

**"Best practises in social compliance"**  
**At**  
**Century Apparels Pvt Ltd, Tirupur, India.**  
**A Case Study**  
**Documented by CONQUEST, Tirupur. On behalf of Solidaridad, The Netherlands.**  
**Date: 01/September/2008**

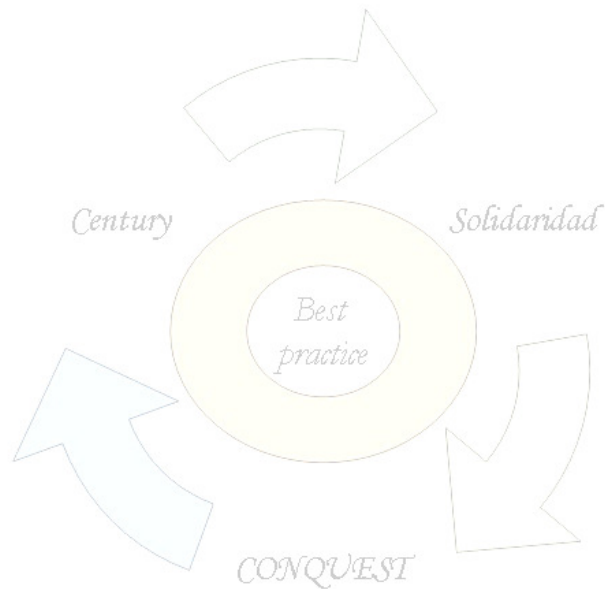
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*0. Introduction*

**CONQUEST** is an Indian Training, Consulting & Auditing organisation with 10 years experiences in the field of Quality Management (ISO 9000), Environment (ISO 14000), Social Process (SA 8000, WRAP, AVe & BSCI), C-TPAT (Customs Trade Partnership Against Terrorism), & CDM (Clean Development Mechanism). The Organisation has Qualified Engineers with Lead Assessor / auditor qualification in ISO 9000, ISO 14000, SA 8000 and CDM.

Over all we have been associated with 200 Companies implementing various of our services and more than 50 Companies in Social and GOTS Process.

- A. The Client spectrum in Textiles spans from Spinning, Knitting, Weaving, Yarn Dyeing, Dyeing, Finishing, Apparel manufacturing to Importers & Brands.
- B. Our role has been one of facilitator (or may be a Catalyst). As a Catalyst our responsibility has been to provide insights / thoughts in the social process of the organisation and throw light on the actions, decisions and their results. The approach is to link the actions to Product/ Process, Environment & Society and provide a balanced view.
- C. As Compliance and improvement actions in social process looks mutually exclusive, our role for the first one year has been to implement compliance actions to the fullest, ( to the extent that all other process were considered secondary) This provided an opportunity to engage all stake holders to get their views and relate them to the compliance requirements. (SA 8000 requirements & local laws).

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1. Profile of the Company / Factory

**CENTURY APPARELS PVT LTD.,**

Name of the Company : **Century Apparels Pvt. Ltd.,**  
Established in the year 1990 and started business activities since 1993.



**Mr. Rueben Swamidoss**



*Century*

*Solidaridad*



**Ms. Lilam Reuben**

Established the company.

**Century Apparels Pvt. Ltd.,** has been working with Guinness brand in Ireland through a license holder X-Text Ltd., developing a mutually beneficial healthy business relationship over the years. This has led to a well integrated system of working with both organisation's working towards a seamless integration of their process by sharing a common software platform.

To keep the growth momentum going, the organisation took steps to establish a world class facility which they believed would be a symbol of harmony between people, process and environment. This new facility was inaugurated in Aug-2006 and production commencing in December 2006 / January 2007.

400 team members are associated with the organisation as on 1<sup>st</sup> September 2008 and the company has the maximum capacity of 600. Situated in Tirupur, the knit wear capital, Century produces knit garments for Men's & Ladies and after association with Made-by has started with Children & Infants.

Since 2007 – Century has been working with Imps & elfs and Mbraze of Made-by brands. Pure baby – Australia who started working with Century during later part of 2007 were introduced to Made-by and hope by this time they would have become part of Made-by.

