

# WORKER RIGHTS CONSORTIUM FACTORY ASSESSMENT

*Sun Shui Shing Industrial (Cambodia) Co., Ltd. (Cambodia)  
Findings, Recommendations, and Status*



*March 28, 2024*



WORKER RIGHTS  
CONSORTIUM

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## I. Introduction and Executive Summary

The following is a report on the findings, recommendations, and current status of the Worker Rights Consortium’s (“WRC”) investigation and remediation of threats of gender-based violence and harassment (including threatened rape and beating) against, and further violations of the rights of freedom of association (including threatened and actual mass retaliatory firing) of, worker union leaders and activists, at Sun Shui Shing Industrial (Cambodia) Co., Ltd. (“Sun Shui Shing”), a travel goods factory in Kampong Speu, Cambodia.

Sun Shui Shing, which employs 2,970 workers,<sup>1</sup> is owned and operated by Chit Shing P.V.C. Products Manufactory Ltd. (“Chit Shing”), a Hong Kong based travel goods company with factories in China and Cambodia.<sup>2</sup> Sun Shui Shing has been disclosed by the luggage and handbag brand, Vera Bradley, as among its suppliers of collegiate-licensed accessories and is thus subject to the labor codes of conduct of universities and colleges affiliated with the WRC.<sup>3</sup>

Disney, Puma, and PVH (Calvin Klein, Tommy Hilfiger) have also disclosed Sun Shui Shing as a maker of their branded goods.<sup>4</sup> According to US Customs and Border Patrol data, in 2023, Sun Shui Shing also manufactured brands goods for Muji, Funko, Vineyard Vines, and Louis Vuitton.<sup>5</sup>

At the end of March 2023, Sun Shui Shing workers established an independent union to address complaints of forced overtime and verbal abuse at the factory. However, as the WRC’s investigation documented, as soon as workers notified the factory management that they were forming a union, Sun Shui Shing immediately launched an intense campaign of retaliation against the workers involved that included the following unlawful actions:

*“You are all women!  
Aren’t you afraid of  
getting beaten or  
raped?”*

*HR Manager to Workers,  
Sun Shui Shing, March 29, 2023*

- Threatening and carrying out retaliatory suspension and firing of four workers who had been elected to the top leadership of the union;
- Gender-based threats of physical and sexual violence against these four workers;
- Suborning the leader of an employer friendly union (“company union”) to further threaten these four workers;
- Interrogating other workers about these employees’ associational activities;
- Threats of retaliatory firing against nine other workers who had participated in the union election to force them to resign from their union; and
- Retaliatory termination of another worker for associational activity.

<sup>1</sup> Textile Apparel Footwear and Travel Goods Association in Cambodia (TAFTAC), Members Map, Sun Shui Shing, December 15, 2023, <https://www.taftac-cambodia.org/our-members/search/?tab=map&id=326>.

<sup>2</sup> Chit Shing P.V.C. Products Mfy. Ltd., “Our Factories,” <http://www.chitshinggroup.com/en/factory/>.

<sup>3</sup> Collegiate Licensing Company, Standard Retail Product License Agreement, Article 14 “Code of Conduct.”

<sup>4</sup> Open Supply Hub, Sun Shui Shing, <https://opensupplyhub.org/facilities/KH2021006133NHB>.

<sup>5</sup> The Worker Rights Consortium accesses this information through ImportGenius, a subscription database that compiles shipping data obtained from US Customs and Border Protection service.

The WRC shared findings and recommendations for remediation regarding the violations to the brands that are the factory's buyers, with varying responses.

First, in May 2023, the WRC wrote to the university licensee, Vera Bradley; however, despite its obligation to do so under university codes of conduct, Vera Bradley did not respond. Nor did Vera Bradley respond when the WRC again tried to contact the brand in August 2023. In September 2023, the WRC also wrote directly to the management of Sun Shui Shing and to Disney, which is a licensor of Vera Bradley, concerning the violations, but neither responded as well.

The brands, Puma and PVH (Tommy Hilfiger, Calvin Klein), which are also buyers from Sun Shui Shing and to which the WRC wrote in July 2023, did respond to the WRC's findings and recommendations for remediation of the violations. However, Puma, instead of requiring Sun Shui Shing to either respond to the WRC's findings or to take the remedial actions the WRC recommended, proposed that the fired workers and their union resolve the case through mediation with the factory management. Considering the egregious retaliation that members of the factory management personally had committed in this case—including threatening rape and beating—proposing mediation was a highly inappropriate and unconstructive proposal for addressing the violations.

