

Dear Kate and Natalie,

Thank you for reaching out to us and seeking our responses to the concerns raised by Unions in Karnataka, India, between October 2023 and May 2024.

As mentioned in your email, we hope this response will be included in its entirety alongside the report. If any clarifications are required, please let us know.

Shahi actively demonstrates its commitment to strong labor practices in the following ways:

- We participate in the statutory processes envisaged by the State of Karnataka. We are part of the Statutory Tripartite Collective Bargaining and Negotiation process at the industry level. The Tripartite partners are the Government, the Unions (including the Local and National Unions), and the Industrial Associations/ Employers in core issues. This has the sanction of law and is initiated and concluded by the State.
- We uphold the right to freedom of association, as outlined in the Trade Unions Act 1926. We maintain a clear policy and scrupulously adhere to the same.
- In addition to formal discussions with one established local union, we engage with another industry-centric union on a case-by-case basis to address specific issues. This collaborative approach reflects Shahi's commitment to fostering open communication and social dialogue beyond legal minimums.
- Over the last three years, more than 1,500 workers have represented the workforce as members of over 200+ committees across 50+ factories in 8 states.

Fair and Transparent elections for committees

The process for the formation of the committees envisaged under the Industrial Disputes Act 1947 is summarized as follows:

Name of the Committee	Sections of Law under which this is envisaged (both State and Central Legislation)	Elected or Selected
Works Committee	Sec 3 (1) of the Industrial Disputes Act, 1947	Elected
Grievance Redressal Committee	Sec 9C (1) of the Industrial Disputes Act, 1947	Elected
Health & Safety Committee	Sec 41G (1) of the Factories Act, 1948	Elected
Canteen Managing Committee	Sec 46 (2) (d) of the Factories Act, 1948	Elected
Internal Complaints Committee	Sec 4 (1) of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013	Selected as per law.

At Shahi, committee members are elected every two years in a transparent and democratic manner based on certain governing principles. The process is implemented by neutral centralized teams and guided by independent agencies in all the factories and locations. Factory management is not directly involved in the process. In fact, a Union has a shared appreciation of this process.

With regard to the period of your research (October 2023 to May 2024), elections have been held in Karnataka as follows:

Number of Factories where elections were held during the relevant period	23
Total Number of eligible workers who cast their franchise for elections	30,400
Total number of Works Committees Elected	235
Elections held for other Committees simultaneously	677

Our response to the concerns raised in your email:

<p><i>1(a) “alleging that the unions have received threats from management for putting up their own candidates for elections to committee positions.”</i></p>	<p>Shahi keeps the well-being and rights of our workers at the center of our business. We are clear that the outcomes of the independent process of conducting elections to the worker's committees must govern our factories. We have strict zero-tolerance policies on any form of harassment and take these issues seriously.</p> <ul style="list-style-type: none"> a. b. c. A threat constitutes the commission of an offense under Indian laws d. and is in violation of our policy on Freedom of Association. The Unions or those who were threatened can approach any of the redressal mechanisms available in the factory or the Police Authorities/Law enforcing agencies with the requisite evidence to urge e. action. f. g. h. i. No complaint—either internally or from the law enforcement agencies—has been received in this direction j. during the relevant period (nor is pending now). k. l. m.
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	<p>n. The current set of laws governing the conduct of elections has/have no enabling provision/s for the</p> <p>o. involvement of “Unions” in the “election process.” It is also to be noted that we do not have a formally</p> <p>p. recognized union and do not maintain any data on union representatives, which nullifies the premise</p> <p>q. of the alleged threats.</p>
<i>1(b) and that pro-management candidates are given greater freedom to campaign and talk to other workers as part of the election process</i>	As described above in the election process, any such instance can be brought to the notice of the “independent agencies,” who are tasked with ensuring free and fair elections. Workers, regardless of their affiliation, also have access to multiple channels of communication, including a unique anonymous digital system, to air their grievances. No such complaint was raised with the labor administration or the independent agencies engaged in conducting elections.
<i>2. The unions also reported concerns about its members being sidelined in committee discussions.</i>	To uphold the spirit of the worker’s voice, Shahi does not have or maintain any data about Unions and affiliations. This issue also did not appear in the forums where we engaged with Unions between October 2023 and May 2024.
<i>3. According to the unions, in the Factories where they have no presence, there are no elections to committees, and worker representatives are instead selected by management.</i>	As demonstrated with the data above, Elections are held every 2 years. Between October 2023 and May 2024, all the Factories where elections were due were conducted. Therefore, the claim remains unsubstantiated. If there is any substantial evidence to support this claim, we would be happy to receive and review it.

Further, we are sharing some contextual perspectives furnished below:

- India is a resilient democracy with a host of legislations that govern and protect the interests of workers. Designated labor administrative bodies enforce statutory norms across the country. Of the 250+ central and state labor laws in the country, apart from State legislations, two specific legislations have been referred to in this communique: the Trade Unions Act 1926 and the Industrial Disputes Act 1947.
- Shahi is firmly committed to upholding labor rights in India. We understand the importance of a strong legal framework and strive to comply with both national legislation and international ILO conventions. Our 100,000+ diverse workforce demonstrates this.

Under the Trade Unions Act 1926, “Freedom of Association” has a categorical legal sanctity and a process prescribed under law to grant legal sanction to the registration of Trade Unions. To be true representatives of the workers, legitimately formed Trade Unions must represent the true aspirations of the workers and discharge their duties and responsibilities within the ambit of the law.

The Industrial Disputes Act of 1947 provides for the formation of the Works Committee, which is elected through complete worker participation. Thus, the workers' franchise culminates in the democratic process of elections in representation.

In addition to complying fully with these laws, Shahi also has a thorough process to promote worker voice inside the factory. This process focuses on a variety of grievance channels, from committees and helplines to an anonymous two-way digital tool accessible to all workers across our units.

Shahi has and will continue to demonstrate good faith and engage with unions to achieve the ultimate goal of the well-being of our workers.

Sincerely,

Communications Team

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