

Better Work Jordan: Garment Industry 3rd Compliance Synthesis Report

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Executive Summary

A partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC), Better Work Jordan was launched in February 2008. Its goal is to reduce poverty in Jordan by expanding decent work opportunities in the apparel sector. The programme aims to improve competitiveness of the industry by improving compliance with Jordanian labour law and the ILO's core labour standards and enhancing economic performance at the enterprise level and competitiveness at the sectoral level.

Better Work Jordan released its first public synthesis report in May 2010, covering the first group of 15 factories assessed by the programme. In February 2011, Better Work Jordan published its second synthesis report covering 24 factories. The present report illustrates the findings of the assessments carried out between February and December 2011 by Better Work Jordan in 27 factories, which employ a total of 23,348 workers of the approximately 42,000 in the industry. Of these, nine have received a second assessment visit and seven have received a third assessment visit. The sample is characterized by factories employing an average of 865 workers, 75% of whom are migrant workers and 66% of whom are women (on average).

This document provides a snapshot of the non-compliance findings in factories participating to Better Work Jordan during the reporting period. The data collected illustrate non-compliance with labour standards according to eight clusters: four based on ILO core labour standards regarding child labour, forced labour, discrimination, and freedom of association and collective bargaining, and four indicators based on national law of working conditions (compensation, contracts and human resources, occupational safety and health, and working time).

The major findings emerging from the data for each compliance cluster are as follows:

Child Labour—One factory was found to be non-compliant with Documentation and Protection of Young Workers and with Hazardous Work. This is due to juvenile workers aged 16 and 17 who were found working in the cutting and ironing sections, as well as at other workstations that are considered hazardous due to their noisy nature. The juvenile workers were working 8 hours per day, which exceeds the 6 hour per day limit in the Jordanian labour law.

Discrimination—One finding related to Gender Discrimination, specifically about female migrant workers being sexually harassed. Under the Race and Origin compliance point (CP), it was found at one factory that only Jordanian workers were eligible to get an attendance bonus that is awarded for working every work day during the month. At the same factory, Jordanian and Chinese workers were eligible to get a bonus for reaching production targets while other nationalities were not.

Better Work Jordan has begun to look more closely at differences in labour contracts between the various nationalities migrating to Jordan for work to determine whether or not these differences constitute discrimination. This may result in an increase in non-compliances in future reports.

Forced Labour—The issue of recruitment fees to a third party remains a serious concern. Migrant workers often are required to pay substantial fees to recruitment agents and sub-agents in their home countries. Workers in over 40% of factories indicated that this debt adversely affects their freedom to leave their jobs. In general, issues related to labour migration can be challenging to address since they involve both sending and receiving countries.

In ten factories (37%), a nightly curfew was found. This represents a significant improvement over the last compliance synthesis report in which it was reported that approximately two thirds of assessed factories maintained a curfew for workers at night.

Freedom of Association—In July 2010, the Cabinet approved a series of amendments to the labour law. Among the amendments was the elimination of language that specifically forbids migrant workers from joining trade unions. Still in the law is language that forbids migrant workers from forming unions of their own choice. In addition, the labour law stipulates a single trade union structure, thereby impeding the ability of all workers to form or join a union of their choice and of unions to join a federation or confederation of their choice. As a consequence, all factories are non-compliant with the Union Operations CP. Furthermore, in one factory, a non-compliance was cited for discriminatory treatment of 32 workers identified to have led a strike.

In recent months, Better Work Jordan has refined its assessment of freedom of association, especially in the area of interference and discrimination. It is anticipated, therefore, that future reports may include more non-compliance findings as a result.

Compensation—Eight factories (30%) did not adequately communicate to workers their bonus and allowance systems. Three factories (11%) did not pay for all overtime worked if daily production quotas were not met. Deductions for food and/or accommodations in four factories were more than the amounts specified in employment contracts. Payment of wages to some workers beyond the legal limit of seven days from the end of the payment period was found in 26% of factories.

Contracts and Human Resources—One area of concern is disciplining workers using physical punishment or humiliating treatment. In six factories (22%), it was found that workers were either subjected to verbal or physical abuse, or were threatened if they did not complete their production targets. In two factories, employers terminated workers for reasons that were not valid.

Occupational Safety and Health (OSH)—Similar to the first two Compliance Synthesis Reports, many non-compliance findings cited in this report have to do with occupational safety and health issues, particularly related to dormitory conditions. Of note is that measurable improvement across seven of eight OSH compliance points can be seen in factories assessed for a second and third time, indicating that Better Work Jordan advisory services are having impact. For example, as part of its effort to help factories improve OSH in the factories and the dormitories, Better Work Jordan provided training on OSH-related topics for factory managers and workers during 2011.

Working Time—Excessive work hours and compulsory overtime remain major concerns of Better Work Jordan and international buyers. The Jordanian labour law lacks any limit on the number of working hours allowed per week, so workers can work an unlimited amount of overtime provided that it is voluntary and it is paid in accordance with the law. Five factories were found to be in non-compliance with voluntary overtime requirements. Working hours will continue to be closely monitored and a major focus of Better Work Jordan’s advisory services.

Of the 16 factories that have been assessed more than once by Better Work Jordan, 14 (87.5%) showed measurable improvement in their overall compliance effort (the difference in non-compliance between the most recent Better Work assessment and the previous one), and two showed some decline.

Improvement in compliance effort was seen in all eight compliance clusters with the exception of child labour, where there were no findings in previous or current assessments among the 16 factories that have been assessed two or more times. Significant improvements occurred in the compensation, contracts and human resources, and occupational safety and health clusters, all of which are areas of particular focus for Better Work Jordan advisory services. Of concern, compulsory overtime issues were noted in three additional factories, likely reflecting increasing pressure on workers to meet high daily production quotas.

The data indicate that the provision of Better Work Jordan core services at the enterprise level creates an ongoing process of measurable improvement in compliance with national labour law and ILO core labour standards in most factories. Still, given the serious nature of some of the challenges facing the apparel sector in Jordan, especially those related to migrant labour, Better Work Jordan has been working closely with stakeholders to implement new initiatives at a sectoral level, focusing in particular on areas such as working hours, curfews, labour contracts and recruitment fees, and dormitory conditions. These efforts complement Better Work Jordan enterprise-level core services as part of a comprehensive strategy to rigorously tackle major challenges that have been confronting the apparel industry in Jordan for many years. In addition, in 2012 Better Work Jordan will facilitate a process with all key stakeholders to develop and implement a strategy for increasing Jordanian employment and investment in the sector.

Section I: Introduction and Methodology

Introduction

The Better Work programme, a partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC), has worked in collaboration with local and international stakeholders to design Better Work Jordan, which was launched in February 2008. It was established at the request of the Government of Jordan, which is a major donor. Additional funding for the programme is provided by the United States Agency for International Development (USAID) and the Labour Programme of Human Resources and Skills Development Canada (HRSDC).