PVH, however, to its credit, after receiving the WRC's findings and recommendations for remediation, did engage with the factory management and communicated the need for full resolution of the violations the WRC had reported. Sun Shui Shing agreed to reinstate all five fired worker union leaders and members with full back pay to the dates of their terminations. The workers were reinstated on October 18, 2023, and received \$8,226, which was the equivalent of six and a half months' wages per worker.

Sun Shui Shing did not implement all of the WRC's recommended remedial actions. In particular, there is no indication that the factory's Human Resources ("HR") manager, who, among other acts of unlawful retaliation, had made a threat of physical and sexual violence against the worker leaders, was ever disciplined for this egregious misconduct. However, in addition to reinstating the fired worker leaders, the company did also recognize the new union and has since refrained from further discrimination against workers who join it.

As a result of the significantly improved environment in the factory for exercise of associational rights, more than 1,200 workers have since joined the new union. The WRC finds, therefore, that the violations of university and brand codes of conduct discussed in this report have been substantially remedied. This successful outcome was achieved, in large part, as a result of the very effective engagement carried out with the factory management by PVH in response to the WRC's investigation.

Several months after the fired worker union leaders were reinstated, the licensee, Vera Bradley, responded to a further communication from the WRC by claiming that it also had engaged with Sun Shui Shing in response to the WRC's findings but had chosen not to communicate this to the WRC at the time. While, as the WRC informed Vera Bradley, such engagement with the factory was a helpful response, to the extent it contributed to the factory's decision to reinstate the fired worker union leaders, it did not fulfill Vera Bradley's responsibilities under university codes of conduct.

As the WRC reminded Vera Bradley, university codes require licensees to *cooperate* with the WRC's investigation and remediation of labor rights violations at supplier factories producing their licensed goods.<sup>6</sup> Vera Bradley failed to comply with this requirement when it failed to even acknowledge receipt of the WRC's findings and recommendations concerning violations of university standards in a timely manner, much less inform the WRC of the steps it was taking in response.

Vera Bradley's refusal to coordinate remediation efforts with the WRC may have contributed to one of the shortcomings in remediation in this case—the factory's apparent failure to hold its HR manager accountable for having personally engaged in serious misconduct, by issuing threats of physical and sexual violence against employees. Having reminded this licensee of its obligations under university codes of conduct, the WRC will be monitoring Vera Bradley's response going forward to reports of labor rights violations in its supply chain for collegiate products and will report any further instances of noncooperation to universities.

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<sup>6</sup> Collegiate Licensing Company, Standard Retail Product License Agreement, Article 14 "Code of Conduct."

## II. Methodology

### A. Sources of Evidence

The WRC investigated violations of workers' freedom of association and threats of gender-based violence and harassment at the Sun Shui Shing factory between May 2023 and December 2023. The WRC's findings are based on the following sources of evidence:

- Detailed confidential interviews, conducted away from factory premises, with current and former Sun Shui Shing workers. The majority of workers whom the WRC interviewed had been in the company's employment for at least three years. The WRC interviewed workers mainly from the company's sewing department but also some from the packing and quality control departments;
- Review of relevant factory records and documentation provided by workers, including termination letters and union formation documents;
- Review of mediation meetings between the factory management and the workers' union that were convened by the Cambodian Ministry of Labor and Vocational Training (MOLVT); and
- Written communications with Puma and PVH.

### B. Terms of Reference

The WRC assessed Sun Shui Shing's labor practices in relation to freedom of association against the company's obligations under Cambodian labor law and regulations, international labor standards, and university and vendor codes of conduct. These terms of reference include:

- Labor Code for Kingdom of Cambodia, 1997;
- Law on Trade Unions, 2016;
- Other *Prakas* (regulations), Notifications and Instructions of the Cambodian labor ministry;
- Conventions of the International Labour Organization (ILO) that Cambodia has ratified;<sup>7</sup>
- University codes of conduct;<sup>8</sup> and
- Puma and PVH's vendor codes of conduct.<sup>9</sup>

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<sup>7</sup> Cambodia has ratified 13 Conventions of the ILO, including all ILO's eight "Fundamental Conventions," which includes Conventions 87 ("Freedom of Association and Protection of the Right to Organise"), 98 (Right to Organise and Collective Bargaining) that are most relevant.

<sup>8</sup> Collegiate Licensing Company, Standard Retail Product License Agreement, Article 14 "Code of Conduct."

<sup>9</sup> PVH Corp, *Corporate Responsibility*, July 2022, <https://pvh.com/-/media/Files/pvh/responsibility/PVH-CR-Supply-Guidelines.pdf>; Puma, *The Puma Forever Better Sustainability Handbooks*, 2022, <https://about.puma.com/sites/default/files/documents/pdf/puma-handbook-soc-2022.pdf>.