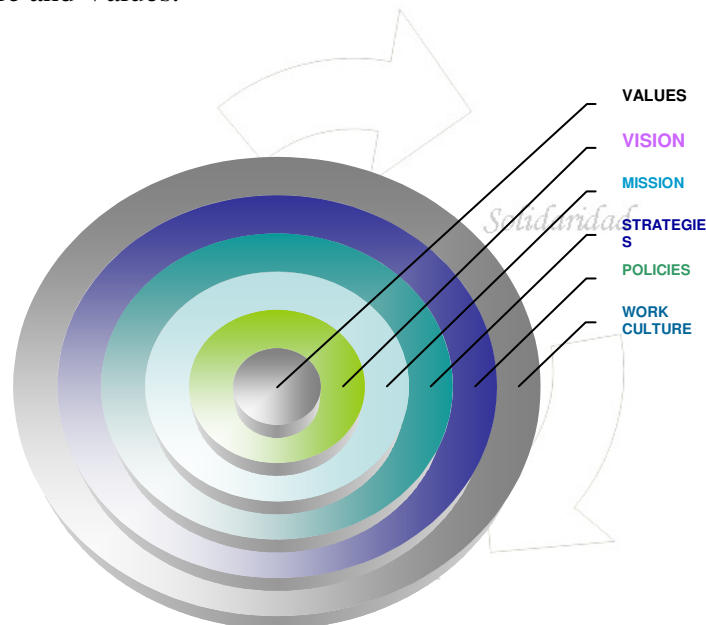
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## 2. CSR Context

The Company under the stewardship of Reuban & Lilam has always been one of Men above matter / people over process, sort of company.

CSR, in our opinion, is more of a evolutionary process in Century than a perfectly planned road map. Time taken to understand and freedom to evolve was given precedence than to force a unilateral structure. Decisions were more on consensual basis enabling everyone in the process to excel in their understanding. Laying a strong foundation today has been the priority of the organisation.

Nonetheless, Reuban & Lilam had their vision of CSR and this was aptly put in documents as vision, Mission, Work Culture and Values.



### Values

- To create WIN – WIN relationships with all our business associates
- To treat all STAKEHOLDERS equally and with dignity and respect.
- To care for the ENVIRONMENT and contribute towards improvement.
- To recognize that our responsibility extends beyond the boundaries of the company to the SOCIETY we live in.

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### 3. Social Compliance

#### 3.1 Background and context

Century during the period 2005-2006 initiated discussion on compliance as a Social Process.

'Empowering the Team' was on top of the agenda. The target was to create an environment of understanding and bring a sense of collaborative approach from staffs and workers, before moving to the new facility (which was under construction then).

The new facility was expected to be completed by early 2006.15 -18 months was kept as a target for certification after starting operations in the facility. To ensure that compliance becomes sustainable, Century decided to go for Auditing / certification and took a call on SA 8000 as the standards had similarity to ISO 9000 with surveillance every 6 Months and the certificate valid for 3 years.

We, as consultants, were associated with Century since 1999 and our role has been one of a trainer, facilitator in documentation & Implementation, Internal Audits, Management Review & enabling communication with Certification body.



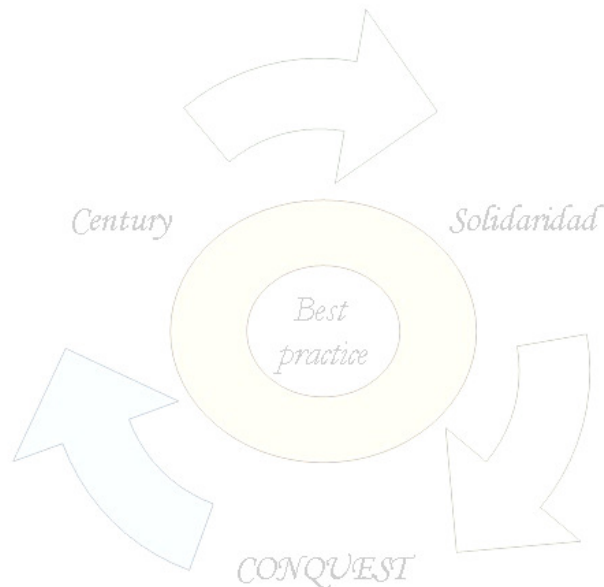
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3.2 Workers perspective

The company has 310 workers with almost equal distribution of Male and Female. 51 % Male and 49 % Female with 8 Physically Challenged.

There are people from other neighboring parts of India (Karnataka, Kerala and northern part of India)

A hostel facility is provided for women employees to house 144 workers. 55 Workers are using the facility as of date.



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### 3.3 Start of the process

When the project of social compliance was conceptualized, we observed that every part of the compliance needed a detailed study like the legal requirements, wage structure, wage distribution, working hours and appointing workers.

