

07 October 2010

Head Office

132 Leicester Street, Carlton
Victoria 3053, Australia

Telephone: +61 3 9289 9444

Facsimile: +61 3 9347 1983

Mr Solomon Lew
Chairman and Non-Executive Director, Just Group
Chairman and Non-Executive Director, Premier Investments Limited

Ms Glenys Shearer
Executive Director
Just Group

Dear Mr. Lew and Ms. Shearer,

RE: Labour rights in the Just Group's supply chains

I am writing to follow up on a number of issues that were discussed at a meeting between Oxfam Australia and Just Group last year. We apologise that it has taken some time for us to follow up on these issues. We appreciated the opportunity to meet with Mr. Jason Murray from Just Group and Mr. Michael Clark from the Just Group's public relations agency last October. We felt these discussions were useful and informative; however we have ongoing concerns that we have set out in this letter.

We have also taken this opportunity to enclose are a number of letters from our supporters, which demonstrate a desire among the Australian public to be assured that those who make the Just Group's products do so under decent, humane conditions.

Just Groups' Australian made goods

At the meeting with Mr. Murray and Mr. Clark last October, we presented evidence that Just Group labels were being made in backyard sweatshop conditions in Australia. We discussed that full accreditation to Ethical Clothing Australia (formally known as Homeworkers' Code of Practice) was an important way for companies manufacturing in Australia to ensure that their goods are made according to Australian award wages and conditions. Mr. Murray informed us that he would follow up on possible full accreditation to the initiative and would get back to us. However, we have not heard from Mr. Murray or any Just Group representative since the meeting. Ethical Clothing Australia is a credible and important initiative. We urge the Just Group to acquire full accreditation to Ethical Clothing Australia in the near future, so that consumers of your Australian made apparel can be confident of the conditions under which Just Group garments are made.

Worker rights awareness trainings and complaint mechanisms

With regards to overseas apparel manufacture, we encourage the Just Group to take up our offer to facilitate engagement and cooperation with local civil society organisations in countries where your apparel is being produced. Civil society organisations can operate as an independent third party that would work with the Just Group to establish labour rights education and training for workers as well as providing workers with effective complaint mechanisms. Mr. Murray indicated in our October meeting that the Just Group would consider taking up this offer, however we have not heard back since then.

With regards to auditing, we also note that social auditing fraud is very common. In 2006, the UK multi-stakeholder group, Ethical Clothing Initiative wrote a report on social audit fraud following a

meeting where ETI member companies reported widespread audit fraud and made recommendations about how this fraud could be addressed. Active engagement with civil society groups will enhance the Just Group's monitoring and compliance programs in producer countries.

Li & Fung and auditing practices

At the October meeting we discussed the Just Group's overseas auditing practices. Mr. Murray explained that the Just Group pays SGS to do auditing as well as relying on Li & Fung's auditing program. We explained during this discussion that we do not have confidence in SGS' approach to labour rights auditing. We are also concerned that there is a lack of transparency around Li & Fung's auditing practices. Li & Fung do not release names and addresses of supplier factories which means that it is not possible to verify workers' conditions. Verification of workers' conditions is important because low wages and labour rights abuses are the norm across the apparel industry in Asia. Without transparency, it is not possible to have confidence that Li & Fung are picking up abuses and adequately addressing problems when they arise. We have seen an example in Indonesia where Li & Fung have not adequately investigated an alleged labour rights violation. One of our partners made a complaint to Li & Fung about a labour rights violation and we do not believe that Li & Fung conducted a thorough investigation of this complaint.¹

In our discussion with Mr. Murray we indicated our concern that Li & Fung do not release information about how monitoring is conducted or whether any labour violations are found. We are also concerned about the growing power of Li & Fung in the global garment trade. Our partners in China and Indonesia tell us that Li & Fung are using their market power to drive down prices paid to factories, which is putting downward pressure on wages and conditions for workers.

We understand that the Just Group is a major buyer from Li & Fung's thirteen biggest suppliers in China, so the Just Group is in a good position to influence respect for labour rights in those factories. We request that the Just Group ask Li & Fung to meet with our affiliate, Oxfam Hong Kong, to discuss ways towards greater transparency and better reporting practices as well as the development of complaint mechanisms.

The Just Group and transparency

Transparency is an important first step towards ensuring that workers' rights are being upheld. We encourage the Just Group to publish the names and addresses of all supplier factories that make the Just Group goods. This would represent an important step towards allowing verification of conditions at supplier factories. Nike released the names and addresses of supplier factories several years ago and more recently adidas, Puma and Levi Strauss have also taken this important step to address labour rights violations in their supply chains.

Living wages

A major concern expressed by our supporters is that a living wage should be paid to workers. By becoming a signatory to Ethical Clothing Australia several years ago, the Just Group confirmed the importance of upholding Australian minimum award wages and conditions. We encourage the Just Group to build on this first step, by working to ensure a living wage is also paid to those overseas workers making Just Group's products. Establishing and monitoring a living wage can be developed in cooperation with local NGOs and unions in supplier countries. A network called Apparel Industry Labour Rights Movement (ALaRM) in Sri Lanka has been monitoring a living wage commitment in a factory producing for the US college market. There is also a network of NGOs and unions across Asia running an "Asian Floor Wage Campaign" and these groups are interested to work with companies

¹ On the request of Tommy Hilfiger and in response to an investigation by the Workers Rights Consortium, Li & Fung investigated alleged workers rights abuses at an Indonesian supplier factory, PT Mulia Knitting. However the investigator did not interview any of the dismissed workers concerning their experiences. All worker interviews were conducted inside the factory. Worker representatives reported that factory management was present during worker interviews. On the basis of the flawed inquiry, Li & Fung concluded that PT Mulia Knitting had not violated workers' rights. Citing Li & Fung's report, Tommy Hilfiger declined to press PT Mulia Knitting to remediate the violations identified in this report. The report into this case can be found at: <http://www.workersrights.org/freports/WRC%20Report%20-%20PT%20Mulia%20Knitting%20-%2009-15-08.pdf>

that are willing to take steps to ensure workers are paid decent wages. We would be very happy to put the Just Group in contact with these groups.

We believe that taking the above steps would help reassure concerned consumers that the Just Group has a genuine concern for the rights of the workers who make your goods. We look forward to further dialogue with the Just Group around these issues, including the Just Group's response to the letters from Oxfam supporters.

We would welcome another meeting with the Just Group to discuss these issues and provide the company with the links and contacts that we have outlined in this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Andrew Hewett". The signature is fluid and cursive, with a horizontal line underneath the name.

Andrew Hewett
Executive Director

CC:

Jason Murray
Managing Director
Just Group