

Corrective Action Plan of Transparentem's 2022 report

Name of factory	Shimri (Pvt Ltd. DDC)
Contact Person	Shimri (Pvt Ltd. DDC)
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Country	Bangladesh
Audit Firm	Verite & DDC
Auditor Name(s)	[REDACTED]
Audit Date Range	15th February 2023

Question ID	2022 Finding Description Transparency	Source of Information	Verite's 2022 Findings		List Evidence Provided	G-Star visit outcome		G-Star verification		EXPECTED CORRECTIVE ACTION	COMMENTS
			Verite's 2022 Findings	Verite's 2022 Findings		Source of Information	ACTIONS TAKEN				
Recruitment fees	Workers who migrated directly to DDC said they pay recruitment fees and related costs. Almost all of these workers said they paid fees ranging from \$1,600 to more than \$2,300, an amount equal to roughly 22 to 33 months of minimum wage payments (including allowances for food and accommodation) for full-time export-industry workers in Mauritius in 2023. One worker said they paid \$850.	Workers interviewed	During the investigation to direct recruitment fees were found to be paid by workers to DDC, DDC representatives, labor agents appointed by DDC or any third party directly related to the factory to work as an agent at DDC. However, several workers did indicate that they provided gifts or made payments for legitimate services needed as described below. Bangladesh workers reported that there are several informal unofficial third-parties spread across different levels (including at the district, sub-district, and village union level) in Bangladesh, whom the workers still pay unofficially for supporting them to process their applications and complete other formalities from the village level to the main recruitment agent's office level. The workers reported that the third-party services were practical, as many village-based migrants do not have direct or immediate access to the labor agent's office in the capital city. Bangladesh workers interviewed indicated that they needed the payments made to the unofficial, local third-parties or payments for legitimate services rendered, such as for support with completing documentary requirements, and reaching the main office; in this regard, workers interviewed stated that they had no complaints regarding such payments and decided to disburse the amounts, as well as the third-parties identifying and contact details, emphasizing that they had no objections to making the payments during their recruitment.	Management Discussion and Worker Interviews	All interviewed workers confirmed that they did not pay direct recruitment fees to the recruitment agency or DDC. However, several workers confirmed that they did engage in "gifts" or "payments for legitimate services" after 2016.	Source of Information	DCI management, with direct support from G-Star representatives, met with the recruitment agency and indicated that all costs and expenses should be borne by the employer and that contracted workers should not pay any fee at any point of the recruitment process.	DCI has committed to reimburse at least the amount already identified for these "unintended costs" that have been so far identified through the deeper analysis mentioned before and whose average initial expenditure range comes at \$5.5 per worker.	Final comments for updated completed actions to be received from DDC by August 1st		
	A few workers who migrated directly to DDC said titles or no fees. Some workers said their recruitment agents told them not to disclose that they paid recruitment fees, or to be about how much they paid. Two workers said they signed documents falsely stating that they had paid no fees. One of these said the document they signed was an affidavit related to their own expense.	Workers interviewed reported that they have not informed DDC management of the payments mentioned above.	One Malagasy female and one Malagasy male worker reported that they paid small amounts to a woman as a gift at the airport before their departure. These workers were quite hesitant to share any more information. All other Malagasy workers interviewed stated they have not paid recruitment fees or gifts to anyone.	Nevertheless, through the audit, we also learned of a previous practice related to early recruitment fees applied by a Dhaka-based agency, which is no longer a provider of services for DDC. All workers interviewed confirmed such practice was ended in 2015. Therefore, the recruitment fees practice is both confirmed as stopped, no longer implemented, and conducted in a period of time prior to the participating brands utilization of DDC as a supplier.	Management Discussion and Worker Interviews	DCI is in the process of handing out the renewed contracts of workers hired before 2023 that were missing updated wording aligned to newly introduced "New National Minimum Wage" and related food and housing allowance provisions/allowance deductions. Contracts have been updated in their wording and workers signed and collected upon distribution.	Additional suggestions have been made to implement: <ul style="list-style-type: none"> - Post-arrival interview check-list to be added to the post-arrival interview mechanism already in place (will be integrated with next annual) - Agent Due Diligence check list for pre-procurement/upon focus being of new agents and possibility of engaging third parties to assist recruitment agencies before hiring them) - Recruitment risk grid 				
