

15 April 2011

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Simon Ratcliffe
Just Group Ltd
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658 Church Street
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Dear Mr. Ratcliffe,

Thank you for meeting with us on Monday last. We welcome the opportunity to discuss our concerns regarding the supply chain practices of The Just Group.

Early next week we will send The Just Group letters from more than 500 people who are concerned about the health and safety of workers making The Just Group products. In addition to the people who have written about sandblasting, a further 1200 have written letters over the past months calling on your company to improve transparency and accountability. You will find that several letters include personalised messages from customers.

As promised in our meeting on Monday, please find below some further information about sandblasting. We have also provided further information about the countries that have ratified the core International Labour Organisation conventions as you requested as well as information on transparency and auditing issues.

Sandblasting

As we discussed, there is increasing evidence that fading jeans through the process of manual sandblasting presents serious health risks to workers. Documented cases show exposure to this process can lead to silicosis, which in a number of cases has been fatal. In Turkey alone, more than 45 sandblasting operators have died in recent years. Conservative estimates by the Clean Clothes Campaign indicate that over 5,000 more workers are at risk of developing silicosis. We understand jeans sandblasting also occurs in China where most of The Just Group manufacturing occurs.

In terms of the method of sandblasting, we understand that the common technique is propelling a stream of abrasive material (sand) against the fabric under high pressure, which gradually softens and lightens the denim. According to the Clean Clothes Campaign, whilst some factories use sealed blasting cabinets with ventilation, most require workers to operate the machinery in treatment rooms. The type of blasting material used can also differ. Certain materials can be re-used and others are disposable. In some cases ventilation in the cabinets sucks the blasting material through a filter, so that it can be re-used on another item of clothing.

A **complete ban of sandblasting** is necessary because:

- Safety procedures necessary to sandblast jeans in a safe way are highly complicated and technically advanced.
- The current organisation of global garment production involves complex international subcontracting chains often based in countries where basic Occupational Health and Safety (OHS) procedures are routinely violated.
- The above complexities make it almost impossible to successfully implement and monitor procedures for the safe operation of denim sandblasting equipment.

We understand there are several other methods of treated denim to give it a worn look. Hand-rubbing or brushing is labour intensive and chemicals require expensive inputs. According to Professor Dr Zeki Kilicaslan of the Solidarity Committee of Sandblasting Laborers, no method is entirely free of risk with respect to health and safety. Heavy exposure to potassium permanganate can cause manganese

poisoning and stone washing with materials other than pumice can pose a serious health hazard to workers. Using sandpaper or the brush method to achieve a worn look can put workers at risk of occupational asthma due to dust exposure. The use of laser requires considerable investments and can be dangerous if the workers fail to wear protective eye equipment. So we recommend that The Just Group require your suppliers to follow due care with these other forms of denim treatment.

We recommend that The Just Group follow a six-step process to ensure a ban on sandblasting is implemented throughout your supply chain.

1. Publish a policy stating that sandblasting will not be used in The Just Group supply chain.
2. Enforce the ban of sandblasting throughout your entire supply chain by using adequate monitoring processes in co-operation with local / factory-based trade unions and NGOs.
3. Ensure that all workers who have worked at facilities sandblasting The Just Group products are contacted and receive medical checks.
4. Ensure that workers in The Just Group supply chain who have been affected by silicosis urgently receive medical care and are provided with financial compensation.
5. Ensure that all workers who have worked in sandblasting in The Just Group supply chain and stand to lose their jobs with the banning of this practice are prioritised for re-hiring and receive re-training if necessary.
6. Perform adequate risk assessments when new production methods are introduced.

As one of Australia's biggest denim retailers, we hope that The Just Group takes immediate steps to prevent the suffering of denim workers.

You may find the following statement from Esprit useful in developing The Just Group public statement to ban sandblasting.

"Ratingen, January 2011 – Esprit will stop the use of the controversial sandblasting technique in its global production chain with immediate effect. The ban applies to all Esprit fabrics and all international suppliers.

Sandblasting is a textile finishing process that is primarily used to achieve a worn look for denim. The method, which involves (sand) particles being applied to garments under high pressure, has been suspected of endangering the health of employees. This is a risk to which Esprit does not want to expose either its employees or Esprit suppliers.

To ensure the health and well-being of its employees, Esprit aims to continuously improve its working conditions and is therefore placing an immediate ban on the use of sandblasting. The ban against this manufacturing process will apply to both existing and future suppliers. Esprit is currently informing its manufacturers about the new rule. Esprit will ensure that this ban on sandblasting is adhered to during the regular checks it carries out into its manufacturing processes. Esprit has also successfully determined alternatives to sandblasting that produce a similar look in an environmentally friendly manner."

