

To: Customers of Posmi Sweaters (Bangladesh)
From: Laura Gutierrez
Subject: Case Update: Successful Payment of Back Pay
Date: December 7, 2020

The first installment of back wages that were due to workers employed by Posmi Sweaters Ltd. (Posmi Sweaters), a sweater factory in Bangladesh, was successfully completed on November 4, 2020. This payment is the result of extensive engagement by the WRC with Posmi Sweaters on an investigation conducted by the WRC earlier this year that revealed the company's illegal overtime practices involving one group of its workers.¹

In October 2019, Posmi Sweaters committed to fully resolve the violations detailed in the aforementioned investigation. The company signed a memorandum of understanding (MOU) with the WRC to provide more than US\$100,000 in back pay to the 91 affected employees who worked in its jacquard section between August 2017 and July 2019. When this MOU is fully implemented, it will rectify outstanding violations of relevant university and buyer codes of conduct and applicable Bangladeshi law. The MOU primarily addresses key concerns related to Posmi Sweaters' illegal overtime practices, as the company had previously settled violations regarding the illegal termination of seven workers through an agreement reached with the workers' union, AGWF, during the WRC's investigation.

Only 38 of the 91 effected workers are still employed at Posmi Sweaters. These workers collected their payments on November 4, 2020. Posmi Sweaters' management processed the payments through a bank transfer based on calculations approved by the WRC. Workers received on average US\$650, which is equivalent to 14 months of salary. The remaining 53 workers, who are no longer in Posmi Sweaters' employ, will claim their funds during later installments. The WRC will continue to monitor this case closely to ensure Posmi Sweaters continued compliance with the MOU.

In this time of economic turmoil as a result of the Covid-19 pandemic, this recent pay, which totaled nearly US\$24,000, underscores the additional burden on companies to uphold agreements reached prior to the start of the crisis. The WRC congratulates Posmi Sweaters on its efforts to uphold its commitments to workers' rights.

It is very important, at this point, that the factory and its workers receive strong and continued business from buyers. When labor rights progress is achieved at a factory, that progress can only be sustained if the factory is able to thrive economically. Posmi Sweaters has made a commitment to remedy violations of labor rights and to make workers whole. We hope that Posmi Sweaters' customers will continue to support the company as it implements this commitment.

¹ Worker Rights Consortium, Worker Rights Consortium Factory Assessment Posmi Sweaters Limited (Bangladesh), January 30, 2020, <https://www.workersrights.org/wp-content/uploads/2020/01/WRC-Report-re-Posmi-Bangladesh.pdf>.