

The background of the slide features a close-up, high-contrast image of draped fabric, possibly a curtain or a piece of art, in shades of blue and grey. The fabric has deep folds and highlights, creating a textured, three-dimensional effect.

2020 UNIVERSITY CAUCUS ANNUAL MEETING

MAY 6, 2020

Welcome

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Alix Holcomb
Secretary of Board
University of
Arizona



Geoff Chatas
Georgetown
University



Rachel Duffy
Syracuse University

WRC UC BOARD MEMBERS



Michael Ferrari
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Kyle Muncy
University of
Connecticut



Craig Westemeier
University of Texas
at Austin

Welcome

Covid-19 Impact on Garment Workers

Study Finds Most Restaurants Fail Within First Year Of It Becoming Illegal To Go To Them

4/01/20 1:02PM • SEE MORE: BUSINESS ▾



Recent Video





WHY IS THE COVID-19 ECONOMIC CRISIS HITTING GARMENT WORKERS ESPECIALLY HARD?



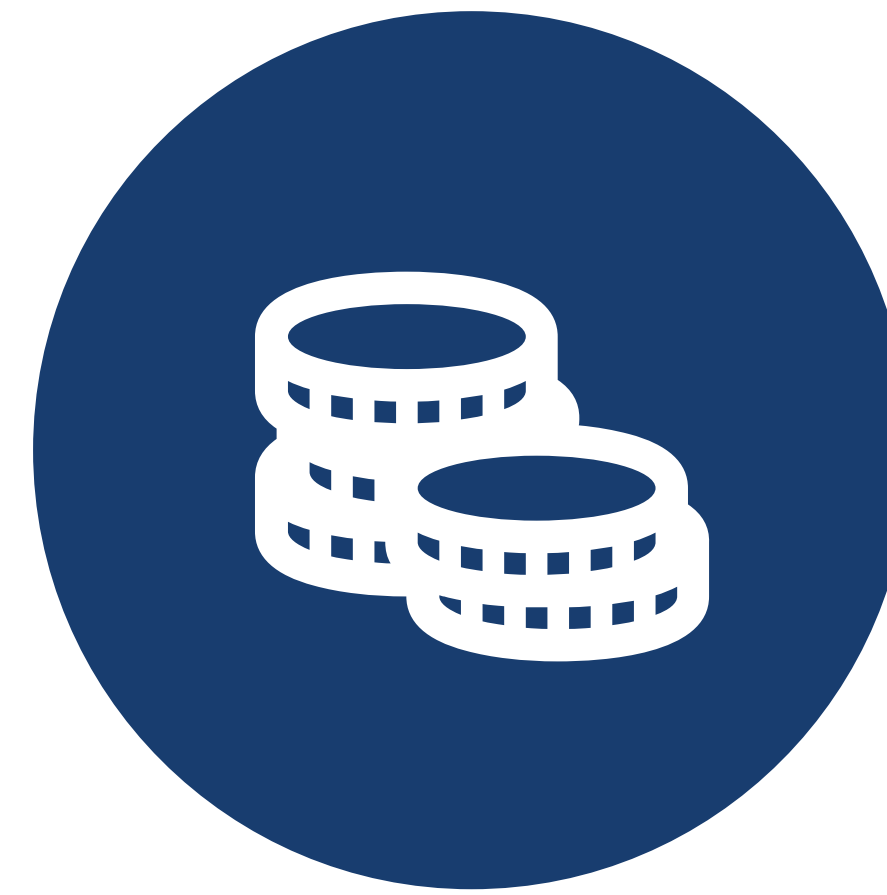
DRIVERS OF THE CRISIS



Radical decline in
apparel demand



Brands respond by
canceling orders,
pushing pain down
the supply chain



Fired and furloughed
workers have no
savings to fall back on



Governments lack the
means for a rescue
and are weakening
worker protections

PAYMENT TERMS IN GLOBAL GARMENT SUPPLY CHAINS: SIMPLIFIED DIAGRAM

January  June



SURVEY OF FACTORY OWNERS IN BANGLADESH

RESEARCH REPORT



March 27, 2020

Updated March 29, 2020
with addendum on buyer
order cancellations. See page 8.

Abandoned?

The Impact of Covid-19 on Workers and Businesses at the Bottom of Global Garment Supply Chains

Mark Anner, Ph.D., Director, Center for Global Workers' Rights
in Association with the Worker Rights Consortium

Executive Summary

The global Covid-19 pandemic has had a devastating impact on global garment supply chains, and the situation will get far worse before it gets better. As clothing outlets have been shut by lockdowns in developed market economies, sinking demand for apparel, brands and retailers have moved quickly to cancel or postpone production orders – refusing, in many cases, to pay for clothing their supplier factories have already produced. The result has been the partial or complete shutdown of thousands of factories in producing countries. As a result, millions of factory workers have been sent home, often without legally-mandated pay or severance.