The goal of the programme is to reduce poverty in Jordan by expanding decent work opportunities in the apparel sector. The programme aims to improve competitiveness of the industry by improving compliance with Jordanian labour law and the ILO's core labour standards and by enhancing economic performance at the enterprise level.

During the past few years, Jordan has been undergoing a period of reform, economic openness and global integration. It has experienced rapid growth in the apparel industry, which accounts for nearly 17% of total exports. Apparel exports, mostly to the United States, exceeded \$1.1 billion in 2011¹ representing an increase of almost 8% over 2010. The garment sector mainly produces men's and women's apparel, ranging from jeans, sportswear and formal wear to undergarments. Most apparel factories are situated in 14 Qualified Industrial Zones (QIZs), with the three largest QIZs located in Dulyal, Sahab and outside the country's second largest city of Irbid in the north. The industry employs approximately 42,000 workers, well over two thirds of whom are migrant workers from South and South-East Asia. The majority of migrant workers originate from India, Sri Lanka, and Bangladesh. Women represent approximately 60% of the labour force.

The legal minimum wage in Jordan was increased at the beginning of 2009 by JD40 (US\$56.49) a month to JD150 (US\$212) a month (a 36% increase). Workers in the garment sector were explicitly excluded from this increase, so for them the legal minimum wage has remained at JD110 (US\$155). Migrant workers are also provided room and board, although some employers legally deduct an amount to offset these costs, and some Jordanian workers have been provided a JD40 monthly allowance for food and transportation. Effective 1 February 2012, the monthly minimum wage was raised to JD190 (US\$269), representing an increase of almost 27%. However, all migrant workers in Jordan were explicitly excluded from the increase. For Jordanian workers in the apparel sector, this increase will be implemented in two stages with the effective minimum raised to US\$240 as of 1 February and then to US\$269 on 1 January 2013. The minimum wage for migrant workers in the apparel sector will remain at JD110 (US\$155) and has not been increased since 2006. The discrepancy in wage levels between Jordanian workers and migrant workers likely will result in increased non-compliance findings under discrimination in future reports.

The Government of Jordan decided in March 2010 to mandate that factories in the garment sector participate in Better Work Jordan. In July of 2011, an instruction went out to all Ministry of Labour inspectors to begin to actively enforce this decision. Industry-wide participation will enable the project to assess and improve conditions on a broad sectoral scale. The number of factories participating in the programme grew by over 50% during the second half of 2011. At present, 53 factories out of approximately 75 in the industry have joined Better Work Jordan. These factories employ over 80% of the labour force in the sector and account for over 80% of the sector's exports.

¹ Source: Jordan Ministry of Industry and Trade, which reports a 2011 export figure of \$1,137,260,000 for the apparel sector.

This report illustrates the findings of Better Work Jordan assessments carried out in 27 factories between February and December 2011, which represent all of the assessments completed during this reporting period. The sample is characterized by factories employing an average of 865 workers, 75% of whom are migrant workers and 66% of whom are women.

Institutional Context

The emergence of the garment industry has presented Jordan with challenges in assuring the effective application of local labour laws and international labour standards. In response, the Government of Jordan has developed a broad programme of action to improve labour administration and compliance. An important component of this programme of action is Better Work, which was established in Jordan at the request of the government.

Better Work Jordan is advised by a tripartite Project Advisory Committee (PAC). The committee comprises three representatives from the government (two from the Ministry of Labour and one from the Ministry of Industry and Trade), three from employer organizations (one from the Jordan Garments, Accessories, & Textiles Exporters' Association, one from the Foreign Investors Association, and one from the Chamber of Industries), and three from worker organizations (two from the General Trade Union of Workers in Textile, Garment & Clothing Industries and one from the General Federation of Jordanian Trade Unions). The PAC has met nine times since the inception of the project. It has played an important role in building stakeholder support for the project, identifying challenges, and building a tripartite consensus around proposed solutions.

The PAC is complemented by an annual buyers' forum, which provides for broad stakeholder consultation. Better Work Jordan meets and communicates regularly with buyer representatives to discuss the Better Work Jordan assessment and advisory processes, to develop broad sectoral approaches to address some of the sector's more difficult and entrenched challenges, to generate greater buyer support to encourage their suppliers to participate in the programme, and to encourage buyers to expand their commitment to the Jordanian apparel sector.

The implementation of a collaboration plan between Better Work Jordan and the Ministry of Labour that was agreed on in 2010 has proceeded smoothly. Elements of the plan include selected labour inspector supplementary training and quarterly meetings between the Better Work Jordan Enterprise Advisor team and the Ministry's Labour Inspectorate.

Better Work Methodology

Better Work carries out factory assessments to monitor compliance with international labour standards and national labour law. In its factory and industry-level reports, it highlights *non-compliance* findings. Better Work reports these figures to help factories easily identify areas in need of improvement. Collecting and reporting this data over time will help factories demonstrate their commitment to improving working conditions.

Better Work organizes reporting into eight areas, or clusters, of labour standards. Four of the clusters are based on fundamental rights at work regarding child labour, discrimination, forced labour, and freedom of association and collective bargaining. In 1998, Member States and workers' and employers' representatives at the International Labour Organization identified fundamental principles and rights at work regarding these four issues based on eight very widely ratified International Labour

Conventions (29, 87, 98, 105, 100, 111, 138, and 182). These Conventions provide the baseline for compliance with the fundamental rights clusters across all Better Work country programmes.

The four other clusters target compliance with standards primarily set by national law, so they vary from country to country. This set consists of compensation, contracts and human resources, occupational safety and health, and working time.

Each of the eight clusters is divided into its key components. These components are known as compliance points (CP). Each CP contains specific questions that may vary from country to country. The detailed list of CPs within each cluster is indicated in the table below.

| | Compliance Clusters | | Compliance Points |
|------------------------------|----------------------------|--|---|
| Core Labour Standards | 1 | Child Labour | 1. Child Labourers 2. Unconditional Worst Forms 3. Hazardous Work 4. Documentation and Protection of Young Workers |
| | 2 | Discrimination | 5. Race and Origin 6. Religion and Political Opinion 7. Gender 8. Other Grounds |
| | 3 | Forced Labour | 9. Coercion 10. Bonded Labour 11. Forced Labour and Overtime 12. Prison Labour |
| | 4 | Freedom of Association and Collective Bargaining | 13. Union Operations 14. Interference and Discrimination 15. Collective Bargaining 16. Strikes |
| Working Conditions | 5 | Compensation ² | 17. Minimum Wages 18. Overtime Wages 20. Method of Payment 21. Wage Information, Use and Deduction 22. Paid Leave 23. Social Security and Other Benefits |
| | 6 | Contracts and Human Resources | 24. Employment Contracts 25. Contracting Procedures 26. Termination 27. Discipline and Disputes |
| | 7 | Occupational Safety and Health | 28. OSH Management Systems 29. Chemicals and Hazardous Substances 30. Worker Protection 31. Working Environment 32. Health Services and First Aid 33. Welfare Facilities 34. Worker Accommodation 35. Emergency Preparedness |
| | 8 | Working Time | 36. Regular Hours 37. Overtime 38. Leave |

² The questionnaire for Jordan does not include CP 19 on Premium Pay. This is because the Jordanian labour law does not specify premiums for working hours at night, on weekly rest days or on public holidays.