### III. Findings, Recommendations, and Company Response

In March 2023, a group of workers at Sun Shui Shing decided to organize a union, affiliated with the labor federation the Cambodian Alliance of Trade Unions (CATU), in order to address complaints of verbal abuse and forced overtime at the factory. On the morning of March 29, 2023, the workers gave the factory's security guards a list of four employees who were standing for election as officers of the newly formed union and asked the security guards to deliver this list to the factory management.

Although, the factory's security guard, at first, refused to accept the list of the workers who would be the officers of the new union, after a representative of the CATU federation spoke with the factory management, the guard agreed to accept and sign a receipt for the list of prospective union officers.

Later the same day, the four workers who were on the list submitted to the company, Mses. Seoung Srey Noch, Ith Raksmei, Path Mom, and Ith Chedtra, were elected by other workers as the new union's leaders.

The subsections below detail the findings of the WRC with respect to violations of freedom of association and gender-based violence and harassment at Sun Shui Shing and the remediation of these violations. These violations contravened Cambodian labor laws, university and brand codes of conduct, and international labor standards.<sup>10</sup>

#### A. Illegal Threat of Retaliatory Firing against Four Workers for Associational Activities

On the afternoon of March 29, only a few hours after the list of four worker union leaders had been submitted to the factory management, the factory's administrator asked the same four workers to come to the company office over the factory's public address system. When they arrived at the company office, the four workers saw the factory's HR manager, Ms. Trang Luy, and another employee, who is the president of another union which already existed at the factory and is known among the workers for its close relations with the management (i.e., for being a "company union").

The HR manager, Ms. Luy, first tried to persuade the four workers to resign from the newly formed union. However, when these workers refused to resign from the union, the HR manager threatened them with termination. According to the workers, Ms. Luy told them, "If you do not stop forming [a] union, you'll face getting fired. Do you know that five years ago, workers also tried to form a union and then got fired?"

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<sup>10</sup> Note: The fact that the WRC's investigation, as reported in this document, did not address other areas of the factory's labor practices should not be construed as an indication of the factory's overall compliance with respect to its practices in those areas.

Cambodian labor law and university codes of conduct not only prohibit employers from discriminating on the basis of union membership when terminating workers<sup>11</sup> but also specifically prohibits conditioning employment on not joining a union.<sup>12</sup> The management threatening workers with dismissal for their organizational activities violated of Cambodian law and, by extension, university and brand codes of conduct.<sup>13</sup>

## **B. Gender-Based Threats of Physical and Sexual Violence against Four Workers**

When her threats of retaliatory termination did not compel the workers to resign from their elected positions in the new union, the HR manager, Ms. Luy, then made gendered threats of potential physical and sexual violence against the four women worker leaders, saying, “You are all women! Aren’t you afraid of getting beaten or raped?” By this statement, the HR manager explicitly threatened that, because of their associational activities, the four workers could face physical violence and, specifically, sexual violence because they are women.

Making threats of violence and sexual violence is a violation of Cambodian labor law, which prohibits all forms of sexual violence and harassment against workers.<sup>14</sup> Threatening the workers with violence because they were women also amounted to gender-based discrimination, which is also prohibited under Cambodian law.<sup>15</sup> The manager’s outrageous conduct violated these standards, as well as university and buyer codes of conduct, which also prohibit gender-based discrimination, harassment, and violence.<sup>16</sup>

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<sup>11</sup> Labor Code, Article 12 (“Except for the provisions fully expressing under this law, or in any other legislative text or regulation protecting women and children, as well as provisions relating to the entry and stay of foreigners, no employer shall consider on account of: [...] membership of workers’ union or the exercise of union activities; to be the invocation in order to make a decision on: hiring, defining and assigning of work, vocational training, advancement, promotion, remuneration, granting of social benefits, discipline or termination of employment contract.”).

<sup>12</sup> Law on Trade Unions, Article 63 (a – b) (“It shall be considered to be unlawful for an employer to commit any of the following practices. a.) To interfere in any way with workers in the exercise of their right to self-organization of a union; b) To impose a condition of employment or employment renewal that entails a worker not to join a union or withdraw from membership of the union to which he or she belongs;”).

<sup>13</sup> Collegiate Licensing Company, Standard Retail Product License Agreement, Article 14, a (i) (“Legal Compliance. Licensees must comply with all applicable legal requirements of the country(ies) of manufacture in conducting business related to or involving the sign, development, sourcing, use, manufacture, production, sale, license, distribution, or other commercialization of Licensed Articles.”); and e.g. PVH Corp, *Corporate Responsibility*, (“A. Employment Relationship. Our business partners are required to adopt and adhere to rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under applicable national and international labor and social security laws and regulations.”).