This Research Brief draws from responses from an online survey of Bangladesh employers, administered between March 21 and March 25, 2020, to document these trends. It reveals the devastating impact order cancellations have had on businesses and on workers. Crucially, it illustrates the extreme fragility of a system based on decades of buyers squeezing down on prices paid to suppliers: factory closures, unpaid workers with no savings to survive the hard times ahead, and a government with such a low tax revenue that it has very limited ability to provide meaningful support to workers and the industry.

1. Since the coronavirus pandemic took hold, more than half of Bangladesh suppliers have had the bulk of their in-process, or already completed, production canceled (45.8% of suppliers report that 'a lot' to 'most' of their nearly completed or entirely completed orders have been canceled by their buyers; 5.9% had all of these orders canceled). This is despite the fact that buyers have a contractual obligation to pay for these orders. But many are making dubious use of general *force majeure* clauses to justify their violations of the terms of the contract.
2. When orders were canceled, 72.1% of buyers refused to pay for raw materials (fabric, etc.) already purchased by the supplier, and 91.3% of buyers refused to pay for the cut-make-trim cost (production cost) of the supplier. As a result of order cancellations and lack of payment, 58% of factories surveyed report having to shutdown most or all of their operations.

- 94% of factory owners reported that their buyers had cancelled some, most, or all completed and in-process orders
- 60% of owners said these orders cancellations had forced them to shutdown operations mostly or entirely
- 70% of furloughed workers were not receiving the partial wages required by law
- 80% of fired workers did not receive legally mandated severance
- 97% of suppliers reported that buyers provided no support to help pay workers

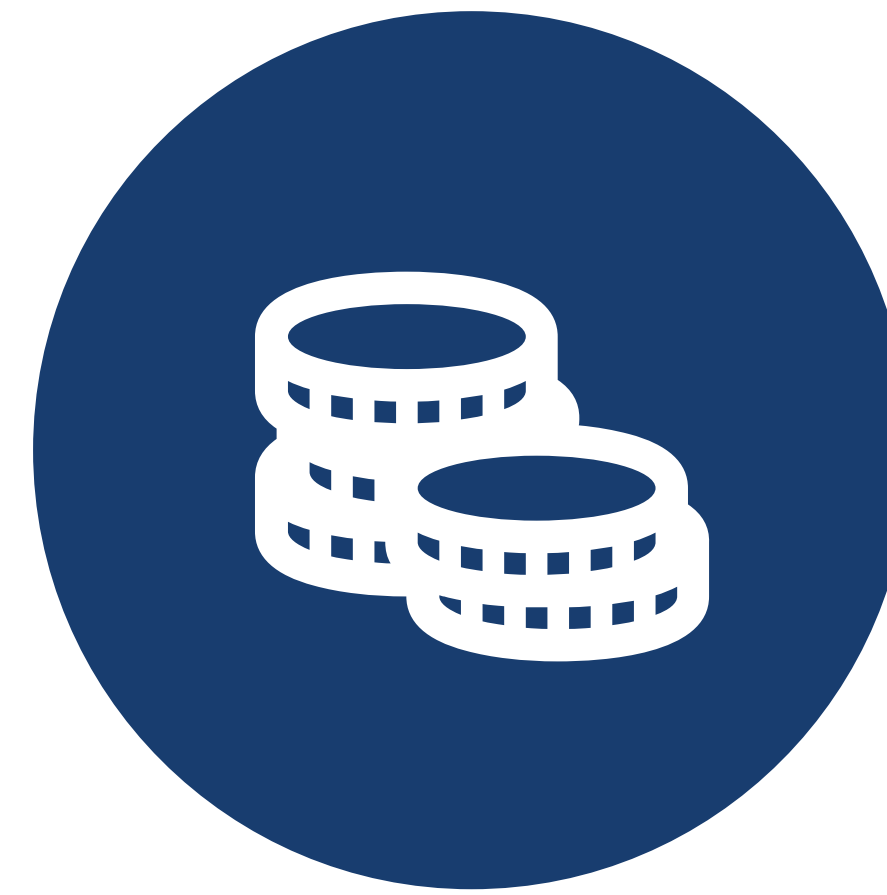
DRIVERS OF THE CRISIS



Radical decline in
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Brands respond by
canceling orders,
pushing pain down
the supply chain



Fired and furloughed
workers have no
savings to fall back on



Governments lack the
means for a rescue
and are weakening
worker protections

EARNINGS FOR CAMBODIAN GARMENT WORKERS

US\$ **0.85**
per hour

MINIMUM WAGE
BEFORE CRISIS

US\$ **0.14**
per hour

AMOUNT WORKERS ARE
EARNING AT TEMPORARILY
CLOSED FACTORIES



“Garment workers lose jobs as pandemic-hit brands break contracts”

The Star (Singapore) – April 12, 2020

“As fashion sales fall globally, big brands leave Asia's garment workers in limbo”