A Small pilot plant with 20 machines was established to run the company on a real time basis to understand the challenges. The idea was to shift the workers from this pilot to the new facility once it is ready.

This pilot plant enabled better understanding of the relationship between Quality, Delivery, and Environment & Social Process.

1. **System of Stitching** – facilitated decision on the Quick TRACK chain system, Dynagro imported from Srilanka, with a trial unit for pilot plant.

- **Challenge** – Resistance to change to a new method, complain about ergonomics, material handling etc.,
- **Overcoming by** – Educating them on the benefits, training through Srilankan Consultants on methods.
- **Today** – Resistance to stitch without the chain system!

2. **Working Conditions** – Facilitated decision on

**Temperature** – Air Coolers as the temperature in the work area touched 35°C to 40°C in peak summer.

- **Challenges** – Small fans were tried which were not practices as this made the dust fly and hence was affecting quality.
- **Overcoming by** – Getting \_\_\_\_\_ Air Coolers from Australia, which is now helping to maintain a temperature of around --°c.
- **Outcome** – Dust free environment less fatigue to workers. Reasonable reduction in stains on the shop floor.

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**Lighting** – facilitated decision on lighting levels and height.

- **Challenges** – Energy requirements & Energy saving measures.
- **Overcome by:** Selection of type of lights & size of lights.
- **Outcome** – Uniform distribution of lighting with 2317 lights spread over the production facility.

3. **Working Hours and Wages** – Facilitated restructuring working hours & wages

- **Challenges** – Industry culture of working 12 hours (one Shift & a half) a day (spread over including intervals of rest) and the corresponding single wages to the hours worked.
- **Overcome by:** Re structuring the working hours to 8 hours working and 2 hours over time –a-day. Without reducing the wages which then corresponds to premium wages paid.
- **Outcome** – 30 minutes of less production time/day absorbed by the management.
  - **Better Compliance Platform**
  - **Reduced Overheads**
  - **Better Employee morale**
  - **A Solution that enabled Century towards best practices.**

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### 3.4 Implementation

The Implementation took 18 months with the involvement of all functions in the Century; each facing their unique challenges.

#### *Key Activities*

- a) **Legal Documents:** As the facility was new interacting with the officials and the time taken for every formal legal documents took enormous time and efforts. This was Co-Ordinated by another consultant.

**Mile Stone:** Within 9 Months all the documents were obtained.

- b) **Wages:** Though the working hours were worked out for the stitching section in the Pilot plant, a new challenge cropped up with printing, embroidery division installed in the new factory and those having their own way of timing & wages.

Century has to explain to the people that without they having to forego any part of wages, there needs to be a reduction in working hours which in turn threw up certain operational issues, which to date still persists.

Discussions are happening to overcome such operational issues.

**Mile Stone:** Uniform wage distribution on a monthly basis for all employed in the Company thus making effective administrative roles as well as employees ability now to manage their family expenses better unlike the weekly wage system.

Also, Century's responsibility to pay on a monthly basis provided confidence and good Will to the employees, where they get paid even if they don't have work on any day due to non-availability of work.

During weekly system, the practice was no work, no pay basis.

- c) **Health Insurance:** When the company identified that the Employee State Insurance (ESI) scheme of the government is not applicable to the area in which the factory is situated, actions were taken to implement alternative proposals.

**Mile Stone:** An agreement was made with an insurance company covering health & accident insurance (with the whole contribution borne by the company) for all the employees, where in the benefits can be utilized by the member working plus 2/3 of the family members (parents or wife and 2 children)

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**Stake Holders Perspective**

**Buyers Involvement:**

With the Social Compliance being implemented at the hectic pace & intensity internally, the organisation has just begun talking to the customer for involving in company's CSR activities.

Pure-baby from Australia is discussing various ideas / models of involvement, Including child care & educations.

**Working Committee:**

The needs of committees were felt during the implementation and committees are identified as a means towards EMPOWERMENT. 4 Committees are formed:

- Workers Representative Committee
- Canteen & Hostel Committee
- Women's Welfare Committee
- Health & Safety Committee

As the name suggests, each committee had defined their scope & focus on issues relevant to the scope.

Over 12 meetings across committees, feel good factor has been developed where Everyone's contribution found valuable.

**Other Stakeholders:**

NGO's like NMCT, OSAI & Solidaridad for personnel welfare & environmental cares are actively engaged in Century development activities.