Calculating Non-Compliance

Better Work calculates **non-compliance rates** for each factory and reports these in individual factory reports. The non-compliance rate is reported for each subcategory, or compliance point, within a cluster. A compliance point is reported to be non-compliant if even one question within it is found to be in non-compliance.

In public synthesis reports, Better Work calculates the average non-compliance rates for all participating factories in each of these same sub-categories. For example, an average non-compliance rate of 100% means that all participating factories were found to have a violation in that area.

While it is a strict indicator, the non-compliance rate is useful for Better Work to aggregate and compare data across countries. However, this number is not sufficient to fully describe the specific issues that Enterprise Advisors have observed during their assessments. For this reason, tables presenting selected average non-compliance findings at the question level are also presented in Section II in the “In Focus” tables. These tables, showing the number of factories found to be non-compliant to each specific question, help the reader to fully appreciate the specific challenges in compliance identified in factory assessments.

Note on the Factories Represented in this Report

Synthesis reports present a snapshot of the non-compliance situation of the participating industry in the country, presenting information from assessments gathered over a specified period of time. The rates presented in the synthesis report refer to participating industry averages.

This third synthesis report presents the aggregated findings of all assessments conducted by Better Work Jordan between February and December 2011. Among these 27 factories, 11 factories were newly-registered with Better Work Jordan and receiving their first assessment, nine were assessed for the second time, and seven factories were assessed for the third time.

Limitations in the Assessment Process

The factory-level assessments carried out by Better Work follow a thorough checklist of 240 questions covering the abovementioned labour standards. Information is gathered through a variety of sources and techniques, including document review, observations on the shop floor, and interviews with managers, workers and union representatives.

The detailed factory assessment reports are based solely on what was observed, investigated and analyzed during the performance of the actual assessment and a review of relevant documents collected during the assessment visit. Each factory is given five working days before the report becomes official to provide feedback that may in some cases impact the final report language.

Among the issues covered in Better Work’s compliance assessment tools, sexual harassment is one of the most sensitive and most difficult to detect during factory assessments. It is often unreported due to fear of retaliation, power imbalance between victim and perpetrator, as well as cultural perceptions of stigma associated with it. All of these conditions are heightened in the Jordanian context because of the large presence of women migrant workers in the apparel sector. As a result,

the assessment of sexual harassment in the workplace by Better Work Jordan is likely to underreport the extent of its occurrence.

Limitations in the assessment process also arise on other issues related to migrant workers. It is beyond the current scope of Better Work to investigate contracting procedures in migrants' home countries or the relationship between migrant workers and third-party labour contractors. Detecting violations of workers' entitlements upon the termination of their employment contract, after workers have left the factory or even left the country, is particularly difficult.

Finally, assessing compliance with freedom of association in Jordan presents many challenges especially given the context that it is not fully protected under Jordanian law. For example, while migrant workers are no longer prohibited from joining a union, they do not have the right to form a labour union of their choice nor can they run for union office. Therefore, all factories that adhere to national law are not in compliance with the ILO standards regarding the right of workers to join unions. What is less clear are the implications of these legal constraints on a broader range of issues related to freedom of association, including collective bargaining. Better Work Jordan is assessing factories on employer behaviour related to other aspects of freedom of association including interference with union operations and discrimination against union members in garment factories. Better Work Jordan is also aware of allegations of corruption between some managers and union representatives. All of these issues are very difficult to independently verify.

Section II: Findings

Average Non-Compliance Rates

Chart 1 provides an overview of average non-compliance rates for factories covered in this report. Key findings are provided below, followed by a section with additional details.

In the Areas of Core Labour Standards:

- **Child Labour**—One factory was found to be non-compliant with Documentation and Protection of Young Workers and with Hazardous Work. Juvenile workers aged 16 and 17 were found in the cutting and ironing sections, as well as as other workstations that are considered hazardous due to their noisy nature. The juvenile workers were working 8 hours per day, which exceeds the 6 hour per day limit in the Jordanian labour law.
- **Discrimination**—There was one finding related to Gender Discrimination, specifically about workers being sexually harassed. A second finding, under Race and Origin, related to a factory where only Jordanian workers were eligible to get an attendance bonus subject to working all days of the month. At this same factory, it was also found that Jordanian and Chinese workers were eligible to get a bonus for reaching production quotas while other nationalities were not. Better Work Jordan has begun to look more closely at differences in labour contracts between the various nationalities migrating to Jordan for work to determine whether or not these differences constitute a discrimination non-compliance. This may result in an increase in non-compliances in future reports.
- **Forced Labour**—The issue of recruitment fees to a third party remains a serious concern. Migrant workers often are required to pay substantial fees to recruitment agents and sub-agents in their home countries. Workers in over 40% of factories indicated that this debt adversely affects their freedom to leave their jobs. In general, issues related to labour migration can be challenging to address since they involve both sending and receiving countries.

In ten factories (37%), a nightly curfew was found. This represents a significant improvement over the last compliance synthesis report, in which it was reported that approximately two thirds of assessed factories maintained a curfew for workers at night.

