

June 1, 2018

Ms. Danielle McMullan, Senior Labour Researcher
Ms. Bobbie Sta Maria, Director for Labour Rights & Asia
Business & Human Rights Resource Centre

Dear Ms. McMullan and Sta Maria:

We received your email dated May 22, 2018 about our use of contract workers at Avery Dennison Retail Branding Information Solutions (RBIS) Bangalore and request to respond to a letter from the International Union League for Brand Responsibility. We appreciate your giving us the opportunity to provide our response.

We would like to state at the outset that allegations made against us with regard to the engagement and dismissal of contract labor are unfounded. We are in compliance with applicable Indian laws and our employment of contract workers is regularly audited by our customers and inspected by regulatory authorities.

We have had to make a number of tough business decisions, including the consolidation of our operations in India, in order to become more competitive and respond more quickly to the needs of our customers. Specifically, we consolidated our manufacturing facilities from two factories employing more than 1,300 people, to one factory in Bangalore employing a little over 800 people, with significant reductions in the headcount numbers for both permanent employees and contract workers. We believe these actions will allow us to stay competitive and continue offering strong flexibility and excellent service to our customers.

With respect to the letter sent by the International Union League for Brand Responsibility, we responded to their letter on April 25, 2018. In that correspondence, we responded to each of their following points:

1. Recognise GATWU as the bargaining trade union for contract workers

Our contract workers are employed by our manpower suppliers, Adecco and Sri Udyog. Any union formed by the contract workers must be recognised by the employers of those workers themselves, in this case the manpower suppliers. Because these positions are temporary, a particular contract worker may be deployed by their employer at Avery Dennison today and at another company next month, so the population is variable.

GATWU's allegation that we have retaliated against 52 contract workers for exercising their freedom of association is not true. There has never been a case where an Avery Dennison permanent employee or contract worker has lost a job based on joining a union. We respect the Right to Association and do not interfere in union formation. Contract workers are free to form any association or trade union they want to. There are multiple associations of employees with allegiance to separate parent bodies that currently exist in our Bangalore facility, without any hindrance.

As we stated earlier, Avery Dennison has reduced the number of facilities we have in India, and therefore, the contract labour requirement in that facility has been reduced. Importantly, Avery Dennison began its

reduction of contract workers in June 2017, well before GATWU communicated its claim that it represents the contract workers. The related contract worker exits are managed by our manpower suppliers directly, after Avery Dennison informs them in advance of the reduction in numbers of workers required for a projected period.

2. Regularise all contract workers who have been in employment at least from Jan 2017

The citation of Indian law by the Union League is incorrect. We are fully compliant with Indian law that covers our responsibility towards contract workers. The provisions of the Contract Labour (Regulation and Abolition) Act, 1970 clearly specify the responsibilities of the Principal Employer, and Avery Dennison ensures that it complies with the letter and spirit of the law. The Contract Labour (Regulation and Abolition) Act of 1970 does not specify regularisation of contract employees anywhere.

3. Pay contract workers the correct minimum wage

Avery Dennison reiterates that there has been no underpayment with respect to minimum wages paid to contract workers and the figures cited in the letter are incorrect based on our current wage schedule. Our chosen classification has been validated by at least two recent audits by the Labour Department. It's important to note that contract workers have always received a higher pay than the minimum wage based on the industry category we belong to. We are proud to be one of the first companies to do so.

4. Reinstate all terminated contract workers

We want to make it abundantly clear that no contract workers were retaliated against for the exercise of the Freedom of Association. This was a restructuring of our workforce to meet the needs of our business and it included reducing both permanent and contract worker headcount. Given that our headcount has been reduced, there are not positions into which terminated contract workers can be reinstated.

To conclude, we are pleased to report that over the past few months, we have been able to recruit over 100 erstwhile contract workers to join on-roll blue collar permanent positions (which had previously been staffed by contract workers) as Machine Operators and Quality Checkers. Most of them were affiliated to GATWU.

Avery Dennison is committed to treating everyone who works for us fairly and with respect. We take the allegations made against us by GATWU seriously and have been attempting to address them directly. We remain committed to continuing a dialogue with them and would also welcome any opportunity to meet with you or your representative to discuss any additional concerns or suggestions for improvement that you may have.

Sincerely,



Helen Sahi
Senior Director, Sustainability
Avery Dennison RBIS