Reuters – April 29, 2020

“More than a million garment workers are out of work because of coronavirus”

Quartz – April 1, 2020

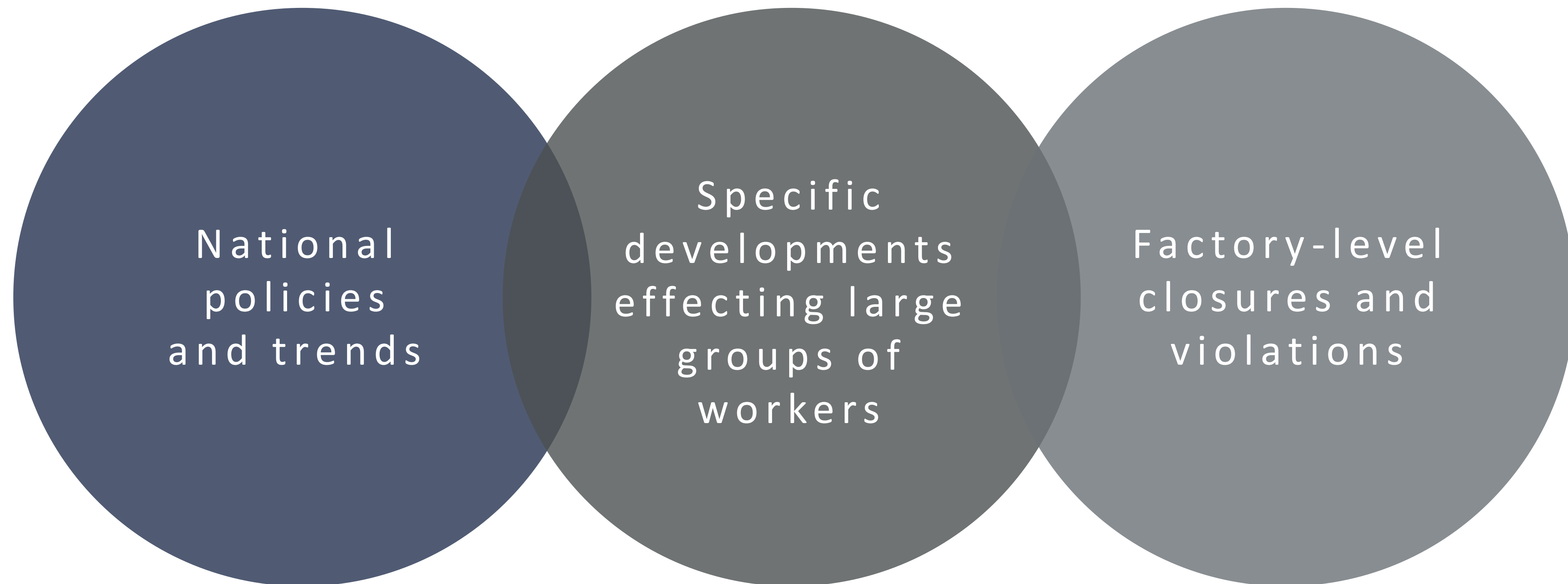
“Bangladesh garment makers say \$3B in orders lost to virus”