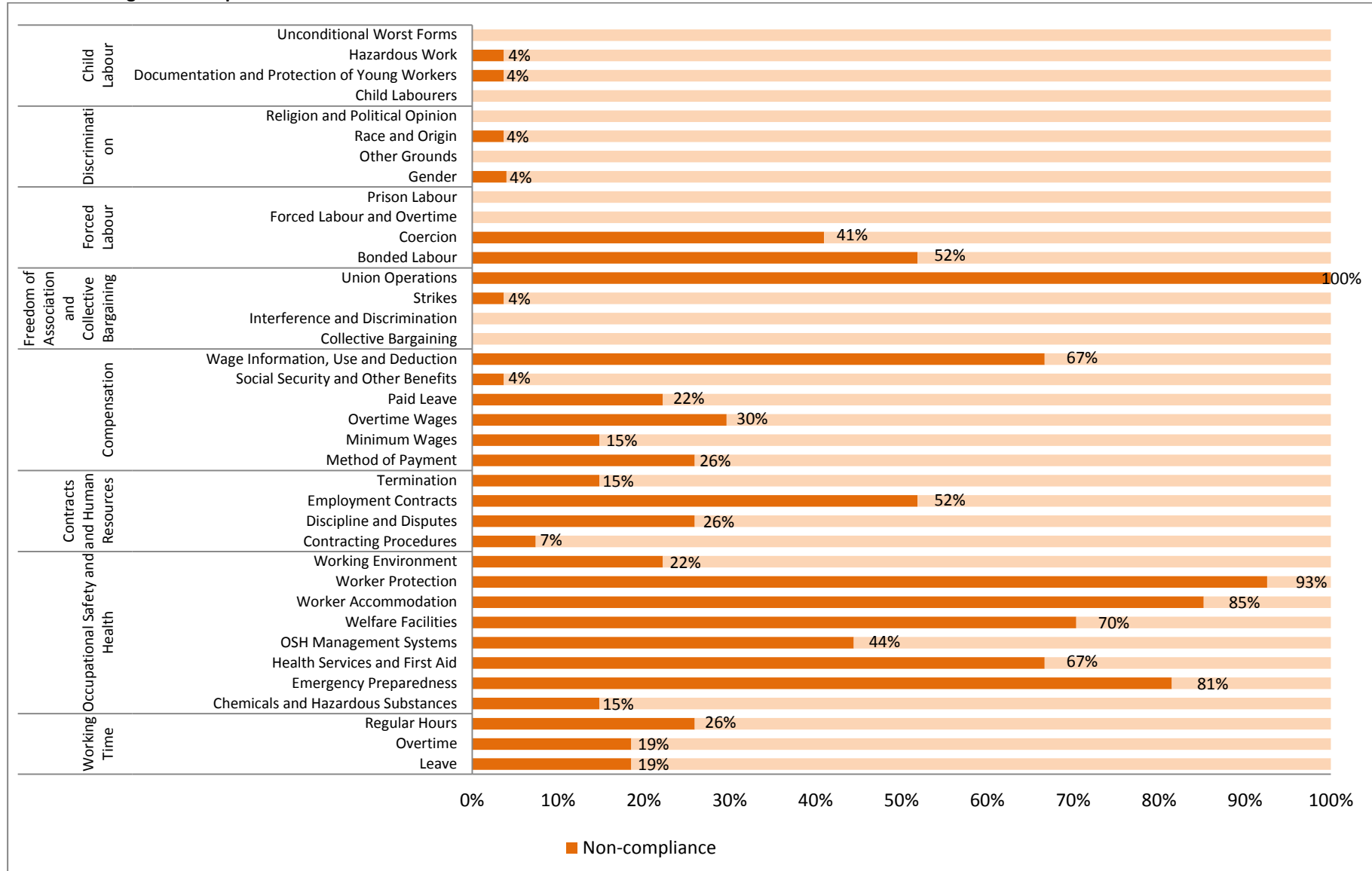
- **Freedom of Association**—In July 2010, in the absence of a Parliament, the Cabinet approved a series of amendments to the labour law. Among the amendments was the elimination of language that specifically forbids migrant workers from joining trade unions. Still in the law is language that forbids migrant workers from forming unions of their own choice or from running for union office. In addition, the labour law stipulates a single trade union structure thereby impeding the ability of all workers to form or join a union of their choice and of unions to join a federation or confederation of their choice. As a consequence, all factories are non-compliant with the Union Operations CP. Furthermore, in one factory, thirty-two workers were denied allowances and bonuses for having participated in a strike.

In recent months, Better Work Jordan has refined its assessment of freedom of association especially in the area of interference and discrimination. It is anticipated, therefore, that future compliance synthesis reports may include more non-compliances as a result.

In the Areas of Working Conditions (national law):

- **Compensation**—Four factories (15%) were found to have inaccurate attendance records while eight factories (30%) did not adequately communicate to workers their bonus and allowance systems. Three factories (11%) did not pay for all overtime worked if daily production quotas were not met. Deductions for food and/or accommodations in four factories were more than the amounts specified in employment contracts. Payment of wages to some workers beyond the legal limit of seven days from the end of the payment period as required by law was found in 26% of factories, a slight improvement over the last compliance synthesis reports.
- **Contracts and Human Resources**—One area of concern remains disciplining workers using physical punishment or humiliating treatment. In six factories (22%), it was found that workers were either subjected to verbal or physical abuse, or were threatened if they did not complete their production targets. In two factories, employers terminated workers for reasons that were not valid.
- **Occupational Safety and Health (OSH)**—Similar to the first two Compliance Synthesis Reports, many non-compliance findings cited in this report have to do with occupational safety and health issues, particularly related to dormitory conditions. Of note is that measurable improvement across seven of eight compliance points can be seen in factories assessed for a second and third time indicating that Better Work Jordan's advisory services are having impact. For example, as part of its effort to help factories improve OSH in the factories and the dormitories, Better Work Jordan provided training on OSH-related topics for factory managers and workers during 2011.
- **Working Time**—Excessive work hours and compulsory overtime remain major concerns of Better Work Jordan and international buyers. The Jordanian labour law lacks any limit on the number of working hours allowed per week, so workers can work an unlimited amount of overtime provided that it is voluntary and it is paid in accordance with the law. Overtime can be compelled only when required in order to conduct yearly inventory, finalize budgets, close accounts, prepare for a sales period, avoid loss of goods, or to receive, deliver or transfer specific material. Five factories were found to be in noncompliance with voluntary overtime requirements.

Chart 1: Average non-compliance rates



Detailed Findings

This section describes the level of non-compliance across participating factories for each sub-section (Compliance Point) within each of the eight categories of labour standards covered by the Better Work Jordan assessments. In selected non-compliance areas, the In Focus tables present detailed findings at the question level.

1. Core Labour Standards

a. Child Labour

One factory was found to be non-compliant with Documentation and Protection of Young Workers and with Hazardous Work. Personnel files included valid copies of workers' national IDs, guardians' approval, contracts as well as the application form, but did not include workers' health certificates, which are required under Jordanian Law. The juvenile workers were working 8 hours per day, which is out of compliance with the 6 hour per day limit in the Jordanian labour law. Furthermore, in the same factory, juvenile workers aged 16 and 17 were employed in the cutting and ironing sections, as well as at other workstations that are considered hazardous due to their noisy nature. In both instances, management acknowledged the issue and stated a commitment to follow up.

b. Discrimination

There was one finding related to the Gender compliance point. Specifically, workers reported incidents of one supervisor inappropriately touching female workers.

There was one finding under the Race and Origin compliance point. In one factory, it was found that only Jordanian workers are eligible to receive an attendance bonus for working all days of the month. Other nationalities are not eligible for the same bonus. Furthermore, Jordanian and Chinese workers were eligible to get a bonus for reaching production quotas while other nationalities were not.

c. Forced Labour

Bonded Labour and Coercion are the key non-compliance areas within forced labour, with non-compliance rates of 52% and 41%, respectively. These two CPs are explored more in detail in the In Focus tables below.