**Welfare:**

The key to any social process is to consider the welfare of the people. Though the responsibility of the organisation may literally get limited to the compliance (working hours, wages, benefits, Health & Safety and so on ), Welfare is something beyond.

Century has associated with 'Relations' a HR consulting firm (on Transactional Analysis Principles) – who visits the company and provide personnel counseling to the

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people on need basis. Especially, the people who live in hostel away from their home from various backgrounds, the personnel stresses and the lives – all needs empathy.

Listening to the problems of the people is itself a part cure. The management is always open to a direct interaction with whom so ever are in need. This first hand interaction opens up doors to actions for employees well being.

**The Tools:**

Many tools have been developed during the implantation:

1. A one sheet data on all legal compliance and their validity
2. A one sheet analysis tracking gender, age proof, personnel data, proof of not retaining original certificates
3. Zone wise –risk analysis (dividing the facility into 19 zones to identify specific risks & action)
4. An online tool to monitor the attendance of an individual and were frequent absenteeism observed, triggering discussion / counseling with the employees.
5. Training Tracker (for the company as well as individuals).
6. Supplier control plan for tracking supplier's compliance.
7. Internal Audit checklist for all clauses of SA 8000.
8. Management Review report.
9. A register to record (SR-55) all complaints/suggestions/Committee meeting proposals/ NGO's or stake holders input/ buyers Audit input / Review meeting output and tracking action taken
10. Quarterly Social Accountability Report forwarded to all interested parties & tracking. (*A voluntary reporting system to report on the Social Performance of the Company*)

These tools are used by the organisation to evaluate the progress in the Social Process with respect to the policies and objectives of the organisation.

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The Result

Century approached ITS for certification and after exhaustive 10 Mandays of audit, the company has been recommended for certification.

The Organisation recognizes:

- That the certification is a validation of the implemented process and the challenge is to the sustain amidst ever changing business scenario.
- That a continuous intensive monitoring is required to ensure that level of compliance is always at a higher platform and be guarded against forces which may detail the process.

Month	Attrition	Attendance
Nov'07	8.73%	
Dec'07	11.00%	
Jan'08	9.00%	25%
Feb'08	6.00%	17%
Mar'08	4.00%	20%
Apr'08	3.00%	20%
May'08	11.00%	225
Jun'08	5.00%	19%
Jul'08	3.00%	18%
Aug'08	2.00%	18%

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#### 4. Learning's and Follow-up

##### Issues that needs to be addressed for Improvement

- a) To keep the attrition rate under control.
- b) To Minimise absenteeism to less than 10 %
- c) To work out a model for Health & Accident Insurance to workers who have more than 2 children.
- d) To constantly educate the workers on their rights & responsibilities, so every one is aware at least of their wags they earn.
- e) To workout a plan in collaboration with the workers to manage their income stream so that they don't fall into a long term debt trap with private financiers outside the company.
- f) Educating the workers on budgeting their family expenses to face the unforeseen.
- g) Establishing a co-operative inside a company with a corpus fund, so that the workers manage themselves their loans/advances requirement, thus empowering them to lead their life with self esteem.
- h) Collaborating with organisations involved in cost effective construction for low cost housing to the workers.
- i) Constant awareness that the company is adapting 'No-Frisking' Policy and hence the need for self discipline.

##### The Success Factors

- a) The Organisation is able to collect & analyse attrition & absenteeism in their first year of this new facility, which will be a platform for future reference. With this target can be set for improvement.
- b) The wage and working hours have been structured and made strong so that no issues can arise in the future and these are integrated into the main stream software. This enables the organisation to incorporate any changes (Legal or Systemic) that may happen in the future.
- c) The outcome of the committees that are established have a positive outlook and these can now be a vehicle to propagate the organisation policy of dignity, self-respect.
- d) The customers recognize the efforts of the organisation and the transparency would enable a way for their involvement / participation not only in social process but also in the core operations. It provides an opportunity to understand production planning for both the parties.
- e) The compliance factor provides confidence to be transparent and transparency leads to TRUST with all stake holders.
- f) It is easy to talk to the workers and explain with assurance any queries they have.

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Conclusion:

Any country or culture can adapt these practices through an preparation phase to understand the nuances of

- Local law
- ILO conventions
- SA 8000 Standards requirements

And never going for any quick fix or patch up solutions.

Each company will have challenges that are unique. Social process cannot be a one-day wonder and as long as certification is considered as a path to reach the GOAL and not the GOAL by itself. Companies can fare better.