<sup>14</sup> Labor Code, Article 172 (“All employers and managers of establishments in which child laborers or apprentices less than eighteen years of age or women work, must watch over their good behavior and maintain their decency before the public. All forms of sexual violation (harassment) is strictly forbidden.”).

<sup>15</sup> Labor Code, Article 12.

<sup>16</sup> Collegiate Licensing Company, Standard Retail Product License Agreement, Article 14, a (ii) G (“Nondiscrimination. No person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.”), and Article 14, a (ii) H (“Harassment or Abuse. Every employee shall be treated with dignity and respect. No employee shall be subject to any physical, sexual, psychological, or verbal harassment or abuse. Licensee will not use or tolerate any form of corporal punishment.”); and PVH Corp, *Corporate Responsibility*, (“Our business partners must treat employees with respect and dignity. No employee can be subjected to any physical, sexual, psychological or verbal harassment and/or abuse.”).

### **C. Violation of Freedom of Association by Using Company Union Leader to Threaten Workers**

During the meeting in the management's office, the president of the company union also threatened the worker leaders, saying, "Don't you know me? You are so young and inexperienced! You should not try to form a union." Since the meeting at which these threats were made was called by the factory's HR manager, since these threats, in effect, seconded those of the HR manager, and since the employee who was the president of the company union was not reprimanded or disciplined by the HR manager for these threats, the factory management must be considered responsible for these threats, as well as those made by the HR manager, herself.

Sun Shui Shing's use of a company-controlled union to violate workers' associational rights is by itself a violation of Cambodian law, which prohibits companies bringing unions under their control.<sup>17</sup> Using the company-controlled union's leader to reinforce retaliatory threats against the leaders of an independent union constituted further violations of workers' legal right to association,<sup>18</sup> as well as university and brand codes of conduct.<sup>19</sup>

### **D. Violation of Freedom of Association through Ongoing Illegal Pressure on Four Workers to Resign from Union Office**

When, despite the threats issued by both the HR manager and the president of the company union, the workers still refused to resign from the union, they were allowed to return to work, however, they were called back to the office *three more times* in the same afternoon. During these meetings, the HR manager, Ms. Luy, repeatedly tried to force the workers to sign letters of resignation from the union, but the workers continued to refuse her demands.

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<sup>17</sup> Law on Trade Unions, Article 63 (d) ("To initiate [actions] to control, for instance, assisting or interfering with the formation or administration of any union or affiliation of unions, including for the provision of financial or other support to it or its founders or supporters in any manner other than that provided for in this law;").

<sup>18</sup> Law on Trade Unions, Article 5 ("All workers and employers have, without any distinction whatsoever, the rights to form a union or an employer association of their own choice for the exclusive purpose of study, research, training, promotion of interests, and protection of the rights and the moral and material interests, both collectively and individually, of the persons covered by union or employer association statutes.")

<sup>19</sup> Collegiate Licensing Company, Standard Retail Product License Agreement, Article 14, a (ii) I ("Freedom of Association and Collective Bargaining. Licensee shall recognize and respect the right of employees to freedom of association and collective bargaining."); PVH Corp, *Corporate Responsibility*, ("F. Freedom of Association. Our business partners are required to recognize and respect the right of their employees to freedom of association and collective bargaining. Employees should be free to join organizations of their choice. Employees should not be subjected to intimidation or harassment in the exercise of their right to join or to refrain from joining any organization."); and Puma, *The Puma Forever Better Sustainability*, Article 3.17.1 Employee Representation ("Factory shall refrain from any acts of interference with the formation or operation of workers' organization, including acts of financing or control or interference with election of their representatives. Factories shall not interfere by favoring one workers' organization over another. Factories shall not use any form of violence or threats, intimidation, retaliation, harassment, or abuse against any workers seeking to form, in process of forming, or who have joined an organization of their choice.").

The manager's pressuring these workers to resign from their union violated Cambodian law which guarantees workers their right to freedom of association,<sup>20</sup> as well as the codes of conduct of universities and the factory's buyer brands.<sup>21</sup>

## **E. Violation of Freedom of Association by Illegally Interrogating Workers about Associational Activities**

While these meetings between the HR manager and the four worker leaders were taking place, the supervisors on each of the factory's production lines interrogated the workers whom they supervised regarding which of their coworkers were involved in the newly formed union election. By the same evening, the factory management had identified at least nine other workers who had taken part in the election where the four employees had been elected as officers of the new union.