In Focus 1: Bonded Labour

| <i>Question</i> | <i>Number of factories out of compliance</i> |
|---|--|
| Can workers who owe recruitment fees to a third party freely leave their jobs? | 11 |
| Can workers who owe recruitment fees to the employer freely leave their jobs? | 2 |
| Has the employer ensured that the private employment agency does not use bonded labour? | 3 |
| Does the employer provide non-cash benefits that make workers so indebted to the employer that they are unable to leave the job? | 0 |

The highest non-compliance is concentrated around the issue of recruitment fees to a third party. Migrant workers often are required to pay substantial fees to recruitment agents and sub-agents in their home countries. Workers in over 40% of factories indicated that this debt adversely affects their freedom to leave their jobs. There are no provisions in Jordanian law to ensure that workers have not been recruited under such circumstances. Better Work Jordan cites a non-compliance if a factory does not have signed contracts with labour recruitment agencies that explicitly prohibits recruitment fees. However, the ability of factories to enforce the contracts in sending countries is limited.

In Focus 2: Coercion

| Question | Number of factories out of compliance |
|--|--|
| Does the employer allow workers to come and go freely from the dormitories and the industrial park or zone in which the factory is located? | 10 |
| Does the employer allow workers to leave the workplace at all times, including during overtime? | 1 |
| Does the employer delay or withhold wage payments in order to coerce workers to stay on the job? | 0 |
| Does the employer deny workers access to their personal documents (such as birth certificates, passports, work permits and ID cards) when they need them? | 1 |
| Does the employer use violence or the threat of violence to intimidate workers? | 0 |
| Does the employer force workers to work to discipline them or as punishment for participation in a strike? | 0 |
| Does the employer use any other coercive tactics to overwhelm workers' ability to make decisions in their own interest? | 1 |
| Does the employer use threats such as deportation, cancellation of visas or reporting to the authorities in order to force workers to stay at the job? | 0 |

In ten factories (37%), there is a curfew in the worker dormitories.

In one factory, it was found that management employed coercive tactics to intimidate migrant workers, such as stating that their previous social security contributions would not be refundable should workers leave their current employment.

d. Freedom of Association and Collective Bargaining

In July 2010, in the absence of a Parliament, the Cabinet approved a series of amendments to the labour law. Among the amendments was the elimination of language that specifically forbids migrant workers from joining trade unions. Still in the law is language that forbids migrant workers from forming unions of their own choice nor can they run for union office. In addition, the labour law stipulates a single trade union structure, thereby impeding the ability of all workers to form or join a union of their own choosing, and of unions to join a federation or confederation of their choice. As a consequence, all factories are non-compliant with the Union Operations CP.

Furthermore, in one factory, thirty-two workers were denied allowances and bonuses for having participated in a strike, resulting in a 4% non-compliance rate in the Strikes CP.

In recent months, Better Work Jordan has refined its assessment of freedom of association, especially in the area of interference and discrimination. It is anticipated, therefore, that future reports may include more non-compliance findings as a result.

2. Working Conditions

a. Compensation

The highest non-compliance rate under Compensation is Wage Information, Use and Deduction (67%), with findings at the question level shown in the table below.

In Focus 3: Wage Information, Use and Deduction

| <i>Question</i> | <i>Number of factories out of compliance</i> |
|---|--|
| Does the employer keep only one accurate payroll record? | 6 |
| Does the employer properly inform workers about wage payments and deductions? | 8 |
| Does the employer restrict workers' freedom to use their wages as they choose? | 0 |
| Has the employer made any unauthorized deductions from wages? | 11 |
| When required for in-kind payment, does the employer provide enough decent quality food for workers? | 2 |

Eight factories (30%) did not adequately communicate to workers their bonus and allowance systems. Deductions for food and/or accommodations in four factories were more than the amounts specified in employment contracts.

In other Compensation CPs, Minimum Wages has a 15% non-compliance rate. Four factories did not correctly pay the minimum wage to regular full time workers; three factories did not pay minimum wage to probationary workers; one factory did not pay minimum wage to piece-rate workers and one factory did not pay it for vocational trainees.

In two factories female Bangladeshi workers are required to partially reimburse their employer for the plane ticket from Bangladesh to Jordan in an amount of \$353, which is deducted from monthly salaries over the first five months of employment. This resulted in a finding of non-compliance since Jordanian law prohibits a deductions exceeding 10% of monthly salary.

Overtime Wages has a 30% non-compliance rate, detailed with a question-level breakdown provided in the In Focus table below.

In Focus 4: Overtime Wages

| <i>Question</i> | <i>Number of factories out of compliance</i> |
|---|--|
| Does the employer pay workers 125% of their normal wage for ordinary overtime? | 5 |
| Does the employer pay workers 150% of their normal wage for overtime worked on public holidays? | 5 |
| Does the employer pay workers 150% of their normal wage for overtime worked on weekly rest days? | 5 |
| Does the employer pay workers for all overtime hours worked? | 8 |

Also under Compensation, the Method of Payment compliance point has a 26% non-compliance rate, which is concentrated in one question. Seven factories did not pay workers within seven days from the date wages became due.

b. Contracts and Human Resources

The highest areas of non-compliance under the Contracts and Human Resources cluster were Employment Contracts (52% non-compliance rate) and Discipline and Disputes (26%). The In Focus table below shows a question-level breakdown for the Employment Contracts CP.

In Focus 5: Employment Contracts

| <i>Question</i> | <i>Number of factories out of compliance</i> |
|--|--|
| Do all persons who perform work for the factory, both on the premises and offsite, have a contract? | 2 |
| Do the employment contracts comply with Jordanian law? | 6 |
| Do the employment contracts specify the terms and conditions of employment? | 0 |
| Do the factory bylaws comply with Jordanian legal requirements and were they communicated to workers? | 8 |
| Do workers understand the terms and conditions of employment? | 1 |
| Does the employer maintain a personnel file for each worker? | 0 |
| Does the employer provide a copy of the labour contract as required in Jordanian labour law? | 5 |

The provision of signed copies of contracts and factory bylaws to all workers in their native languages was a concern for nine factories (33%).

In the Discipline and Disputes CP, in two factories workers had been disciplined using physical punishment or humiliating treatment. In these cases, workers were subjected to threats of deportation and physical abuse (such as being slapped and hit). In four factories, workers were subjected to verbal harassment and were threatened with deportation and other disciplinary measures, such as loss of meals, if they did not complete their production targets.

The Termination CP had a 15% non-compliance rate. In two factories, the employer terminated workers for reasons that were not valid. In addition, employers in two factories failed to compensate workers for unused paid annual leave when they resigned or were terminated.

The Contracting Procedures CP had a 7% non-compliance rate, related to two factories in which migrant workers did not have valid work permits and residence IDs.

c. Occupational Safety and Health

Similar to the first two Compliance Synthesis Reports, there are many non-compliance findings having to do with occupational safety and health issues, particularly related to dormitory conditions. Of note is that measurable improvement across seven of eight compliance points can be seen in factories assessed for a second and third time, indicating that Better Work Jordan advisory services are having impact. For example, as part of its effort to help factories improve OSH in the factories and the dormitories, Better Work Jordan provided training on OSH-related topics for factory managers and workers during 2011.

