



**WORKER RIGHTS
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To: WRC Affiliate Colleges and Universities
From: Laura Gutierrez and Scott Nova
Re: Remediation of Severance Pay Violation at Shine Embroidery (Bangladesh)
Date: December 19, 2018

This memorandum reports on the Worker Rights Consortium’s (“WRC”) findings of a labor rights violation, and the remediation of that violation, at Shine Embroidery (“Shine”), a factory in Dhaka, Bangladesh. Shine employs 400 workers and produces collegiate licensed goods for Hanesbrands, owner of licensee Knights Apparel. Shine is owned and operated by the Debonair Group, which employs 10,000 workers in Bangladesh, and produces for a number of other major apparel brands, including H&M, Benetton, and Kmart.

i. Background

In May 2018, the National Garment Worker Federation (NGWF) filed a complaint with the WRC alleging that a worker, who was formerly employed by Shine, had not been paid his legally owed severance benefits when he separated from the factory nearly five years prior, on May 25, 2012. The WRC investigated and confirmed the veracity of the complaint. The amount due to the worker, whose name is Jiyadul, was US\$ 1,554, equivalent to nine months’ wages.

NGWF had previously attempted to assist Jiyadul in obtaining these severance benefits by submitting a petition to the Bangladeshi Labour Court. On May 21, 2013, the Labour Court issued a ruling in the worker’s favor. The Court’s ruling confirmed that Shine was indeed obligated to provide Jiyadul with severance pay in the amount of 130,402 Taka (US\$ 1,554). However, the Bangladeshi government never took any action to enforce the order, and the company declined to comply.

“I was so frustrated...” Jiyadul says. “I couldn’t admit to anyone [that I could not obtain my money]. After three months, I gave up hope.”



Jiyadul, July 2018

ii. Brand and Factory Response

On May 23, 2018 the WRC contacted Hanesbrands to convey our findings. Hanesbrands promptly replied and agreed to reach out to the supplier directly. Two weeks later, on June 7, Hanesbrands informed the WRC that Shine would provide Jiyadul with his legally mandated severance benefits.

The WRC then communicated directly with factory management to confirm a date for the distribution of the funds. All parties agreed that the payment would be made at the factory, on June 25, and in the presence of a WRC representative.

On the morning of June 25, however, when the WRC representative called the factory's management before arriving at the factory, management stated that they would *not* provide the severance benefits that day. When asked by the WRC to explain why factory management reneged on its commitment to pay the worker on the agreed date, management stated, falsely, that: "We didn't give any commitment about the payment date and the amount which [is] demanded by Mr. [J]iyadul isn't actually deserved." The factory manager further claimed that the court order was "one-sided" and that the management had previously "compromised" by not appealing the order. Now that the worker was actively seeking the funds, the factory stated that it would be appealing the Court's decision.

In the following weeks, the WRC engaged in extensive back and forth communications with the factory and Hanesbrands. During this time, factory management separately contacted Jiyadul and attempted to pressure him to stop seeking his severance benefits. The management threatened that if he continued to press for his severance benefits, the factory would file an appeal with the Court, creating greater administrative difficulty and expense for the worker.

The WRC then emphasized to factory management that we would be reporting publicly that the factory was in violation of university codes of conduct. Shine then pledged, for a second time, to pay the worker the funds he was legally owed. Payment was to take place on July 7. However, once again, just hours before the parties were due to meet at the

“When I touched the bundle of notes, it felt like Eid Day!”

factory, management wrote to the WRC stating that they would not relinquish the funds unless the worker was accompanied to the factory by a lawyer. There was no legitimate purpose for this demand. Again, Shine failed to pay Jiyadul on the agreed date.

The WRC once again called on Hanesbrands to intervene. Hanesbrands contacted Shine and convinced management to agree to pay the worker the following day, without the requirement that he be accompanied by a lawyer.

On July 8, Shine finally paid Jiyadul his legally owed severance benefits. The payment to Jiyadul was made in the presence of Shine's lawyer and a WRC representative.

Jiyadul has informed the WRC that he used the money to buy farm land in his home village—this purchase represents the first fixed asset he has owned in his life, allowing him and his family to have a more secure financial future. In expressing his satisfaction at finally being paid the money he had despaired of receiving, Jiyadul told the WRC that, when he was handed the bank notes, “it felt like Eid Day” (a time of religious celebration).

iii. Conclusion

Failure to pay severance and other benefits required by national law is a common form of wage theft in the garment industry. Severance is a legal requirement in most apparel exporting countries, because there are no public programs to provide income support to individuals who lose their jobs. Additionally, the very low wages in the industry (sixteen cents an hour in Bangladesh, at the time Jiyadul's employment was terminated), makes it impossible for many workers to accumulate any savings. When employers shirk their legal severance obligations, workers in most cases have nothing to fall back on. As a result, many workers struggle to buy basic necessities and support their families, and their future prospects are badly dimmed.

Jiyadul's case further demonstrates the Bangladeshi government's failure to enforce its own law and the sense of impunity that informs the actions of factory owners. Had it not been for the WRC's intervention and the pressure exerted by Hanesbrands, Jiyadul would never have been paid money he was legally owed, even though the Labour Court had ruled in his favor. The fact that Shine, when finally pressured to comply with the law, reneged repeatedly on date-specific commitments to pay the worker, reflects the frustration of a factory owner suddenly forced to obey a law he had previously been free to ignore without consequence. The amount of money involved in this case, it is important to note, was of little consequence to Shine, yet it still required a concerted effort by the WRC, and multiple interventions by Hanesbrands, to compel payment.

The WRC has, of course, successfully resolved severance cases involving vastly more money, and many more workers, than the case of Shine. The principle, and the applicability of university codes, is the same, however, whether the amount owed is \$1,500 or \$5 million. This is a small but heartening case of university labor standards bringing about the restoration of justice for a worker who would otherwise never have seen it.