AP News – March 30, 2020



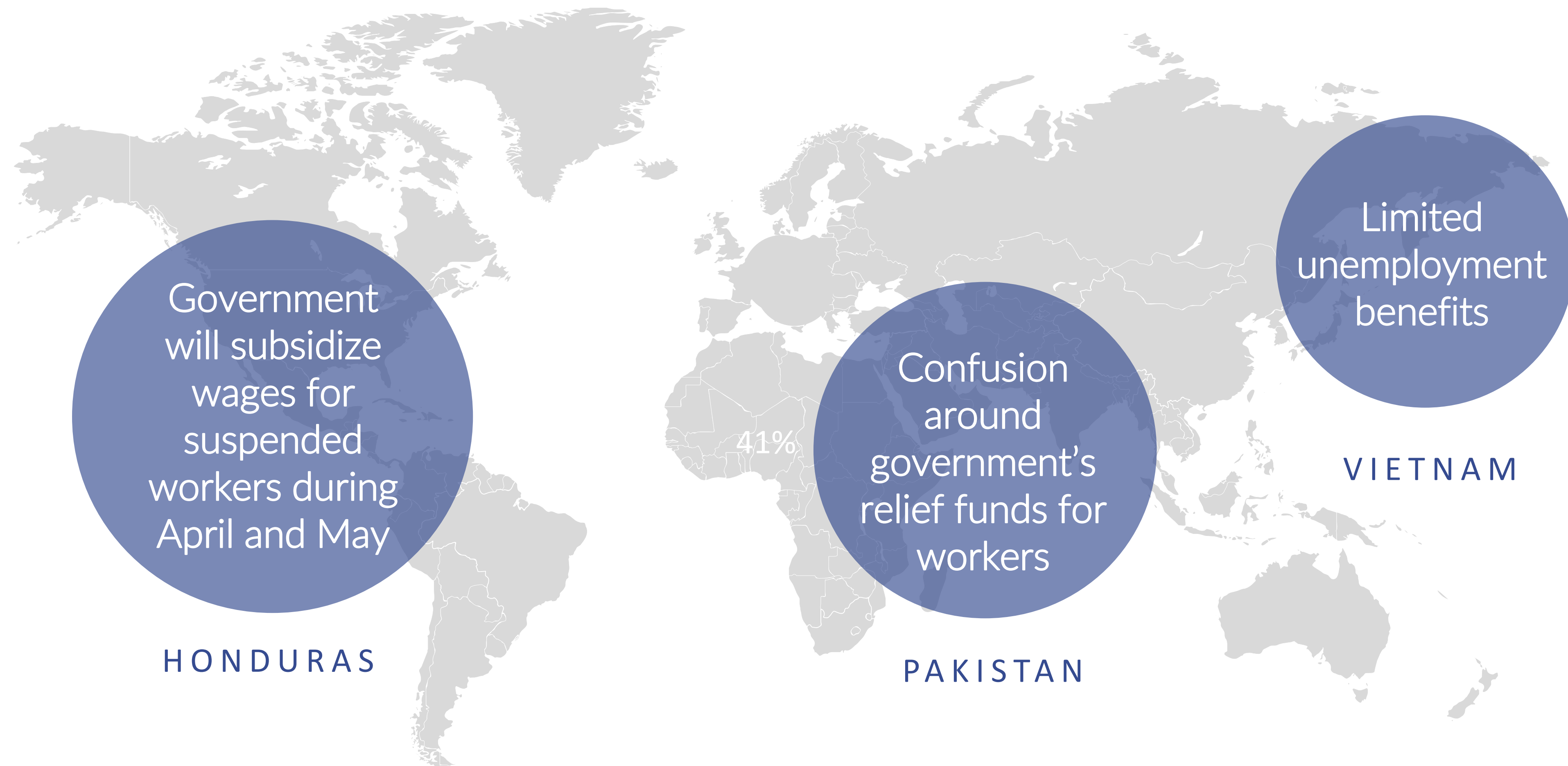
Tracking the Crisis on Three Levels

Through regular communication with labor groups, legal experts, civil society organizations, and workers in countries