The Chemicals and Hazardous Substances CP has a 15% non-compliance rate, related to inadequate storage and labelling of chemicals, as well as a lack of action to assess, monitor, prevent and limit workers' exposure to chemicals and hazardous substances in four factories.

Emergency Preparedness has a non-compliance rate of 81%, which is illustrated in question-level detail in the In Focus table below. The main issues are accessibility and marking of emergency exits.

In Focus 6: Emergency Preparedness

| <i>Question</i> | <i>Number of factories out of compliance</i> |
|--|--|
| Has the employer informed and prepared workers for possible emergencies in the workplace? | 5 |
| Does the workplace have a fire detection and alarm system? | 5 |
| Does the workplace have adequate fire-fighting equipment? | 8 |
| Has the employer trained an appropriate number of workers to use the fire-fighting equipment? | 1 |
| Are emergency exits and escape routes clearly marked and posted in the workplace? | 12 |
| Are there enough emergency exits? | 2 |
| Are the emergency exits accessible, unobstructed and unlocked during working hours, including overtime? | 11 |
| Does the employer conduct periodic emergency drills? | 4 |

In other OSH compliance points, Health Services and First Aid has a non-compliance rate of 67%. The findings are related to lack of first-aid supplies (14 factories) and to a failure to comply with legal requirements regarding pre-assignment and periodic medical checks for workers (8 factories).

OSH Management Systems has a non-compliance rate of 44%. In nine factories, the employer did not form a worker-management OSH committee. In four factories, the employer did not perform an assessment of general occupational safety and health issues in the factory. Also in four factories, the employer did not have written plans for OSH programmes.

The Welfare Facilities CP has a non-compliance rate of 70%. This is mainly due to 11 factories not having adequate accessible toilets and to the lack of adequate hand-washing facilities and soap (11 factories).

Worker Accommodation has a non-compliance rate of 85%, with further question-level detail provided in the In Focus table below.

In Focus 7: Worker Accommodation

| <i>Question</i> | <i>Number of factories out of compliance</i> |
|--|--|
| Does the accommodation comply with minimum space requirements? | 2 |
| Does the accommodation have enough safe water? | 6 |
| Does the accommodation have adequate toilets, showers, sewage and garbage disposal systems? | 12 |
| Is the accommodation protected against fire? | 11 |
| Is the accommodation adequately protected against heat, cold, and dampness? | 12 |

| | |
|--|----|
| Is the accommodation protected against disease carrying animals or insects? | 15 |
| Is the accommodation protected against noise? | |
| Is the accommodation adequately ventilated? | 11 |
| Does the accommodation have adequate cooking facilities? | 6 |
| Is the accommodation adequately lit? | 1 |
| Does the accommodation offer workers adequate privacy? | 3 |
| Has the employer adequately prepared for emergencies in the accommodation? | 14 |
| Are readily trained first aid personnel available? | 5 |
| Are adequate first aid supplies readily accessible on all floors? | 16 |
| Is the accommodation clean? | 6 |
| Is the accommodation separate from the workplace (even though it may be in the same compound/industrial park)? | 3 |

Many issues related to worker accommodations persist and are challenging to address, given that minimal dormitory standards are absent in Jordanian labour law and therefore labour inspectors do not regularly inspect worker dormitories. Concerns related to adequate ventilation, toilet and bathing facilities, sewage and garbage disposal, protection against heat, cold, dampness, insects and fire persist in nearly half of the factories assessed. Over 22% of factories fail to provide adequate safe drinking water in the dorms.

The Worker Protection CP has the highest non-compliance rate within the OSH cluster, at 93%. The In Focus table below shows the question breakdown.

In Focus 8: Worker Protection

| <i>Question</i> | <i>Number of factories out of compliance</i> |
|---|--|
| Are materials, tools, switches, and controls within easy reach of workers? | 0 |
| Are appropriate safety warnings posted in the workplace? | 1 |
| Are proper guards installed and maintained on all dangerous moving parts of machines and equipment? | 16 |
| Are standing workers properly accommodated? | 10 |
| Are there sufficient measures in place to avoid heavy lifting by workers? | 3 |
| Are workers effectively trained and encouraged to use the personal protective equipment that is provided? | 17 |
| Are workers effectively trained to use machines and equipment safely? | 6 |
| Are workers punished if they remove themselves from work situations that they believe present an imminent and serious danger to life or health? | 0 |
| Do seated workers have suitable chairs? | 8 |
| Does the employer provide workers with all necessary personal protective clothing and equipment? | 9 |

Almost 60% of factories failed to provide machine eye guards while 37% did not provide insulated rubber mats for standing workers and 30% provided only backless chairs for sitting workers. Workers in over 60% of factories are not effectively trained or encouraged to use personal protective equipment. Better Work Jordan OSH training programmes for both managers and workers have been designed to address this issue.

There is a 22% non-compliance rate in Working Environment, related to the workplace not having an acceptable temperature (4 factories) or the workplace not being effectively ventilated (2 factories).

d. Working Time

In the Overtime CP, there is a 19% non-compliance rate. The Jordanian labour law lacks a limit on the maximum number of working hours allowed per week, so workers can work an unlimited number of overtime hours provided that it is voluntary and it is paid in accordance with the law. Overtime can be compelled only when required in order to conduct yearly inventory, finalize budgets, close accounts, prepare for a sales period, avoid loss of goods, or to receive, deliver or transfer specific material. In five factories, the employer was in non-compliance with voluntary overtime requirements.

In the Leave CP (19% non-compliance rate) it was found that in 4 factories, the employer did not provide workers at least 14 days of paid annual leave per year, or 21 days after 5 years of service. In two factories, the employer did not comply with maternity leave provisions.

The Regular Hours CP has a 26% non-compliance rate, which is broken down at the question level in the In Focus table below.

In Focus 9: Regular Hours

| <i>Question</i> | <i>Number of factories out of compliance</i> |
|--|--|
| Do regular daily working hours exceed 11 hours per day? | 5 |
| Do regular weekly working hours exceed 48 hours? | 5 |
| Do the working time records reflect the hours actually worked? | 6 |
| Does the employer comply with the daily break periods specified in the factory bylaws? | 1 |
| Does the employer provide required weekly rest periods? | 4 |
| Does the employer comply with the minimum period of rest within a 24 hour period that is specified in the factory bylaws? | 1 |

Better Work Jordan was unable to confirm accuracy of time sheets in 22% of factories. A non-compliance was found for five factories (18.5%) for daily working hours exceeding 11 hours. These same five factories were cited for regular work weeks more than 48 hours. However, in four of these factories, the finding was the result of the inability to confirm accurate time sheets. Four factories (15%) required workers to work on Fridays in violation of legal weekly rest requirements.

Section III: Changes in Compliance

Methodology

This section of the synthesis report concerns only the **sixteen factories** that have received more than one assessment visit by Better Work Jordan. Among these, nine factories have been visited twice and seven factories have been visited three times.

