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12 April 2021

## Re: Suspension of 1,284 garment workers by Violet Apparel in Cambodia

Dear Mr Reade,

On behalf of ActionAid Australia, I am writing to raise concern over the suspension of 1,284 garment workers in May 2020 by Cambodian garment factory Violet Apparel (Cambodia) Co Ltd, which we understand is linked to Nike, and the ongoing claims by workers for unpaid wages, benefits and severance payments.<sup>1</sup>

ActionAid is a global women's rights organisation working to advance women's rights and end poverty and injustice in more than 45 countries globally. ActionAid works directly and through partners with women garment workers across Southeast Asia to stand up and claim their rights. More than 67,000 people in Australia support our campaigns to address unjust corporate practice.

ActionAid is concerned by persistent labour rights challenges across the industry, including low wages, insecure employment and poor working conditions, which have detrimental impacts on women workers and the realisation of gender equality. In this regard, we are working as a part of the global [#PayYourWorkers campaign](#), a coalition of over 200 partners, to advocate for immediate relief for garment workers in response to COVID-19 and for apparel industry reform to redress entrenched labour rights concerns.

COVID-19 has worsened the situation for women workers, who are bearing the brunt of the significant disruptions to the global garment industry as a result of the pandemic. A recent survey by the Worker Rights Consortium across 158 factories and nine countries including Cambodia, found that hunger has increased during the pandemic. 77% of garment workers reported that they, or a member of their household, have gone

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<sup>1</sup> Business & Human Rights Resource Centre, *Wage theft and pandemic profits: The right to a living wage for garment workers*, 2021. See [https://media.business-humanrights.org/media/documents/Wage\\_theft\\_and\\_pandemic\\_profits.pdf](https://media.business-humanrights.org/media/documents/Wage_theft_and_pandemic_profits.pdf).

hungry since the beginning of the pandemic. 80% of garment workers surveyed with dependent children said they were forced to skip meals or reduce the amount or quality of food they eat in order to feed their children.<sup>2</sup>

It is critical that international brands step up and support workers in their supply chains through this crisis. ActionAid is concerned by reports that Nike is not assuming this responsibility in relation to the suspension of workers at Violet Apparel.

We understand that while Violet Apparel (Cambodia) Co Ltd is not officially authorised as a Nike supplier, its sister factory Olive Apparel is an authorised Nike supplier. There is also strong evidence that Violet Apparel had been producing Nike garments as a subcontractor for many years.<sup>3</sup> Nike has a longstanding and ongoing partnership with Ramatex Group, which owns both factories.

Nike’s Code of Conduct requires that suppliers “*provided legally mandated benefits, including holidays and leaves, and statutory severance when employment ends.*”<sup>4</sup> Nike’s statement addressing this dispute from 30 March 2021 indicated that “*Ramatex Group has addressed the situation independently and engaged in an arbitration process which resulted in a binding decision, which they have acted upon.*”<sup>5</sup>

However, the Cambodian Alliance for Trade Unions (CATU) has confirmed with ActionAid that Cambodia’s Arbitration Council in fact refused to consider workers’ demand for compensation in lieu of prior notice, and therefore did not make a decision. As such, suspended workers have still not received the wages, benefits and severance payments that they are owed, including compensation in lieu of prior notice, seniority indemnity, payment in place of unused annual leave and five days of unpaid wages during the Khmer New Year holidays in April.<sup>6</sup> The CATU have also informed ActionAid that they have relayed this to Nike.

ActionAid is calling on Nike to live up to its ethical sourcing and labour rights commitments by using its influence to support a swift resolution to this dispute that ensures workers receive all money owed.

In order to ensure that workers are not left without a safety net when factories close, we urge Nike to release a detailed plan for the payment of living wages in your supply chain by 2022 and to sign onto a negotiated severance guarantee fund immediately.

Garment workers are currently facing the devastating impacts of this pandemic. We ask Nike to step up to support the workers making your clothes and apparel through this crisis. ActionAid would appreciate an update on the steps that Nike is taking to resolve the Violet Apparel dispute and to ensure workers receive a living wage and have access to a negotiated severance guarantee fund.

Yours sincerely,



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<sup>2</sup> *Hunger in the Apparel Supply Chain*, Worker Rights Consortium, November 2020. See <https://www.workersrights.org/wp-content/uploads/2020/11/Hunger-in-the-Apparel-Supply-Chain.pdf>.

<sup>3</sup> Cambodian garment factory workers demand rights after coronavirus closures, ABC, 16 October 2020, <https://www.abc.net.au/news/2020-10-16/cambodia-violet-factory-workers-demand-pay-after-coronavirus/12769364>.

<sup>4</sup> Nike (2020) *Nike Code of Conduct*, [https://purpose-cms-preprod01.s3.amazonaws.com/wp-content/uploads/2021/02/23072112/Nike\\_2021\\_Code\\_of\\_Conduct.FINAL\\_.pdf](https://purpose-cms-preprod01.s3.amazonaws.com/wp-content/uploads/2021/02/23072112/Nike_2021_Code_of_Conduct.FINAL_.pdf).

<sup>5</sup> Nike statement in response to Business & Human Rights Resource Centre on wages, 30 March 2021, [https://media.bhrrc.org/media/documents/Nike\\_Response\\_-\\_BHRRC\\_-\\_3.10.21.pdf](https://media.bhrrc.org/media/documents/Nike_Response_-_BHRRC_-_3.10.21.pdf).

<sup>6</sup> Business & Human Rights Resource Centre, *Wage theft and pandemic profits*, p. 11.