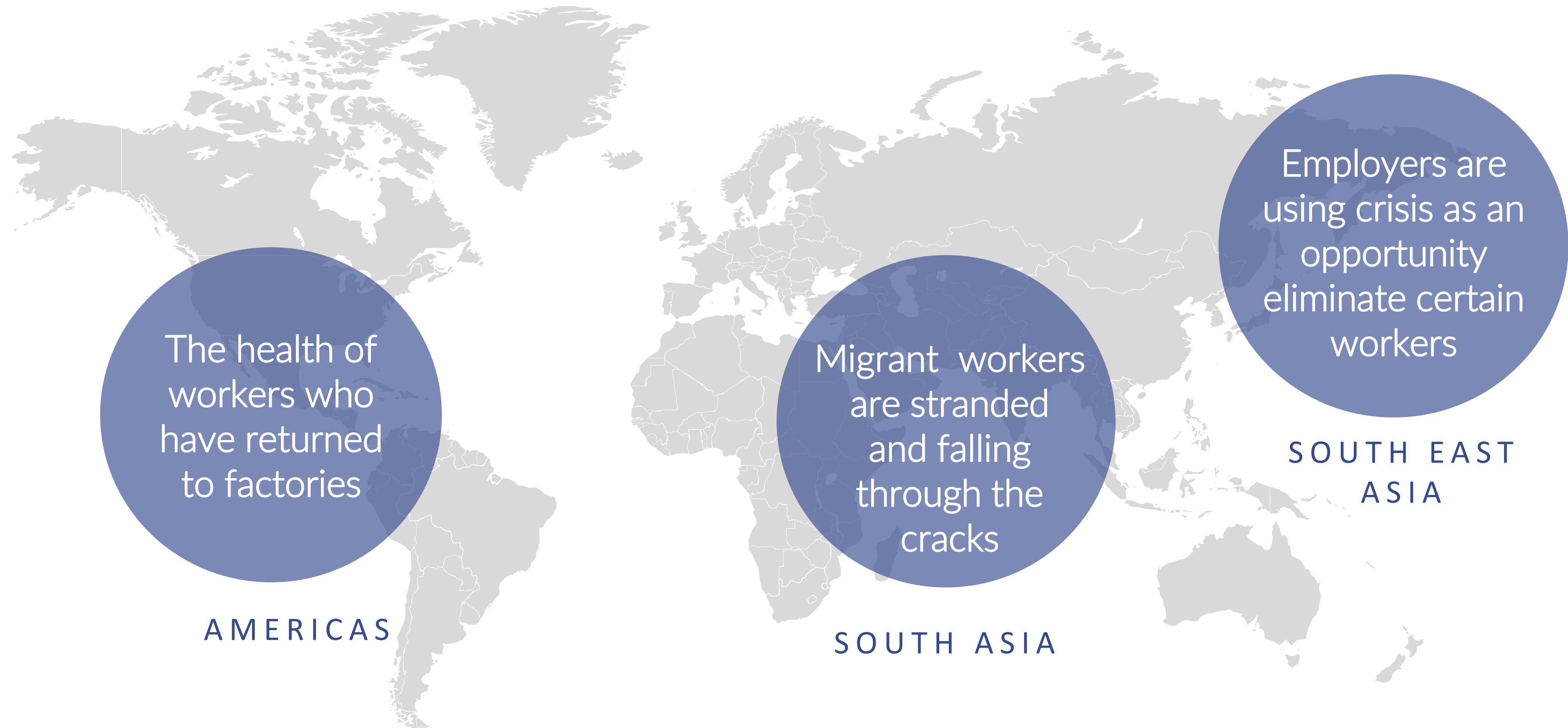
GOVERNMENT SUPPORT

EXAMPLES OF KEY COUNTRIES



SIGNIFICANT CHALLENGES TO WORKERS

SNAPSHOT OF TRENDS BY REGION



Protecting workers at
collegiate factories is
impossible without
industry-wide solutions

The WRC's Strategy for Protecting Workers

March 2020

WORKER RIGHTS CONSORTIUM WHITE PAPER

**WHO WILL BAIL OUT THE WORKERS
THAT MAKE OUR CLOTHES?**



- Press brands to honor their commitments
- Advocate for international financial institutions to provide income support for garment workers
- Document violations to the greatest extent possible, so remedies can be sought
- Address the risks to workers' health

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CONSORTIUM

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Washington, DC 20005
(202) 387-4884 | www.workersrights.org

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WRC COVID-19 BRAND TRACKER

Has Committed to Pay in Full for Orders Completed and in Production:

- adidas
- H&M
- Inditex
- Kiabi
- LPP
- Marks & Spencer
- Next
- Nike
- PVH
- Target (USA)
- Tesco
- UNIQLO
- VF Corporation

Has Made No Commitment to Pay in Full for Orders Completed and in Production:

- Arcadia
- ASOS
- Bestseller (for more info)
- C&A
- EWM/Peacocks
- Gap
- JCPenney
- Kohl's
- Mothercare
- Primark (for more info)
- Ross Stores
- Sears
- Under Armour
- Urban Outfitters
- Walmart/Asda (for more info)

The WRC's Strategy for Protecting Workers

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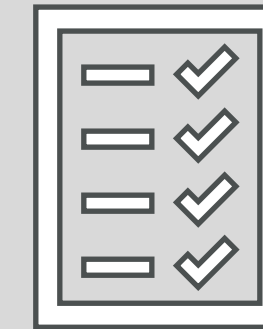
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WRC RESOURCES FOR LICENSEES AND FACTORIES

Guidelines on Legal Wage and Severance Obligations to Workers during Factory Shutdowns and Closures



Recommendations on Safety and Health Protections in Factories Producing PPE or Apparel during Pandemic



Long-Term Outlook: A remediation backlog and rising labor rights risk

Q&A

PANELISTS



Kalpona Akter
Executive Director
Bangladesh Centre for
Worker Solidarity
(BCWS)



Rubana Huq
President
Bangladesh Garment
Manufacturers and
Exporters Association
(BGMEA)



Michael Bride
Vice President,
Corporate
Responsibility
PVH

Year in Review

2019-2020

THE STAFF



10

US STAFF



13

OVERSEAS FIELD
REPRESENTATIVES



21

LANGUAGES SPOKEN

Investigations 2019-2020

Licensees Engaged by the WRC

289C

4imprint

Accolade Group

Ad Image

Ad Specialties and
Promotions

adidas

Advertising Etc.

A-Game Apparel

All Colors LLC

Alta Gracia Apparel

American Threads

Badger Sportswear

Coed Sportswear

Collegiate Promotions

Columbia Sportswear

Creative Apparel

Concepts

Cutter and Buck

Dixie Pride

DJR Enterprises

Emory Group

ES Sports Corporation

Fanatics

Frenzy

Fruit of the Loom

G&G Outfitters

Gear for Sport

Gorilla Marketing/CA

Green Distribution

Halo Branded

Solutions

Hype & Vice

Image Source

Incor Design

J.America

J2 Licensing Ltd.

Latitude 44

League Collegiate
Wear

Level 10

Logo Capital

Logo Incentives

New Agenda

New World Graphics

Nike (Branded Custom
Sportswear)

Pandora A/S

Peter Millar

PromoShop

Renew Merchandise

SJS Specialty Co.