You can also view the H&M and Levi Strauss & Co public announcement of a ban on sandblasting at: http://www.hm.com/at/presse/pressemitteilungen/_prfinance.nhtml?pressreleaseid=511006

Transparency and accountability

Publicly releasing names and addresses of suppliers is important to make it possible for groups to be able to independently verify conditions for workers. Nike, Puma, adidas and Levi Strauss & Co have all released lists of suppliers and have not reported any negative consequences. In answer to your question about factories producing for multiple brands, a number of factories listed by Nike, adidas and Puma, both garment and footwear suppliers, produce for multiple brands.

We would welcome The Just Group taking this important step in transparency by publicly releasing supplier names and addresses. We would also welcome The Just Group releasing information factory audit reports – including whether labour rights violations have been found and how these violations are being addressed.

As we expressed to Jason Murray at our last meeting, we are very interested in working with The Just Group to facilitate engagement with local civil society organisations, labour rights NGOs in China and labour rights NGOs in countries where independent unions are legal. These groups could work with The Just Group suppliers to establish labour rights education and training for workers as well as effective complaint mechanisms for workers.

We encourage you to contact our colleagues in Oxfam Hong Kong who work with groups that could compliment and strengthen compliance and monitoring. The Corporate Social Responsibility Advocacy Manager in Oxfam Hong Kong is Kevin May jyme@oxfam.org.hk and on worker training you can also contact Ying Yu Wong yywong@oxfam.org.hk.

Li & Fung

You mentioned that you would be happy to talk to Li & Fung and encourage them to talk to Oxfam Hong Kong. We welcome this commitment. We are particularly concerned that Li & Fung do not publicly disclose any information about whether violations have been found in factories and whether these violations have been remedied. Our partners in China and Indonesia tell us that Li & Fung are using their growing market power to drive down prices paid to factories, which is putting downward pressure on wages and conditions for workers. We also know of an instance where Li & Fung's labour compliance department have not adequately investigated violations of Freedom of Association. We understand that The Just Group is a major customer of Li & Fung, so would argue that your company is in a good position to influence them to improve their transparency and reporting.

Freedom of Association

As discussed in the meeting, we encourage companies not to increase sourcing in countries and Free Trade Zones where the right to freedom of association does not have legal force. We recommend that The Just Group only increase sourcing from countries where this right has legal effect. As you would know, labour rights are set down in ILO conventions relating to freedom of association, the right to bargain collectively and the right of workers' representatives not to be discriminated against for their union activities (ILO conventions 87, 98 and 135 respectively). The International Labour Organisation has identified Convention 87 (Freedom of Association and Protection of the Right to Organise Convention, 1948) and Convention 98 (Right to Organise and Collective Bargaining Convention, 1949) as core labour standards and "fundamental to the rights of human beings at work".

A current list of all the countries that have ratified Convention 87 can be found at: <http://www.ilo.org/ilolex/cgi-lex/ratifce.pl?C087>

Those have ratified Convention 98 can be found at:

<http://www.ilo.org/ilolex/cgi-lex/convde.pl?C098>

Countries that have ratified Convention 135 can be found at:

<http://www.ilo.org/ilolex/cgi-lex/ratifce.pl?C135>

The ratification of these conventions is an important first step by governments, however the purchasing practices of companies such as The Just Group are important in ensuring these rights (as enshrined in national law) are consistently upheld at the supplier factory level.

In Indonesia Oxfam Australia is part of a dialogue process involving global sportswear brands, sportswear supplier factories and Indonesian garment and footwear unions. This dialogue process aims to develop a common understanding and a set of country level practices as practical steps to ensure that workers rights are upheld in supplier factories. The groups involved are currently developing a protocol on Freedom of Association that aims to establish rules for relationships between suppliers and trade unions to ensure that Freedom of Association (as defined by Indonesian law) is respected. We would be happy to provide The Just Group with further details about this process in our next meeting.

We look forward to speaking to you again on 20th May regarding your progress on these issues, including on your progress towards accreditation to Ethical Clothing Australia for your Australian production. We trust this will give you sufficient time to discuss these issues with Mark McInnes and The Just Group board. We are sure you understand that the sandblasting issue is a particularly pressing concern given the very high risk to the health of workers making The Just Group products. Any concrete progress that is made by The Just Group will be recognised publicly by Oxfam Australia on our website and in our publications.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Andrew Hewett', with a horizontal line underneath the name.

Andrew Hewett
Executive Director