The interrogation of these workers regarding other employees' union activities interfered in the workers' right to organize, which further violated Cambodian law<sup>22</sup> and, by extension, university and buyer codes of conduct.<sup>23</sup>

## **F. Illegal Threats of Retaliatory Firing against Nine Other Workers to Force Them to Abandon Associational Activities**

The WRC found that over the next two days, March 30–31, the nine other workers, whom the factory management had identified as having participated in forming the new union at the factory, also were called to meet, individually, with the HR manager, Ms. Luy, who asked each of them to sign a letter of resignation from the new union and threatened to dismiss them from their jobs if they refused to do so. As a result of these threats, all nine of these workers signed letters prepared by factory management stating they were resigning from the new union.

Cambodian labor law not only prohibits employers from discriminating on the basis of union membership when hiring or terminating workers<sup>24</sup> but also specifically prohibits conditioning employment on not joining a union.<sup>25</sup> The management threatening these workers with dismissal for their organizational activities further violated Cambodian law and university and brand codes of conduct.<sup>26</sup>

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<sup>20</sup> Law on Trade Unions, Article 5.

<sup>21</sup> Collegiate Licensing Company, Standard Retail Product License Agreement, Article 14, a (ii) I ("Freedom of Association and Collective Bargaining"); and PVH Corp, *Corporate Responsibility*, F. Freedom of Association.

<sup>22</sup> Law on Trade Unions, Article 63 (a) ("It shall be considered to be unlawful for an employer to commit any of the following practices.[...] To interfere in any way with workers in the exercise of their right to self-organization of a union;").

<sup>23</sup> Collegiate Licensing Company, Standard Retail Product License Agreement, Article 14, a (i) "Legal Compliance"; PVH Corp, *Corporate Responsibility*, A. Employment Relationship; and Puma, *The Puma Forever Better Sustainability*, Article 3.17.1 Employee Representation.

<sup>24</sup> Labor Code, Article 12.

<sup>25</sup> Law on Trade Unions, Article 63 (a – b).

<sup>26</sup> Collegiate Licensing Company, Standard Retail Product License Agreement, Article 14, a (i) ("Legal Compliance"), and PVH Corp, *Corporate Responsibility*, ("A. Employment Relationship").

## **G. Illegal Retaliatory Attempt to Suspend Four Workers for Associational Activities**

On March 30, the four workers who had been elected union leaders on March 29 attempted to deliver a notice of their election as union leaders to the factory's security guard, but he refused to accept it, explaining that he had been reprimanded by the factory management for accepting the previous notice from the union the day before. The following day the union sent the notice to the factory management by registered mail.

Also on March 30 and 31, the same four workers were called, yet again, on three more occasions, to meet with the HR manager, Ms. Luy, who, each time, again asked them to sign letters resigning from their elected positions in the new union, which the workers, each time, refused to do. On the final occasion, the HR manager asked them to sign a letter accepting their suspension from work.

The workers also refused to sign this letter, stating that there was no valid reason for the factory to suspend them. Following this meeting, the supervisor of the worker who had been elected president of the new union continued to interrogate her throughout the rest of the day as to why she refused to sign the letter of suspension and the letter of resignation from the union as the HR manager had demanded.

The factory management's repeated pressuring of the four workers to withdraw from their union offices and attempt to suspend them for refusing to do so violated Cambodian law, which prohibits the employer from interfering with workers' right to organize,<sup>27</sup> as well as university and brand codes of conduct, which protect workers from retaliation for exercising associational rights.<sup>28</sup>

## **H. Unlawful Retaliatory Mass Termination of Four Worker Leaders in April 2023**

On April 3, 2023, less than a week after they were elected as leaders of the newly formed union, the factory management barred the four worker leaders from entering the factory to work. When the four workers asked to meet with the HR manager, Ms. Luy, she told them, "You are already suspended from work. The factory has submitted the suspension letters to the Ministry of Labor and the Ministry of Labor has approved the suspension, but the company has not had the time to pick up the approval letters." After this meeting, the four worker leaders left the factory.

On April 5, 2023, the four workers filed a complaint with the Labor Dispute Resolution Department of the Ministry of Labor and Vocational Training (MOLVT) in Phnom Penh, requesting that their employer reinstate them with full back pay and cease all discrimination against them on account of their associational activities. However, as has been its practice in recent years, despite the fact that the complaint involved collective action by the workers to form a union, the Labor Dispute Resolution Department misclassified their complaint as involving separate individual employment disputes between each of the workers and the factory. Such misclassification of cases involving illegal firings of workers for associational activities has become a regular point of malpractice by the

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<sup>27</sup> Law on Trade Unions, Article 63 (a – b).