Discipline	Most interviewed workers recruited directly to DDC said their recruitment agents gave them false information as they were deciding to migrate to Mauritius. Many interviewed said recruitment agents deceived them about their net earnings. Some said agents advised them to sign contracts they did not understand, leaving them vulnerable to deception about the actual terms and conditions of their employment. Two interviewed said the contracts they received in their home country were in either in their native language or in both their native language and English. One said the contract they received was in their native language and English.	Workers interviewed	Some workers indicated during interviews that during the pre-departure orientation in their home country, as well as during induction training, they were not informed that the cost of food and accommodation would be deducted as is done in practice. However, deductions are legally permitted in Mauritius, according to the current applicable laws, allowances for food and accommodation to be paid in addition to the worker's basic wage (this constituting the new National Minimum Wage introduced in 2023). However, if the employer is providing food and accommodation to the worker, the amount that would be paid as the allowance can instead be retained / deducted.	Worker Interviews, Management Discussion and Document review	No additional findings.	Source of Information	DCI is in the process of handing out the renewed contracts of workers hired before 2023 that were missing updated wording aligned to newly introduced "New National Minimum Wage" and related food and housing allowance provisions/allowance deductions. Contracts have been updated in their wording and workers signed and collected upon distribution.	DCI must review the recruitment policy and process for communication to ensure awareness on such policies and contract terms by all workers. In particular, a stronger focus will be placed on clear information about the provision of payment of "Food and Accommodation" allowances along with the wages under "New Minimum Wage" provisions of the country, and that the deductions made for the same from their monthly wages is per the legal norms.	Final comments for updated completed actions to be received from DDC by August 1st		
	Malagasy workers are provided appointment letters and a pre-departure briefing in French, although not in their primary language. Some Malagasy workers reported that they are not fluent in French and require assistance understanding their contract terms.	Malagasy workers will also be made available in Malagasy in addition to French for workers who are not fluent in French.	Continued discussion with Meva and government on legislative changes (deductions for food and accommodations that are now legally allowed may in fact lead to final wage that is lower than minimum wage).								
Absence working and being conditions	Most interviewed workers (including all but one of the men) described problems with their living conditions, and many said living conditions were among the areas that most needed improvements at the factory. Several workers (all women) said their housing was fine. DDC has a number of dormitory buildings, rooms vary in size, and men and women are housed separately. Some of the workers in worker's statements may be due to these different circumstances. More than half the workers interviewed said men - said crowding was a problem in their dormitory. In general, these workers said their rooms contained at least twice as many workers as they should, and sometimes as much as four times as many. Most of the male workers described bathrooms that were broken or clogged. One worker explained, "The condition of the bathrooms is not good." Other conditions explained not adequate are food, bedding, insects infestation, extreme heat in the factory and problems in accessing medical care.	Workers interviewed	A variety of health and safety issues were found at all dormitories visited. Most buildings were old with unhygienic and arduous conditions, including bed rooms, toilets, eating areas, and other common areas. Issues include overcrowded space leading to unsafe space, unhygienic toilets and kitchens, clogged toilets, radiator leakage and first aid boxes missing items.	Physical Observation, Worker Interviews, Document review and Management Discussion	Several HSE issues in dormitories were confirmed as already solved (see column 1).	Source of Information	From Verite report the following areas were flagged as problematic, but as an older visit date they have been confirmed fixed: <ul style="list-style-type: none"> - One dormitory has been closed and workers have been moved to a new building (and an additional building is currently under construction and will soon be ready to host more workers that will be moved from older building) - Safety barriers added to emergency exits - Roof of been fixed. - Roof added to one dormitory where the kitchen area was moved - 28 fire extinguishers have been confirmed as usable and have been checked. - First aid boxes have been checked and they resulted as now full and functional. - No extension cords or multipugs were detected in the rooms - No fans autonomously mounted by workers that could result in a hazard was noted. - Kitchens were found to be hygienic and clean. 	It was communicated by DDC to the brands that by the end of the year the workers housed in the older dormitories should be moved to newer ones (currently in construction or undergoing refitting).	Final comments for updated completed actions to be received from DDC by August 1st		
	Some workers described the factory sending workers home, or threats thereof, as a punitive measure. Two workers said factory staff threatened workers with deportation to prevent labor organizing. Workers also reported intimidation and threats of punishment for speaking to auditors, making production mistakes, asking questions about wage deductions, or failing to meet production quotas.	There was no evidence of coaching among workers, and the auditors were able to freely access the workplaces and dormitories and freely interact with the workers and the members of the worker council. Two workers reported being criticized by supervisors for minor production mistakes.	Workers interviewed	No signs of evidence of coaching was found. Workers were open and G-Star staff obtained full access to factory, dormitories and workers.	Worker Interviews	No evidence of working conditions and/or early or threats of deportation was noted.	Source of Information	DCI was requested to provide a comprehensive operating procedure for the human rights policy statement to be formulated and communicated through training of managers, supervisors, and workers. Any review and/or change in the policy and its procedures must be followed by trainings, with trainings documented and recorded.			