South By Sea

Southland Graphics
Apparel

Standard Pennant Co.

State Discount Corp.

T.I.S.

To the Game

Trau & Loevner

Turtle Creek
Sportswear

Underground Printing

United Souvenir &
Apparel

Varsity Brands

Viatran

W Republic

Zephyr

ZippyDogs

FACTORIES ASSESSED

All-Sportz Apparel
Alta Gracia
Avery Dennison
CSA Guatemala
Delta Honduras
Dong Thanh II
Hetian Taida
JS International
L&Y Embroidery Ltd.
League Central America
Myanmar Infochamp
Nien Hsing
North Star Manufacturing
Pandora Production
Posmi Sweaters
PT Kahoindah Citragarment
PT Kukdong International
PT Liebra Permana
Pure Cotton
Roo Hsing
S&H Global
Suprema
Texwell Vina
Thai Garment Export

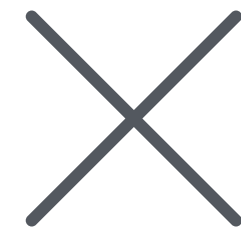
Dominican Republic
Dominican Republic
India
Guatemala
Honduras
Vietnam
China
Guatemala
Bangladesh
El Salvador
Myanmar (Burma)
Lesotho
Thailand
Thailand
Bangladesh
Indonesia
Indonesia
Indonesia
USA
Cambodia
Haiti
Dominican Republic
Vietnam
Thailand



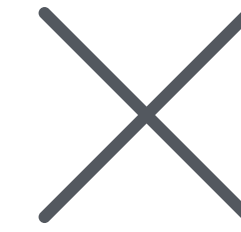


All Sportz Apparel / All Star Sports

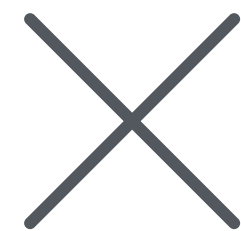
VIOLATIONS OF WORKERS' RIGHT TO FREEDOM OF ASSOCIATION



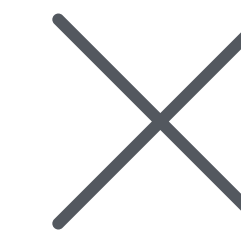
UNION MEMBERS
ISOLATED



THREATS
OF DISMISSAL,
BLACKLISTING



DISMISSAL OF
ONE WORKER



WORKERS PAID
TO PARTICIPATE
IN ANTI-UNION
PRESS CONFERENCE

REMEDIATION

Communication with union

Statement to workers

Backpay for union leaders

Reinstatement of one worker

Training for employees





L&Y Embroidery (Bangladesh)

L&Y EMBROIDERY LTD.



FACTORY CLOSES

Without paying any severance benefits

COLLEGIATE PRODUCTION IDENTIFIED

Third time (that we know of) that Han used a sub-contractor to produce collegiate goods, without disclosing the sub-contracting to Zephyr



WORKERS PAID

Seven workers were paid an average of \$815

IMPOSING TANGIBLE CONSEQUENCES ON NON-COMPLIANT SUPPLIER



ACCEPTED

RESPONSIBILITY

“We evidently didn’t get across to our factory the importance of reporting every subcontractor they have used. We didn’t hold them accountable enough for not taking every requirement seriously enough. “



IMPOSED ECONOMIC

CONSEQUENCES

Without a direct risk to workers’ employment.



SENT

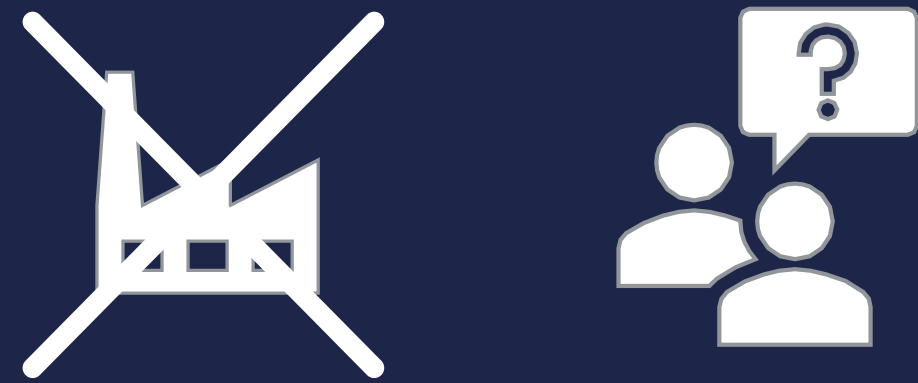
STRONG MESSAGE

To factories owners observing the case.



