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Sri Lankan Unions Demand Post-COVID-19 World Bank Group Investment in Garment Sector Protect Workers

International Finance Corporation's pre-approval process must address failures in health and safety, freedom of association in assessing proposed USD \$50 million loan to Brandix, where Sri Lanka's largest COVID-19 superspreader event originated

COLOMBO, SRI LANKA (March 23, 2021) — Six Sri Lankan unions and workers' organizations are [challenging](#) the International Finance Corporation (IFC)'s existing due diligence and labor rights components of their [economic and social action plan](#) for a USD \$50 million loan to Brandix Lanka LTD, which is [proposed for approval](#) this month.

The IFC's mandatory public disclosures published last month fail to address that Brandix Lanka LTD owns and operates a factory where a sweeping industrial COVID-19 [outbreak](#) occurred in October 2020. The COVID-19 outbreak at Brandix's factory in Minuwangoda was detected on October 2. Within a week, 1000 out of 1400 factory workers [tested positive](#) for the virus. The Brandix COVID [outbreak](#) was a superspreader event that sparked the country's first major COVID wave since the initial onset of the pandemic in March 2020. From October to February, daily case counts in Sri Lanka exploded from 6 to 806 people infected per day at the peak.

The outbreak is still under investigation by Sri Lankan government authorities. Unions and workers' organizations submitted worker accounts to the IFC reporting that in the weeks before the outbreak, Brandix failed to follow Sri Lanka's Ministry of Health's COVID guidelines and that management denied leave to workers who reported COVID symptoms.

The IFC announced the proposed loan to Brandix Lanka LTD on February 18, 2021 to support working capital and capital expenditure for Brandix's existing Sri Lanka operations, including production for major global brands such as Uniqlo, Calvin Klein, Marks & Spencer, Victoria's Secret and PVH. Brandix Lanka LTD operates 21 factories in Sri Lanka, together employing over 33,000 workers.

In the past ten years, the IFC has made approximately USD \$202 million in direct investments to garment manufacturers worldwide, including a \$28 million investment in Sri Lankan garment manufacturer MAS Holdings in 2013. In addition to considering a USD \$50 million investment in Brandix Lanka LTD, the IFC is concurrently considering another USD \$50 million dollar loan to MAS Holdings, bringing the total proposed loans to the sector in Q12021 to USD \$100 million.

Ashila Dandeniya, former garment worker and head of Stand Up Union Lanka, whose membership includes women Brandix workers, said: "As a top-level organization in Sri Lanka, Brandix must set an example on labour rights -- especially for women workers at its factory. Dialogue and collaboration are critical to overcome supply chain pressures which contributed to the outbreak."

Chamila Thushari, Programme Coordinator at Dabindu Collective -- a workers' organization founded in 1984, stated: "The outbreak exposes major freedom of association gaps for women workers who are the majority in Sri

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Lanka's apparel sector. Women report being threatened with termination if they speak up and demand their rights. We look forward to dialogue with the IFC and Brandix on how to ensure freedom of association under this loan which is also fundamental to healthy and safe workplaces.”

“It is well documented that some employers are using COVID- 19 as an excuse to [bust unions across manufacturing, healthcare, logistics](#), and other sectors globally,” said Sahiba Gill, Fast Fashion Coordinator for Global Labor Justice - International Labor Rights Forum. “In light of this, the World Bank Group must be extremely vigilant to conduct serious due diligence and include specific actions to ensure International Labor Standards, including Freedom of Association, are respected where it is a financier.”

The Commerce and Industrial Workers Union (CIWU), a large industrial union that represents workers in Sri Lanka’s garment sector, made the following statement: “It was because workers do not have union rights that factories are asking workers to produce on maximum targets with a minimum work force, ignoring workers’ health during a pandemic. Yet the Sri Lankan government has failed to take any action against Brandix management, while many wrongly blame garment workers for spreading COVID instead.”

The six Sri Lankan unions and workers’ organizations that filed the complaint are Stand Up Workers’ Union, Dabindu Collective, Revolutionary Existence for Human Development (RED), Ceylon Mercantile Industrial & General Workers' Union (CMU), Commercial and Industrial Workers’ Union (CIWU), and National Union of Seafarers - Sri Lanka (NUSS). Together, they represent over 26,000 workers in Sri Lanka’s industrial sector, including garment manufacturing. Along with Stand Up Workers’ Union, Dabindu Collective and RED — which focus on representing women workers including garment workers — represent women workers at Brandix, where 9 in 10 workers are women.

Sri Lankan unions and workers’ organizations, whose memberships include Brandix workers, urge the IFC to delay its vote on the Brandix loan pending substantive consultation with key labor stakeholders and revision of the Environmental & Social Action Plan for the loan to include ensure workplace health and safety and freedom of association in compliance with the [IFC’s Performance Standard 2](#).

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Asia Floor Wage Alliance (AFWA) is an Asian labour-led global labour and social alliance across garment producing countries in Asia and consumer regions of USA and Europe. Founded in 2007, AFWA builds regional unity among Asian garment unions to overcome the limitations of country-based struggles in global production networks and holds global fashion brands accountable. For more information about AFWA’s work, see [here](#).

Global Labor Justice – International Labor Rights Forum (GLJ – ILRF) is a newly merged organization bringing strategic capacity to cross-sectoral work on global value chains and labor migration corridors. GLJ-ILRF holds global corporations accountable for labor rights violations in their supply chains, advances policies and laws that protect decent work and just migration, and strengthens freedom of association, new forms of bargaining, and worker organizations. For more information about GLJ-ILRF’s work to hold the International Finance Corporation accountable for international labor standards, see [here](#).

For a brief regarding this case in more detail, please see [here](#).