Inadequate response to grievance mechanisms	Several workers said supervisors contacted workers on how to respond to auditor questions or ensured that only certain workers spoke with auditors.	Workers interviewed	The factory has grievance mechanisms but it was found to be not fully effective, as many grievances raised have not resulted in a resolution or in communication by management on actions scheduled or taken to resolve the issue. Grievance records were found to be out of date, with entries documented improperly and in the wrong chronological order.	Document review, Worker Interviews	Grievance mechanism was noted to be not fully functional through the review of the "suggestion box" located at the entrance and by confirmation of Verite findings concerning record keeping. Most of the grievances are raised as the committees and amount at are related to dormitories.	Source of Information	DCI has been requested to review and update their grievance procedure, with a strong recommendation to provide different solutions for the workers (anonymous complaints, workers councils, directly to supervisor, etc.)	Final comments for updated completed actions to be received from DDC by August 1st			
	Most workers asked about the topic said the factory was not responsive to worker complaints. When it did respond, was slow or ineffective.	There was no evidence of underpayment of wages.	Workers interviewed	There was no evidence of underpayment of wages.	Management Discussion and Worker Interviews	None of the workers interviewed reported punitive wage deductions. No such deductions were found during the review of wage records.	Worker Interviews and Pay Records Review		N/A		
Lack of freedom of association	Several workers said they thought the factory underpaid them because it incorrectly calculated their wages. Several workers said they did not understand how the factory calculated their pay and/or deductions and several other workers appeared to be confused about their wages.	Workers interviewed	There is a Workers' Council in the factory. The factory issued a memorandum for nomination of candidates for three separate workers' councils, including a council for Mauritian workers, Malagasy workers, and Bangladesh workers. After the memorandum was issued, it was reported that workers then informally submitted a list to management of workers they nominated as council members.	Worker Interviews, Council Member Interviews and Record Review	The 3 workers councils are not fully functional. They work mainly on dormitory complaints.	Source of Information	It is expected that DDC will review the process for selecting members of the workers council and ensure that the process for selecting members of the workers' council is formal and democratic in nature and fully documented. All workers in the factory must be provided with clear communications through awareness and training programs regarding the roles, responsibilities, mechanisms, and functions of the workers' council. All communications should be documented.	Final comments for updated completed actions to be received from DDC by August 1st			
	Several workers said they thought the factory underpaid them because it incorrectly calculated their wages. Several workers said they did not understand how the factory calculated their pay and/or deductions and several other workers appeared to be confused about their wages.	There was no evidence of underpayment of wages.	Workers interviewed	There was no evidence of underpayment of wages.	Management Discussion and Worker Interviews	In addition, DDC is expected to support the engagement between the council and the workers grassroots, by reaching out to the workers not only to make them aware about the existence, roles, and responsibilities of the council but also to gather their feedback and identify issues/problems/grievances and bring to the council meetings.					
Underpaid or incorrect pay	Several workers said they thought the factory underpaid them because it incorrectly calculated their wages. Several workers said they did not understand how the factory calculated their pay and/or deductions and several other workers appeared to be confused about their wages.	Workers interviewed	There was no evidence of underpayment of wages.	Management Discussion and Worker Interviews	There was no evidence of underpayment of wages.	Source of Information	All types of grievances, problems, and issues of workers should be discussed in the council meetings. Actions taken on each item must be of the meeting minutes.	Final comments for updated completed actions to be received from DDC by August 1st			
	Several workers said the factory deducted wages or cut bonuses for mistakes. One of these workers said they had not personally experienced production, and another said it happened only on the past.	None of the workers interviewed reported punitive wage deductions. No such deductions were found during the review of wage records.	Workers interviewed	None of the workers interviewed reported punitive wage deductions. No such deductions were found during the review of wage records.	Worker Interviews and Pay Records Review	N/A	It has been recommended to DDC to have dormitory committees separated from the factory committees as well as work with a cross-country specific committee and not 3 separate committees.				