Chart 2 shows the changes in non-compliance that have occurred in the sixteen factories between their most recent and immediately preceding Better Work Jordan assessments. Better Work Jordan defines compliance effort as the difference in non-compliance between two consecutive Better Work assessments. As such, positive percentages indicate improved performance and negative percentages indicate a decline in performance.

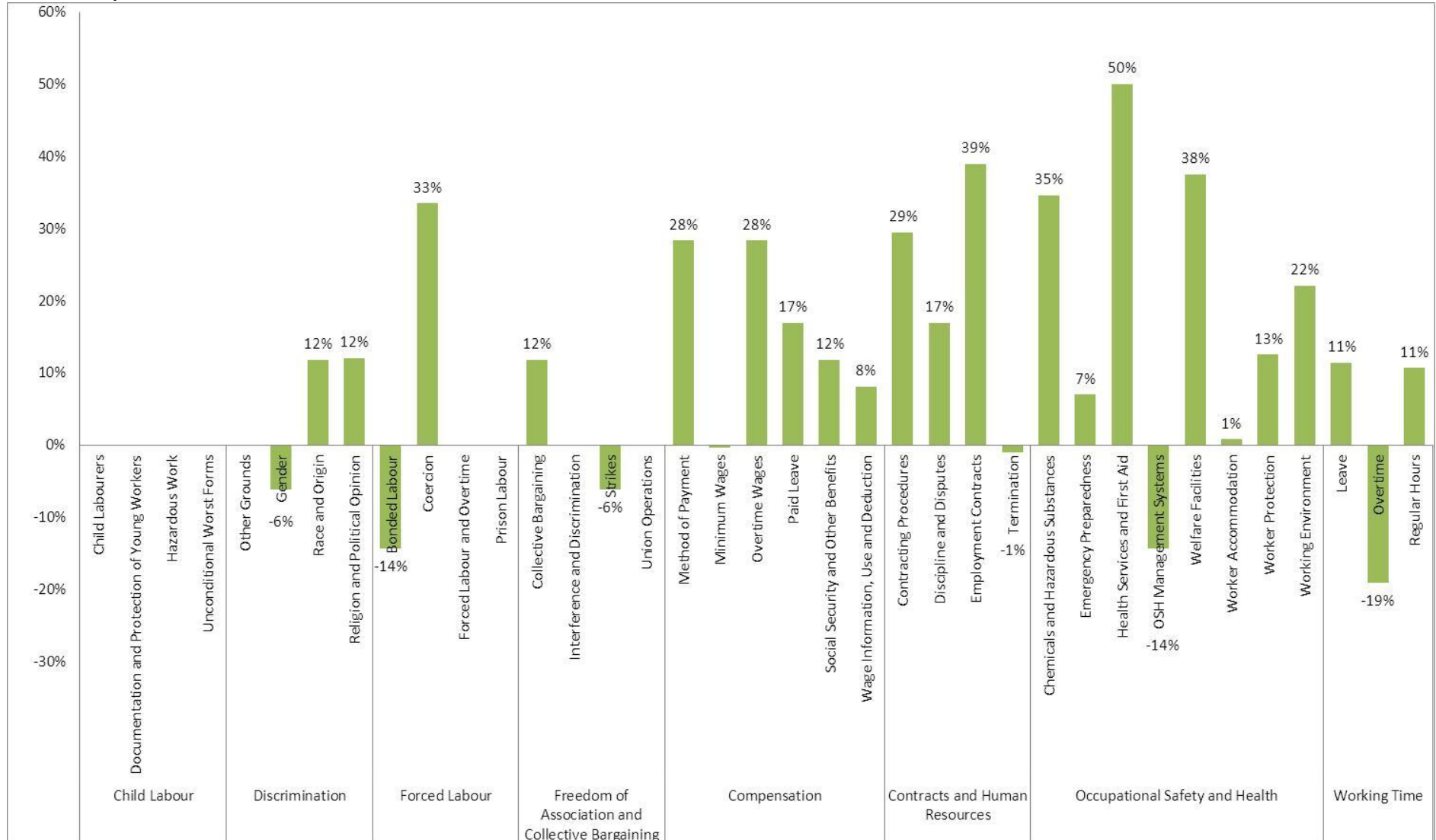
Each cluster is explored in detail below:

- **Child Labour**—None of the sixteen factories in the sample has had child labour findings.
- **Discrimination**—Measurable improvements were seen in the Race and Origin and the Religion and Political Opinion CPs. The Gender CP saw a higher non-compliance, due to one finding of sexual harassment described above.
- **Forced Labour**—One third of the factories assessed for a second or third time have eliminated nightly curfews, accounting for the significant improvement in the Coercion CP. A non-compliance was found for two factories at which Bangladeshi workers are required to partially reimburse their employer for the plane ticket from Bangladesh to Jordan. Workers indicate that this debt adversely affects their freedom to leave their jobs. This accounts for decline in performance in the Bonded Labour CP.
- **Freedom of Association and Collective Bargaining**—During the summer of 2011, strikes occurred at factories in the three major QIZs, some lasting as long as 25 days. In one of these factories, a non-compliance was cited for discriminatory treatment of workers identified to have led the strike.
- **Compensation**—This is an area of focus for Better Work Jordan advisory services, which has resulted in significant improvement in compliance effort in five out of the six CPs. Uniform simple and transparent management systems have been introduced to accurately record attendance and salary payment.
- **Contracts and Human Resources**—This is another area of focus for Better Work Jordan advisory services resulting in substantial improvement in contracting procedures, discipline and disputes, and employment contracts. Labour contracts are required under Jordanian law. Better Work Jordan offers to factories a model contract especially for migrant workers.
- **Occupational Safety and Health**—Compliance effort improved across all CPs except one, some dramatically. This suggests that factory OSH performance measurably improves after a year of participating in the Better Work Jordan advisory process, including specialized training designed for factory managers and workers on specific OSH issues. Only the OSH management systems CP experienced a decline in compliance effort due to a more rigorous assessment of OSH labor-management committee effectiveness and the development of a written OSH policy and programme by factories as required by law.

- **Working Time**—Overtime saw the most significant decline in performance of any CP. This appears to be a reflection of the increasing pressure on workers to meet daily production quotas, resulting in workers being compelled to work overtime or being forced to work off the clock in order to meet quotas.

Compliance Effort

Chart 2: Compliance effort



Section IV: Conclusion

Conclusions and Next Steps

In July of 2011, the Ministry of Labour issued an instruction to all of its labour inspectors to begin to actively enforce the 2010 Government of Jordan decision to mandate the participation of all exporting apparel factories in the Better Work Jordan programme. Industry-wide participation will enable the project to assess and improve conditions on a broad sectoral scale. The number of factories participating in the programme grew by over 50% during the second half of 2011 once the MOL instruction was issued. At present, 53 factories out of approximately 75 in the industry have joined Better Work Jordan. These factories employ over 80% of the labour force in the sector and account for over 80% of the sector's exports.

