



Yukihiro Nitta
Group Senior Vice President
Sustainability
Fast Retailing Co., Ltd.

15th August 2017

Re: Payment of outstanding severance owed to former workers of PT Jaba Garmino in Indonesia

Dear Mr Nitta,

We are writing from a global coalition of labour organisations in support of the demands of former Jaba Garmino workers, who are owed USD 5.8 million in severance pay following the sudden closure of their workplace in April 2015.

We understand from the unions representing Jaba Garmino workers that local legal processes for obtaining this money from their employers' assets have now been exhausted. This means that without intervention from Uniqlo, for whom they produced goods over a number of years, this debt will remain unpaid, leaving many workers and their families in desperate situations.

In previous communications Uniqlo has indicated that it did not consider this a responsibility of the company, as it stopped production at Jaba Garmino prior to the closure. Clearly such an answer is unsatisfactory and inadequate. Severance pay is not an issue to be dealt with simply at the point of closure, but one that needs to be considered throughout a business relationship as well as thereafter.

Firstly, severance pay – which is essentially a form of deferred wages – must be taken into consideration as part of any effective monitoring of a supplier's overall compliance with legal wage obligations. It is evident that Uniqlo did not put measures in place to ensure Jaba Garmino was able to comply with these obligations.

Secondly, it is particularly important when a company ends a long standing relationship with a supplier that proper due diligence is carried out to ensure the impact of that decision does not lead

to severe rights violations. Article 34 of the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy states that:

“in considering changes in operations (including those resulting from mergers, takeovers or transfers of production) which would have major employment effects, multinational enterprises should provide reasonable notice of such changes to the appropriate government authorities and representatives of the workers in their employment and their organizations so that the implications may be examined jointly in order to mitigate adverse effects to the greatest possible extent. This is particularly important in the case of the closure of an entity involving collective lay-offs or dismissals.”¹

Uniqlo has failed to provide evidence that any such steps were taken before its withdrawal, which took place just two months prior to the full closure of Jaba Garmino, despite the presence of a recognised union at the factory. The latter would have been identified by any effective monitoring.

Moreover, best practice in the industry has established that responsibilities of buyers do not simply end on the day production ceases. For example, in the recently extended Bangladesh Accord agreement, it is stipulated that a signatory’s obligations to ensure labour standards (in this case safety standards) continue for 18 months from the date of last orders. The application of this principle additionally underlines that UNIQLO did have a responsibility for the rights of these workers before, during and after the closure of Jaba Garmino.

Ultimately it remains the case that workers are having to bear the consequences of the failure of Jaba Garmino’s buyers to perform adequate due diligence and ensure that workers’ rights – under both Indonesian law and international standards – were respected. We find that unacceptable, and we firmly stand by the argument that Uniqlo has a clear responsibility to end the hardship that workers have been suffering through no fault of their own.

We understand from our union partners that Uniqlo have requested the involvement of ILO Better Work as a mediator in discussions between Uniqlo and the unions on the issue of unpaid severance, that the initial “information sharing” meeting has now taken place, and that the unions are now waiting for a date for negotiations towards resolving this matter to begin.

We are urging Uniqlo to take this opportunity to enter into genuine negotiations with the unions as soon as possible, and with a clear intention to come to a resolution which will see the workers at Jaba Garmino made whole. Earlier this year over 17,000 people signed a petition² supporting this

¹ http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_094386.pdf (emphasis added).

² <http://e-activist.com/ea-action/action?ea.client.id=1819&ea.campaign.id=65507>

demand. Indeed, consumers around the world demand that the companies they buy from operate fairly and ensure workers' rights are respected.

Jaba Garmino workers have been waiting for over two years to receive the money they are owed. We are therefore calling on Uniqlo to pay what is owed to these workers as soon as possible. We would appreciate a positive response to this letter by the first week of September, with an outline of the steps Uniqlo is taking to resolve this matter.

Yours Sincerely,

Samantha Maher, Clean Clothes Campaign, International Office

Tono Haruhi, Yokohama Action Research (YAR)

Laura Ceresna-Chaturvedi, Kampagne fur Saubere Kleidung

Kiki Yeung, SACOM and representative of Clean Clothes Campaign East Asia

Thulsi Narayanasamy, War on Want