Securing Unpaid Severance for Workers

Hurting Workers When It Hurts Worst



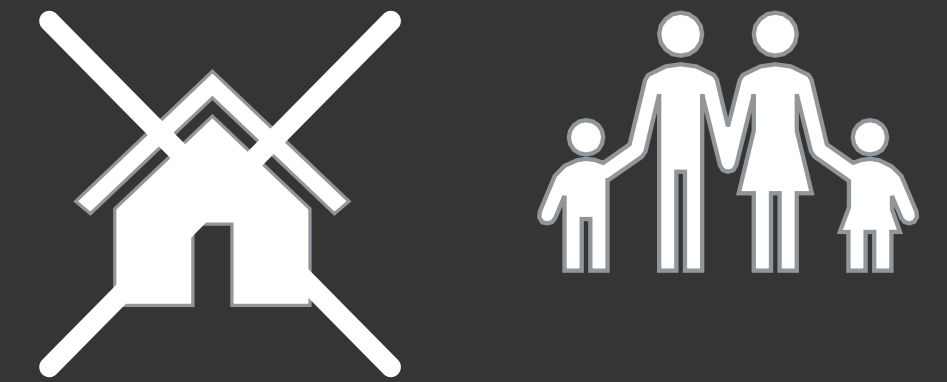
**FACTORIES CLOSE
WORKERS JOBLESS**



**ONLY SAFETY NET
LEGAL RIGHT TO
SEVERANCE**



**BUT FACTORY
OWNERS OFTEN
DO NOT PAY**



**FAMILIES GO
FROM POVERTY
TO DESTITUTION**

WRC Response to Owed Severance



**INVESTIGATE CLOSINGS
DOCUMENT VIOLATIONS**



**PRESS FACTORY
OWNERS, BUYERS
(INCL. LICENSEES)
TO PAY WORKERS**



**MONITOR, COORDINATE
DISTRIBUTION OF FUNDS**

Direct Impact 2019-2020

7,000+ Workers Paid Legally Due Severance

30,000+ people directly assisted, including family members

\$11 Million Provided by Owners Buyers and Agents

\$30+ million in local buying power for workers' families

Factories in 6 Countries

Bangladesh, Guatemala, Honduras, Indonesia, Myanmar, Thailand

PT Kahoindah Bekasi

Indonesia

Nike (collegiate), Fanatics, UA, Gap

2,000 Workers

Closed December 2018

\$4.5 Million Paid by Owner in 2019

PT Kukdong

Indonesia

Nike (collegiate)

1,000 Workers

Closed September 2019

\$9 Million Paid by Owner in 2019



CSA

Guatemala

Hanes, AE (noncollegiate), Gap

650 Workers

Closed January 2019

\$1.3 Million Paid by Buyers in 2020

PT Hansoll Hyun

Indonesia

Hanes (collegiate) A&F, others

1,600 Workers

Closed July 2017

\$2.9 Million Paid by Buyer, Agent
in Sep. 2019, Mar. 2020 (out of
\$4.5 Million Owed) Outstanding)

Q&A



Alta Gracia

- **Workers earn a living wage**
- **Superior labor standards**
- **Ongoing monitoring by the WRC**

OPERATIONS DURING COVID-19

- Social distancing
- Masks
- Hand-washing
- Shortened shift
- Paid leave for vulnerable workers
- Government inspection





Bangladesh Accord: Protecting the Gains, Expanding the Model



Landmark Agreements Combatting Gender-Based Violence & Harassment in Lesotho



Key Provisions

- New independent oversight body with power to impose sanctions on managers
- Robust complaint mechanism with protections against retaliation
- Legally binding commitment by brands and factory
- Brands to impose financial consequences for noncompliance

Report: Levi's, Wrangler, Lee seamstresses harassed, abused

By MARTHA MENDOZA August 15, 2019

WRC
WORKER RIGHTS
CONSORTIUM

WORKER RIGHTS CONSORTIUM ASSESSMENT re: GENDER-BASED VIOLENCE AND HARASSMENT AT NIEN HSING TEXTILE CO., LTD (LESOOTH) FINDINGS, RECOMMENDATIONS, AND STATUS



August 15, 2019

1st Floor • Washington, DC 20005
(202) 387-3292
workersrights.org

Women sewing blue jeans for Levi's, Wrangler, Lee and The Children's Place faced sexual harassment and gender-based violence and some were coerced into having sex with supervisors to keep their jobs in African factories, labor rights groups say.

In response to the revelations, the brands have agreed to bring in outside oversight and enforcement for more than 10,000 workers at five Lesotho factories, according to a report from the Washington-based Worker Rights Consortium released on Thursday.