<sup>28</sup> Collegiate Licensing Company, Standard Retail Product License Agreement, Article 14, a (ii) I ("Freedom of Association and Collective Bargaining).

Labor Dispute Resolution Department in recent years—for which the MOLVT has been sharply criticized by international human rights experts.<sup>29</sup>

The Labor Dispute Resolution Department then scheduled four separate reconciliation (mediation) meetings to be held between each of the employees and the factory management on April 24, 2023. At these meetings, the factory HR manager claimed that, as of April 3, 2023, the four workers had been terminated by the factory—even though the manager had told the workers on that date that they had been suspended, not terminated.

The HR manager then falsely claimed to have been unaware of the workers’ union activities—even though she had, on more than six separate occasions over several days, explicitly pressured them to resign from their positions in the union—and asserted various false pretexts for having terminated the four workers, including their “not being cooperative”, having “bad performance records”, and having “trick[ed] workers” into joining the new union. The HR manager also presented clearly fabricated copies of individual work evaluation records for the four workers—all of which not only the four fired workers, but also other employees from the factory, reported to the WRC they had never seen used at the company before.

Despite the blatantly false and pretextual reasons that the factory management gave for having terminated the four worker union leaders and despite the factory’s failure to demonstrate that it had complied with the law by obtaining prior approval from the labor authorities to terminate them, the Labor Dispute Resolution Department, as has been its standard malpractice in recent years,<sup>30</sup> failed to recommend the workers’ reinstatement.

Moreover, despite the requirement under Cambodian labor law that, when such a reconciliation meeting fails to resolve a union’s complaint, the MOLVT must forward that complaint to the country’s Arbitration Council to be adjudicated, the MOLVT refused to do this with the CATU-affiliated union’s complaint against Sun Shui Shing.<sup>31</sup> Instead, as also has been a frequent point of malpractice by the department for the past several years, since it misclassified the complaint as comprised of individual disputes rather than a collective one, it also deemed the case non-arbitrable, leaving the workers without meaningful recourse or means to vindicate their rights.<sup>32</sup>

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<sup>29</sup> Human Rights Watch, *Only ‘Instant Noodle’ Unions Survive: Union Busting in Cambodia’s Garment and Tourism Sectors*, November 20, 2022, <https://www.hrw.org/report/2022/11/21/only-instant-noodle-unions-survive/union-busting-cambodias-garment-and-tourism>.

<sup>30</sup> Human Rights Watch, *Only ‘Instant Noodle’ Unions Survive*.

<sup>31</sup> Labor Code, Article 308 (“In the absence of an agreement, the conciliator shall record and indicate the key points where the conciliation failed and shall prepare a report on the dispute. The conciliator shall send such record and report to the Minister in Charge of Labor within forty-eight hours at the latest after the conclusion of conciliation.”); Article 309 (c) (“If conciliation fails, the labor dispute shall be referred to settle: [...]by the arbitration procedure provided for in this Section.”); and Article 310 (“In a case covered by paragraph c) of Article 309 above, the Minister in Charge of Labor shall refer the case to the Council of Arbitration within three days following the receipt of the report from the conciliator as specified in Article 308 above.”).

<sup>32</sup> Labor Code, Article 302 (“A collective labor dispute is any dispute that arises between one or more employers and a certain number of their staff over working conditions, the exercise of the recognized rights of professional organizations, the recognition of professional organizations within the enterprise, and issues regarding relations between employers and workers; and where this dispute could jeopardize the effective operation of the enterprise or social peacefulness.”). See also, Human Rights Watch, *Only ‘Instant Noodle’ Unions Survive*.

Cambodian labor law and university codes of conduct prohibit employers from discriminating on the basis of union membership when hiring or terminating workers.<sup>33</sup> Furthermore, under Cambodian law, employees who have been elected to a union office and/or are the founding members of a union may not be dismissed by their employer for a defined time period unless that employer first obtains authorization to terminate the employee from the Cambodian labor authorities.<sup>34</sup> Despite the Cambodian labor authorities' mishandling of the workers' ensuing complaint, Sun Shui Shing clearly violated these laws and, by extension, university and brand codes of conduct, by terminating the four workers for their union activities.

## **I. Unlawful Retaliatory Termination of Another Worker for Associational Activity in May 2023**

Later, on May 19, 2023, Sun Shui Shing retaliatorily dismissed one additional worker who had been a founding member of the new union. Prior to dismissing her, the management had on multiple occasions demanded that she resign from the union, making clear that the reason for her subsequent termination, when she continued to refuse to do so, was retaliatory. Sun Shui Shing's dismissal of this worker on account of her union activities violated Cambodian law<sup>35</sup> and, by extension, brand and university codes of conduct.<sup>36</sup>

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<sup>33</sup> Labor Code, Article 12.

