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**Global Fashion Brands Levi Strauss & Co., PVH Corp., ASICS, Columbia Sportswear Company, G-III Apparel Group Ltd. and their Supplier Hirdaramani-Mercury Apparel in Sri Lanka face legal complaint under Sri Lankan laws over labour rights violations during Covid-19 period.**

*Labour unions in Sri Lanka – Stand Up Movement and Commercial & Industrial Workers’ Union (CIWU) – have filed a complaint with the Labour Commissioner to conduct an inquiry into non-payment of workers’ wages and bonuses, and mass retrenchments without adequate compensation in Hirdaramani Mercury Apparel (Pvt) Ltd, Katunayake. In the complaint, global fashion brands – Levi Strauss & Co., PVH Corp., ASICS, Columbia Sportswear Company, G-III Apparel Group Ltd. – along with their supplier, have been held jointly liable under Sri Lankan laws for labour rights violations during the Covid-19 period.*

The supplier informed workers that the non-payment of wages and bonuses and mass retrenchments were a result of all major brands that had been sourcing from the factory over the long term – Levi Strauss & Co., PVH Corp., ASICS, Columbia Sportswear Company, G-III Apparel Group Ltd. – pulling out their production during the Covid period.

Irresponsible purchasing practices of the brands have directly resulted in several months of extreme hardship for workers, who were terminated overnight, without any warning during an ongoing crisis.

“Termination of workers without adequate compensation and non-payment of wages are not only labour violations, but have severe impacts on their human rights. The refusal of the brands to take responsibility for workers employed in their supplier factory has resulted in workers’ inability to access minimum consumption required for survival, making the brands directly responsible for the conditions of workers during Covid-19.” – Ashila Niroshine Dandeniya, Stand Up Movement

The workers, who are pre-dominantly women from low-wage households – including single women, pregnant women and young mothers – were pushed to desperation. They were unable to meet food, housing or healthcare expenses. They have become severely indebted, and forced to sell their few assets to meet expenses, having long term impacts on their lives and livelihoods.

Sri Lanka has labour laws meant for protecting workers, including their wages and benefits. Labour unions filing the complaint have stated that brands, whose practices determine the wages and terms of employment of workers in Sri Lanka, cannot be exempt from liability under these laws. They have argued that brands act as joint employers of workers, and are therefore, jointly liable along with the supplier, for labour rights violations in their supplier factories.

The labour unions have demanded compensation for wage loss of workers and the unjust enrichment of brands through labour exploitative practices in their supplier factories. The brands, who have made fabulous profits over the years by keeping their costs low through unfair purchasing practices, are capable of paying compensation to workers to tide over the crisis.

“Unfair purchasing practices by the brands have resulted in unfair labour practices and human rights impacts on workers. The real nature of the relationship between the supplier and the brands must be revealed so that brands are not shielded from legal liability for labour rights violations in the supplier factory, while making profits through the exploitation of workers” – statement by Commercial & Industrial Workers’ Union

The supplier is completely economically dependent on the brands for running their operations, and for their ability to pay workers’ wages. The brands have major economic control over the production process of the supplier, including how workers perform their work and whether they get paid. In reality, the supplier acted as an agent or contractor of the brand, including of labour, for producing the products that are owned and marketed by the brand. It is through this concealed relationship of control that brands make profits, while refusing to fulfil their responsibilities towards workers.

According to workers from Hirdaramani Mercury Apparel, none of the 1400 workers employed by the factory were paid wages when the factory shut down in April 2020 during the Covid-19 lockdown. All workers who were employed for a period less than 6 months were terminated without any compensation. Workers who had returned to work after the lockdown, in May 2020, were only paid basic wages, with no overtime payment, despite increased production targets that they were forced to take up. None of the workers received bonus payments. Workers described the production targets during this period as impossible to meet.

After the lockdown, workers who returned to work were terminated between May and September 2020, without adequate compensation. Workers who had been working at the factory for less than one year were terminated with compensation, while those who had worked for over a year were provided the option of either transferring to another factory or leaving their jobs after accepting the compensation. Since they were not provided a choice in where they would be transferred, those who had worked for several years in the factory were forced to leave their jobs without full and fair compensation.

The compensation amount offered was calculated only until April 2020, when the pandemic first struck, even though the workers had worked for different periods after April 2020. Workers who completed 5 years of employment after April 2020, lost their gratuity payments.

After it closed down in September 2020, the factory re-opened in January 2021, and has employed 400 workers to date. It appears that the closure of the factory was a strategy for mass retrenchments, and evasion of payment of full wages and benefits, when facing reduced orders from the brands.