accredited auditors. As part of the monitoring process, accredited auditors must be allowed to conduct interviews with workers on a confidential basis and inspect premises.
- 11.5 Should we find that a supplier does not comply with our Code of Conduct, we will ask him to take corrective actions in an agreed time frame and if not taken, we will seriously reconsider the business relationship with the supplier, including the termination thereof.
- 11.6 A copy of this G-Star Supplier Code of Conduct, translated into all the native languages of the workers, must be notified and displayed in a prominent place accessible to all workers, within each facility where G-Star products are being manufactured.

Additional explanation and recommendations for a successful code implementation

Organizational Structure

To reach full compliancy to the G-Star Code of Conduct it could require changes in the supplier's business processes and systems. To ensure that these changes can happen in a smooth and timely manner, the job position that is responsible for implementing the Code of Conduct (e.g. compliance manager), shall have a management (or higher) position. Furthermore, this position should have a direct communication link with a person of the top management.

When there are separate job positions in place for both Human Resource and Compliance, these positions should closely communicate and collaborate with each other.

Remediation for improving Human Resource (HR) practise

HR and compliance practices are jointly linked. The below points are therefore recommended actions to develop and improve the HR systems and practices:

- Build the capacity of mid-level management by providing training on legal rights, HR policies and leadership.
- Analyse the absenteeism and turnover rate of workers and make an action plan to mitigate the same;
- Explain the employment contract with the workers upon employment in their native language;
- Train the workers on an annual basis about the company policy;
- Develop a policy to provide the legal benefits to the workers;
- Develop a relationship between the management and workers;
- Provide the worker handbook in native language of workers;
- Display the companies policies in a visible place and in the native language of the workers;
- Develop a policy to retrain and motivate the workers.
- Adopt social dialogue to promote a healthy and safe working environment (exchange and share the information with the workers and negotiate if issues arise through social dialogue).

High labour turnover analysis

Analysis of workers' mobility is a vital part of the HR management process. The following indicators are important to track:

- Recording of costs (cost impact on having to replace and train a new worker);
- Types of workers (job position, age etc.) who are terminating their contracts;
- Reasons why these workers decided to leave the company.

Termination practice:

After receiving the wages of the previous month the worker might leave the factory without informing the Human Resource (HR) department. Most of the workers do inform the mid-level management about ending their job, but not in writing. It is therefore important to track the reasons of job termination in order to analyse the root causes of a high labour turnover.

Possible root causes of high labour turnover:

- Not providing the service benefits to workers (no provident fund, welfare fund, participation fund);
- Not providing the workers the compensation of un-availed leave;
- Complicated and/or unclear leave procedures, therefore workers do not ask approval for authorized leave;
- No policy to approve the unpaid leave and annual leave in case of emergency. Without approving the long leave in case of emergency, workers have to be re-hired by the company;

- No approval for sick leave without the company's authorized doctor's suggestion. It could be difficult for workers to get the permission from the production team to meet the doctor during working hours;
- Workers are experiencing high work pressure (e.g. unreasonable production target);
- The workers are verbally instructed to leave the job without resignation by the mid-level management for unauthorized absent, poor performance etc.
- No training for the mid-level management and workers about the company policy and legal requirement on termination procedures;

Subcontracting

Although there is no direct contractual relationship with G-Star, we do require the subcontracting facility to be compliant with the G-Star Supplier Code of Conduct.

Please refer to **G-Star's Subcontracting policy v1.2.**



G-Star RAW C.V.
Subcontracting Policy

Appendix 1

| G-Star RAW MEMO root cause analysis of excessive working hours (6 months record) | | | | | | |
|---|----------|----------|---|--------------------------------------|-----------------------------|-------------------------------|
| <ul style="list-style-type: none"> - Documents review: daily production report, time card, production planning - Worker interview: min. 20 workers - Management interview: Production General Manager/ Head of Work Study department | | | | | | |
| Type of Violation: | Y | N | Root cause of Violation: | Explanation of the management | Departments Affected | No of workers affected |
| <i>Weekly Hours:</i> | | | Poor production/ capacity planning | | | |
| >60 hrs./week | | | Unexpected workforce shortage (high migration) | | | |
| >72 hrs./week | | | Receive last minute orders from buyer (mention the name of the brand) | | | |
| | | | Receive order more than capacity | | | |
| | | | Unexpected absenteeism rate | | | |
| <i>Daily Hours:</i> | | | Other causes: | | | |
| >10 hrs./day | | | Assessor's comments: (analyse the below issues) | | | |
| >12 hrs./day | | | Insufficient skilled workers as per requirement (as per work study or production head). | | | |
| >16 hrs./day | | | Demotivated workers - High absenteeism rate/ no enjoyment of leave/ high labour turnover. | | | |
| Consecutively-7 days | | | Material suppliers (e.g. accessories, fabric) did not deliver the materials on time/ no procurement policy etc. | | | |
| Note: double book keeping is Zero Tolerance | | | | | | |

Information provided in this document is valid as of December 2017.

Changes, modifications and/or actualizations will be notified from to time and will make part of this document as such date.

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