<sup>34</sup> Law on Trade Unions, Article 67: ("Protection from Dismissal: All workers who stand as candidates for elected leadership [and] management positions shall enjoy the same protection from victimization and dismissal as shop stewards. Such protection begins 45 (forty-five) days prior to the election and ends 45 (forty-five) days after the election if he or she is not elected. In order to enjoy such protection, the union shall notify the employer of the candidacy and submit a copy to the Ministry in charge of Labor, by any certified means. The employer shall only be required to comply with these provisions once for each election of union leadership. From the time that the application for a registration is submitted, founders or workers who voluntarily become members of the union during the application period shall enjoy the same protection as shop stewards. This protection shall last for a period of up to 30 (thirty) days following the date on which the Ministry in charge of Labor has officially issued a union registration. Beyond the date specified in the preceding paragraph, this protection shall be extended to the leader, vice leader and secretary of the union. In order to enjoy such protection, the union shall notify the employer by any certified means, of the names of the individual persons to be protected. A copy of this notification shall also be sent to the Ministry in charge of Labor.").

<sup>35</sup> Labor Code, Article 12.

<sup>36</sup> Collegiate Licensing Company, Standard Retail Product License Agreement, Article 14, a (ii) I ("Freedom of Association and Collective Bargaining).

## **IV. Recommendations for Corrective Action, Factory and Buyer Response, Remediation, and Current Status**

### **A. Recommendations for Corrective Action**

To remedy the violations of Cambodian law and university and brand codes of conduct detailed in the prior section of this report, the WRC recommended to Sun Shui Shing that it take the following corrective actions:

- Reinstatement of the five terminated worker union leaders and members to their original positions in the factory with full back pay starting from the dates they were terminated until their return to work;
- Rescind the letters of resignation from the union that were signed under duress by the workers who were the union's other founding members;
- Communicate to workers Sun Shui Shing's commitment to respecting workers' associational rights and recognize the new union as representing those workers who choose to join it, by announcement over the factory's public address system and by the supervisors of each of its production lines;
- Take disciplinary action against the HR manager, Ms. Luy, for not only violating workers' associational rights but also for threatening workers with physical and sexual violence; and
- Take disciplinary action against the president of the company union for threatening his coworkers.

### **B. Factory and Buyer Response**

The WRC communicated our initial preliminary findings and recommendations for remediation regarding the violations at the factory to the university licensee, Vera Bradley on May 26, 2023, and requested that it relay these preliminary findings to the company and, absent evidence to the contrary, require the factory to take the necessary remedial measures. However, Vera Bradley did not provide any response to this initial communication. Nor did this licensee respond when the WRC sent a follow up request on August 10, 2023, even though university codes of conduct clearly required it to do so.<sup>37</sup>

In addition, in September 2023, the WRC wrote concerning this case to Disney, which is a licensor of Vera Bradley, too, but Disney also did not respond. Given the non-response of Vera Bradley, the WRC sent the preliminary findings directly to Sun Shui Shing on September 12, 2023, and requested the company respond by September 19, 2023, either by providing evidence to the contrary of the preliminary findings or by taking the necessary recommended remedial steps. Sun Shui Shing did not respond.

In July 2023, the WRC also shared these findings and recommendations for remediation with two of Sun Shui Shing's other buyer brands, Puma and PVH (Tommy Hilfiger, Calvin Klein), as they both had also received a complaint from the CATU labor federation concerning these violations.

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<sup>37</sup> Collegiate Licensing Company, Standard Retail Product License Agreement, Article 14, a (vi) ("Worker Rights Consortium (WRC) Cooperation. Licensee shall cooperate with the WRC.").

However, instead of requiring Sun Shui Shing to either respond to the WRC’s findings or to take the remedial actions the WRC recommended, Puma proposed that the fired workers and their union resolve the case through mediation with the factory management.

As the WRC replied to Puma, in September 2023, particularly in light of the egregious retaliation which the factory management had committed in this case—including threat of rape and beating—mediation between the managers responsible and the workers they had threatened and illegally fired was a highly inappropriate and unconstructive proposal.

