

# XYZ Union Federation

January 26, 2016

**Paul Johnson**  
**Director, Corporate Social Responsibility**  
**GAB Inc.**

Dear Mr. Johnson,

I am writing on behalf of the XYZ Union Federation to express our concern about labour rights violations that are occurring at El Fashionista S.A. de C.V., a t-shirt manufacturer and major GAB INC. supplier. Workers at this facility, which is located in the ZZZ industrial park, have reported ongoing rights violations including forced, underpaid overtime and discrimination against workers who have sought to exercise their right to freedom of association.

GAB Inc.'s Code of Conduct is posted in the facility and workers at the factory have reported attaching labels bearing your company's logo onto garments they manufacture. The online database Panjiva reveals that, in the last 12 months, the facility made 14 shipments of goods to the GAB in the United States alone. Given this strong relationship, your company carries a responsibility to ensure that workers' fundamental rights at this facility are respected. Unfortunately, this is not currently the case.

**Workers at El Fashionista have reported the following violations occurring at the facility:**

- **Workers are required to undertake excessive hours of compulsory overtime.**  
El Fashionista workers are frequently required to work in excess of 60 hours per week. These hours are compulsory. When questioned about this by workers, facility management described this as "just part of the job". According to several workers, management said that if they couldn't handle the working hours they could seek employment elsewhere. This is in breach of your own company's Code of Conduct; the Code of Conduct of the Fair Labor Association (FLA), of which your company is a member; and national law. Article 7 of the Labour Law requires that all hours above the normal workweek (defined as 40 hours) shall be at the discretion of the worker.
- **Overtime hours are frequently underpaid.**  
Pay slips for El Fashionista workers, obtained by the XYZ Union Federation, show that workers are paid only standard rates for hours that exceed the 'normal' workweek. This is in violation of FLA Code of Conduct, Section VIII and of Article 8 of the National Labour Law. Article 25 of the Labour Law requires the payment of a premium overtime rates of two times the normal rate after 8-hours.
- **Workers seeking to exercise their right to join a union have faced discrimination and intimidation from factory management.**

El Fashionista workers report receiving threats that there would be negative consequences if they were to join a union. For example, workers employed on temporary contracts were told by management that they would not be given permanent status if they were to join a union. This a violation of the FLA Code and your company code.

Management at El Fashionista has not been willing to engage with workers to discuss these issues and remedy violations occurring at the factory. Our union federation has contacted El Fashionista regarding these matters on two occasions, sending letters by registered post on April 8, 2013 and again on May 21, 2013. Factory management has not replied to either of these approaches, indicating they are unwilling to cooperate to resolve this dispute.

Given the above, we are calling on GAB Inc. to intervene to ensure that the rights of the workers who manufacture your products are respected. We call on GAB to engage with factory management, the workers who have raised these complaints, and our federation to ensure that the following minimum standards are respected at El Fashionista:

- Maximum normal working hours are set at 40 per week, as established by National Labour Law.
- Any work in excess of normal hours is genuinely voluntary and compensated at the legal premium rate.
- Workers' right to Freedom of Association is respected.
- Independent monitoring by an organization agreeable to our federation and your company is undertaken to ensure ongoing compliance with agreed labour standards.

We note that under the terms set out in your own Code of Conduct and the Fair Labor Association Code, your company has a responsibility to remedy violations that are occurring within your supply chain. Merely withdrawing production from this facility will not be an acceptable solution and, in fact, would further harm already vulnerable workers.

We expect timely and meaningful action from GAB Inc. to ensure that the rights of those who manufacture your products are being respected. Please provide us with a response to this letter by January 26, 2014, outlining your plan to remedy these violations.

If you have any questions or concerns regarding this matter, please email me directly at [mhernandez@unionfederationxyz.org](mailto:mhernandez@unionfederationxyz.org) or call my office at 123 567 88.

Yours sincerely,

**Maria Hernandez**  
**General Secretary**  
**XYZ Union Federation**