

To: WRC Affiliate Universities and Colleges
From: Scott Nova and Jessica Champagne
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Re: Update: Successful Remediation at PT Kahoiindah Citragarment (Indonesia)

I am very pleased to report a positive resolution at PT Kahoiindah Citragarment, an Indonesian factory that produced university logo goods for Nike until it closed last year without paying workers half of their legally mandated severance benefits. In an agreement signed this week with the WRC, the factory's parent company—Hojeon, Ltd.—has committed to pay \$4.5 million to 2,001 former employees (equal to, on average, seven months' pay for each worker). This commitment, when implemented, fully corrects the violations of university labor standards and buyer codes that the WRC identified in our [April report](#) to affiliates.

This successful outcome follows active engagement with Hojeon by three other brands supplied by Hojeon—Fanatics, Gap, and Under Armour—and several months of discussions between Hojeon and the WRC. Although none of these brands sourced collegiate apparel from Hojeon, they all agreed, at the WRC's request, to ask Hojeon to pay the workers in full, with Fanatics being the first to do so. To its credit, Hojeon, having recognized the concerns of its customers and of the university community, has stepped forward to honor its obligations.

The WRC has worked with Hojeon's management team in Indonesia to develop a plan for the efficient distribution of funds to the former employees. Money will be paid in two installments, the first at the end of this week and the second in November (a timetable to which the WRC agreed, after consultation with worker representatives). The WRC has reviewed payroll data from Hojeon, and compared it to information provided by workers, in order to confirm that the amount Hojeon plans to pay to each worker is the amount that is legally due to them. Payment will be by bank transfer. This past weekend, after a WRC-led worker outreach effort, more than 99% of the eligible workers visited a designated meeting place near the location of the closed factory to sign documents confirming their acceptance of the planned payments.

Needless to say, workers are enormously heartened by the news that the funds owed to them will be paid. The amounts involved will have a significant and lasting impact on the quality of life and future prospects of workers and their families.

As we reported to you in April, Nike was not willing, at that time, to ask Hojeon to pay the workers. Given this, and given Nike's limited leverage (since it had ceased buying from Hojeon), the WRC turned our focus to outreach to Fanatics, Gap, and Under Armour. Nike did send a helpful communication to Hojeon in June, expressing alignment with the efforts of these other buyers.

The achievement of full remediation in this case sets an important precedent in Indonesia. It also improves the lives of thousands of workers and their family members, while strongly upholding university standards. Indeed, although Nike was the sole collegiate buyer from the factory, all the companies involved were clearly influenced by their understanding of the expectations of universities and of student activists—that where worker rights have been violated, the violations must be fully corrected.

Nonpayment and underpayment of legally mandated severance is a global problem, affecting the supply chains of virtually all brands and retailers, including the university supply chain. Through enforcement of university labor codes, the university community has led the way in battling this important category of labor rights violations and ensuring that workers receive the money they have earned. The successful outcome of the PT Kahoindah case is an important example of the enormous benefit for workers that can be achieved through the faithful enforcement of university labor standards.

We will keep you posted on the payment process, and we will issue a final update on the case after the full \$4.5 million has been paid to the workers.