

Response from Next

Part One

'NEXT respects the human rights of people employed within our business as well as our contracted supply chain. Our directly employed Code of Practice teams around the world work diligently to achieve this objective in line with the United Nations Guiding Principles on Business and Human Rights.

NML has regular conversations with FTGSUW and members of the JCC to ensure continued engagement on the evolving issues which thereby leads to a committed ongoing relationship. NML has taken into consideration the economic hardships that people in Sri Lanka are currently face and has provided financial assistance to employees. This has been much appreciated by the employees. We will continue to engage with our employees through the available channels to ensure that they have the opportunity to raise their views and any grievances received are addressed through the grievance mechanisms in place.'

Part Two

The below breaks down the case study outlined in the report covering NML and provides Next's response to specific allegations raised.

1. *Allegations of union-busting and related abuse at 13 factories were revealed through the interviews for this report, which have been used as case studies throughout. These factories supply, or have recently supplied to, at least 17 global fashion brands and retailers, including ... [other brand names redacted] and Next. However, it is important to underscore that this is an industry-wide problem. Nevertheless, elements of good practice were identified. Following sustained international pressure, one brand – Next – signed a landmark collective bargaining agreement with a supplier factory in Sri Lanka and the Free Trade Zones and General Services Employees Union in October 2021.*

2. *Case study: Landmark CBA signed at Next Manufacturing Limited*

"During the pandemic some brands did respond well, due to pressure and campaigns. For example, Next finally signed a CBA with our union. Other brands did not respond well, they talk lots and do nothing."

- Anton, Joint Secretary of FTZ&GSEU

On 22 October 2021, the trade union branch office of the FTZ&GSEU set up at Next Manufacturing Limited signed a CBA with the factory – the first CBA in Sri Lanka's largest free trade zone and the second ever CBA successfully negotiated in Sri Lanka's garment sector.

Next Response:

INCORRECT. Prior to us signing our CBA, ATG, UTP, Star Garments, Midas, Lanka Leather Fashion and Chiefway had also signed similar collective agreement.

Under the collective agreement – which lasts for two years – the factory has agreed to discuss workers' terms and conditions and demands submitted by the union, set aside time for the union to hold meetings within factory premises and provide training and development programs for workers.

The union had initially formed in January 2021, following a successful action by garment workers to win back unpaid bonuses at the factory – which is owned by Next.

Next Response:

It was communicated to the workforce that 50% of the bonus would be paid to the workers in December 2020 as the factory financial situation was concerning and that the balance 50% would be paid at a later date, however, the employees went on strike regardless.

During the formation of the union, workers reported intimidation, threats, and discrimination by the factory.

Next Response:

INCORRECT. We refute this statement as we were in continuous communication with the workers council (JCC).

Despite multiple requests from international groups and nearly half of the workforce joining the union, at first, Next did not recognise, and refused to engage with, the workers' union.

Next Response:

INCORRECT. Total membership of the FTZ&GSEU was 437 (20%) out of 2173 employees . There are currently 322 union members.

Next also cited COVID-19 travel restrictions as a reason why discussions could not take place, even though union branch leaders and managers working in the factory,

Next Response:

The Ministry of Health & Public Health Inspectors refused to approve any meetings with outside parties as per the Covid guidelines mandated. We had 300+ positive cases within the factory at the time. Further, face to face meeting were delayed due to the outbreak of Covid-19 within FTZ&GSEU office.

as well as Next managers outside Sri Lanka, had been in communication remotely via video conferencing for other meetings.

Next Response:

The first 2 meetings were conducted via Zoom and other meetings were held in a separate location at WTC Colombo, in a private meeting room with PHI approval.

On 30 March 2021, after a global campaign led by labour rights organisations, Next confirmed recognition of the union as representative of its workers in the factory and stated that it would engage with them in collective bargaining. Anton, Joint Secretary for FTZ&GSEU said: "The Next employees' struggle is particularly inspiring, as employers are trying to use the pandemic to bust unions. Despite this, employees were able to sustain their unity under tremendous pressure..."

Next Response:

INCORRECT. There was no union busting taking place; on the contrary there were regular discussions taking place with the newly formed branch union and the workers council (JCC).

While previously the factory management allegedly failed to respect workers' rights, Anoma – the secretary of the union at the factory

Next Response:

INCORRECT. We strongly refute that there was a failure to respect workers' rights. We worked – and continue to work - with the JCC in a cordial relationship.

– explained how the factory management has now started working with the union and progress is being made. While the union has worked to advance workers’ rights during the pandemic, it has also been instrumental in shielding workers against the more recent economic crisis in which garment workers are struggling to survive – and has recently secured a temporary relief allowance of 5,000 rupees a month to support workers.

Next Response:

This was initiated by the factory management before the union reached out to us. We did a competitive survey and rolled out a second base wage increase of LKR2,750 in April 2022 (an annual increase was given in Jan 2022 of LKR2,750). In recognition of the continued hardships on the ground, an economic relief allowance of LKR5,000 per month was also provided from April 2022 to August 2022.