Mediation can be an effective avenue to resolve disputes where *both* parties have a valid *interest* in the outcome, but neither has a *legal right* to one specific outcome or the other. However, it is not appropriate in a case where one party (in this case, Sun Shui Shing) has already deprived the other party (the workers) of their fundamental legal *right*—especially, when there is, as here, a severe power differential between the two parties. As the WRC has emphasized in reporting on previous cases of violations of associational rights in Cambodia, in instances where other brands have insisted on such mediation,<sup>38</sup> the suggestion that workers who have been denied their fundamental rights, should have to *negotiate* for vindication of these rights, undermines, instead of upholds, workers’ basic labor rights and does not lead to adequate remediation of the violations.

PVH, however, to its credit, after receiving the WRC’s findings and recommendations for remediation, did engage with the factory management and communicated the need for full remediation of the violations the WRC had reported. In October 2023, Sun Shui Shing agreed to reinstate all five fired worker union leaders and members with full back pay to the dates of their terminations.

Several months after the fired worker union leaders were reinstated, the licensee, Vera Bradley, responded to a further communication from the WRC by claiming that it also had engaged with Sun Shui Shing in response to the WRC’s findings but had chosen not to communicate this to the WRC at the time. While, as the WRC informed Vera Bradley, such engagement with the factory was a helpful response, to the extent it contributed to the factory’s decision to reinstate the fired worker union leaders, it did not fulfill Vera Bradley’s responsibilities under university codes of conduct.

As the WRC reminded Vera Bradley, university codes require licensees to *cooperate* with the WRC’s investigation and remediation of labor rights violations at supplier factories producing their licensed goods.<sup>39</sup> Vera Bradley failed to comply with this requirement when it failed to even acknowledge receipt of the WRC’s findings and recommendations concerning violations of university standards in a timely manner, much less inform the WRC of the steps it was taking in response.

Vera Bradley’s refusal to coordinate remediation efforts with the WRC may have contributed to one of the shortcomings in remediation in this case—the factory’s apparent failure to hold its HR manager accountable for having personally engaged in serious misconduct, by issuing threats of physical and sexual violence against employees. As noted previously, there is no indication that the

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<sup>38</sup> For example, Worker Rights Consortium, *Trax Apparel (Cambodia) Co., Ltd.: Findings, Recommendations, Company Response, Current Status of Remediation*, October 20, 2022, <https://www.workersrights.org/wp-content/uploads/2022/10/WRC-Investigation-Report-Trax-Apparel-102022.pdf>.

<sup>39</sup> Collegiate Licensing Company, Standard Retail Product License Agreement, Article 14 “Code of Conduct.”

factory's HR manager, who, among other acts of unlawful retaliation, had made a threat of physical and sexual violence against the worker leaders, was ever disciplined by Sun Shui Shing for this egregious misconduct.

### **C. Remediation and Current Status**

On October 18, 2023, Sun Shui Shing reinstated all five worker union leaders and activists it had illegally fired. The company also provided full back pay to all five workers. The total amount paid to the five workers was \$8,226, which was the equivalent of six and a half months' wages per worker.

However, instead of restoring all five workers to their former positions in the factory, the company demoted one of the workers from her former position as a line leader to being an operator and also segregated the worker who was the union's president from the rest of the workforce, reassigning her from her former position on the factory's main production floor to work in a small section of the plant where only 10 other employees work. Both the company's demoting a worker in retaliation for their associational activities and its reassigning another worker in order to isolate them from the rest of the workforce were further violations of the workers' right to exercise freedom of association.<sup>40</sup>

In January 2024, Sun Shui Shing agreed to reinstate the worker who had been demoted to her former position as a line leader and to provide the worker who was the union president with free access to the main production floor to communicate and interact with other employees, which the worker agreed was an acceptable resolution.

However, Sun Shui Shing did not implement the WRC's recommendation that it issue a statement of respect for freedom of association to the workers, nor apparently, as just noted, did the factory discipline the HR manager and the president of the company union for their egregious threats against the workers.

Nevertheless, the company did recognize the new union as the representative of the workers who are its members and has refrained from further discrimination against the workers who have since joined it. As evidence that the corrective actions that the factory did take have significantly improved the environment in the factory for exercise of associational rights, more than 1,200 workers have joined the new union since the five previously fired worker union leaders and members were reinstated in October 2023.

As a result, the WRC finds that the violations of university and brand codes of conduct discussed in this report have been substantially remedied. This successful remediation was due, in large part, to effective engagement with the factory management by PVH, in response to the WRC's investigation.

Finally, the WRC has reminded Vera Bradley of its obligations under university codes of conduct to cooperate with the WRC in the investigation and remediation of violations of these standards. The WRC will be monitoring Vera Bradley's response going forward to reports of labor rights violations in its supply chain for collegiate products and will report any further instances of noncooperation to universities.

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<sup>40</sup> Labor Code, Article 12.