Of the 16 factories that have been assessed more than once by Better Work Jordan, 14 showed measurable improvement in their overall compliance effort (the difference in non-compliance between two subsequent Better Work assessments), and 2 showed some decline.

Improvements in compliance effort were seen in all eight compliance clusters except child labour where there were no findings recorded amongst the 16 factories assessed more than once. Significant improvements occurred in the compensation, contracts and human resources, and occupational safety and health clusters, all areas of particular focus for Better Work Jordan advisory services. Of concern, compulsory overtime issues were noted in three additional factories reflecting perhaps increasing pressure on workers to meet high daily production quotas.

Looking forward, refinements to the Better Work Jordan assessment process, which in a number of cases may lead to additional non-compliance findings in future reports, are summarized below.

Child Labour—In the future, assessments will look at whether employers have a reliable system in place to verify the age of workers prior to hiring.

Discrimination—Better Work Jordan has begun to look more closely at differences in labour contracts between the various nationalities and racial groups migrating to Jordan for work to determine whether these differences constitute a non-compliance.

Jordanian law requires employers that are engaged in work that allows for the hiring of disabled workers who have received Ministry-approved vocational training to employ at least 2% disabled workers. Better Work Jordan intends to focus greater attention on whether or not employers are complying with this requirement.

The effective monthly minimum wage for Jordanian apparel workers has been increased to JD190 (\$269). This increase will be implemented in two stages with the effective minimum raised to \$240 as of 1 February and then to \$269 on 1 January 2013. The minimum wage for migrant apparel workers will remain at \$155 and has not been increased since 2006. The discrepancy in wage levels between Jordanian workers and migrant workers likely will result in increased non-compliance findings under discrimination.

Forced Labour—When determining compliance with regard to the issue of recruitment fees paid to a third party, Better Work Jordan will consider whether or not the employer is manipulating workers' debt to make it more difficult to repay, or using the existence of the debts to coerce workers to work, so it is expected that non-compliance levels will be lower in the next synthesis

report. However, compliance with requirements to ensure that workers do not pay unauthorized recruitment fees also will be covered under the Contracts cluster in future assessments.

Better Work Jordan has observed a practice in some factories under which workers who terminate their contracts are required to stay on the job until a replacement is found, sometimes for a period of several months. Also, some factories require workers to stay beyond the expiration of their contracts awaiting a replacement. The Better Work Jordan assessment tool has been revised to explicitly address these issues, which previously have been reported under withholding of workers' passports. In addition, when workers are forced to work overtime without pay in order to meet production targets, Better Work Jordan will report this under forced labour. This may lead to increases in non-compliance under Forced Labour and Overtime.

Better Work Jordan will look more closely at the extent to which the remaining curfews are significantly restricting workers' freedom of movement.

Freedom of Association—Better Work Jordan will look more closely at whether migrants are able to join the union, now that language explicitly prohibiting them for doing so has been removed from the law.

Compensation—As noted above, the recent increase in the monthly minimum wage may lead to non-compliance findings with minimum wage payments as factories adjust to the new requirement.

Contracts and Human Resources—As noted above, Better Work Jordan will examine the issue of recruitment fees under Contracting Procedures in future assessments. The assessment will examine the steps required by the employer to ensure that migrant workers do not pay unauthorized fees, as well as the payment of unauthorized fees to recruitment agents. This may lead to increased non-compliance in the Contracting Procedures CP.

Occupational Safety and Health (OSH)—Similar to the first two Compliance Synthesis Reports, many non-compliance findings cited in this report have to do with occupational safety and health issues, particularly related to dormitory conditions. Of note is that measurable improvement across seven of eight compliance points can be seen in factories assessed for a second and third time, so Better Work Jordan's advisory services appear to be having an impact.

Better Work Jordan expects that there may be higher levels of non-compliance under Health Services and First Aid due to a change in approach in determining compliance with medical clinics and staffing requirements. Better Work Jordan has not adhered strictly to legally required staffing requirements when determining compliance to accommodate for the difficulties of securing adequate medical staff in factory clinics. In the future, however, compliance will be determined in accordance with legal requirements.

Working Time—Excessive work hours and compulsory overtime remain major concerns of Better Work Jordan and international buyers. Working hours will continue to be closely monitored and a major focus of Better Work Jordan advisory services. The Jordanian labour law does not limit the number of hours of work allowed per week, so workers can work an unlimited amount of overtime provided that it is voluntary and it is paid in accordance with the law.

The data presented in this report indicate that the provision of Better Work Jordan core services at the enterprise level creates an ongoing process of measurable improvement in compliance with national labour law and ILO core labour standards in most factories. Still, given the serious nature of some of the challenges facing the apparel sector in Jordan, especially those related to migrant labour, Better Work Jordan has been working closely with stakeholders to implement new initiatives at a sectoral level, focusing in particular on areas such as working hours, curfews, labour contracts and recruitment fees, and dormitory conditions. These efforts complement Better Work Jordan enterprise-level core services as part of a comprehensive strategy to rigorously tackle major challenges which have been confronting the apparel industry in Jordan for many years. In addition, in 2012 Better Work Jordan will facilitate a process with all key stakeholders to develop and implement a strategy for increasing Jordanian employment and investment in the sector.

Annexes

Annex A: Factories Covered in this Report

Al Areen wear LTD
Al Hanan for Cloth Manufacturing Est.
AL Masera Textile
Aseel Universal Garments Manufacturing Co.
Atateks Foreign Trade LTD.
Camel Textile International Corp.
Century Miracle
Century Standard Textile
Classic Fashion Apparel Industry (Unit 1, 2 & 4)
Classic Jeans Apparel Manufacturing Co.
EAM Maliban Textiles Jordan (PVT) Ltd. /Satellite Unit
ELZAY Ready Wear Manufacturing CO.
Fine Apparel LTD
Galaxy Apparel Industry
Hi-Tech Textile L.L.C.
International British Garments
Jerash Garments and Fashions Manufacturing Co Ltd
Jordanian Modern Textile
M/S United Creations L.L.C.
Mustafa & Kamal Ashraf Trading (Jordan) Garment Ltd.
NEEDLE CRAFT LTD. JORDAN
Prestige Apparel Manufacturing LTD Company
Sterling Apparel Manufacturing
Sterling Apparel Manufacturing L.L.C. (Satellite)
Sun Jordan Textile Co. Ltd
Third Dimension Apparel LLC
W&D Apparel (Jordan) Corp

Annex B: Buyers Participating in Better Work Jordan

American Eagle
Gap
Jones Apparel Group
Polo Ralph Lauren
LL Bean
New Balance
Sears
Wal-Mart
Marks & Spencer
Hanes Brand Inc.
Talbots
Patagonia, Inc
Li & Fung
Target
ANN INC.