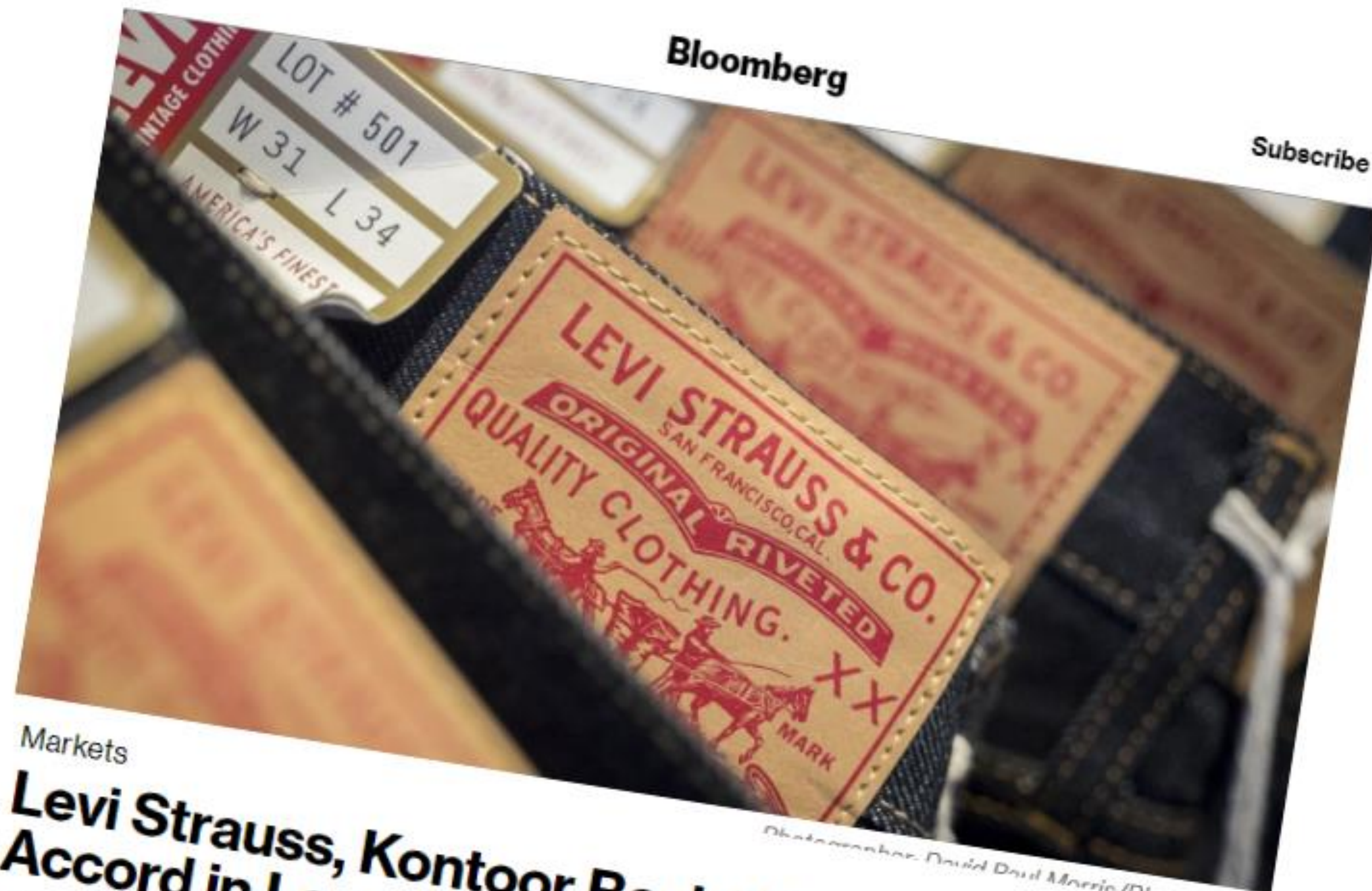
The labor rights group investigated Taiwan-based Nien Hsing Textile factories in Lesotho — a poor, mountainous kingdom encircled by South Africa — after hearing from a number of sources that women who sew, sand, wash and add rivets to blue jeans and other clothes were facing gender-based violence.



Click to copy

RELATED TOPICS

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International News
General News
Africa



Photographer: David Paul Morris / Pinnhorn

Markets

Levi Strauss, Kontoor Back Worker-Protection Accord in Lesotho

By Michael Cohen and Josh Eidelson
August 15, 2019, 9:00 AM EDT

Updated on August 15, 2019, 11:32 AM EDT

- Plan to combat gender-based violence at Nien Hsing factories
- Children's Place, unions, civil rights groups party to accord

Clothing chains Levi Strauss & Co., The Children's Place Inc. and Kontoor Brands Inc agreed to start a pilot program aimed at combating gender-based violence and harassment at five factories owned and operated by supplier Nien Hsing Textile Co. Ltd. in Lesotho.

The accord, backed by civil and women's rights groups, five Lesotho-based labor unions and the U.S.-based Worker Rights Consortium, Solidarity Center and Workers United, will offer protection to more than 10,000 workers in the southern African nation. It follows a Worker Rights Consortium investigation that documented a pattern of abuse at the factories.

"We str"

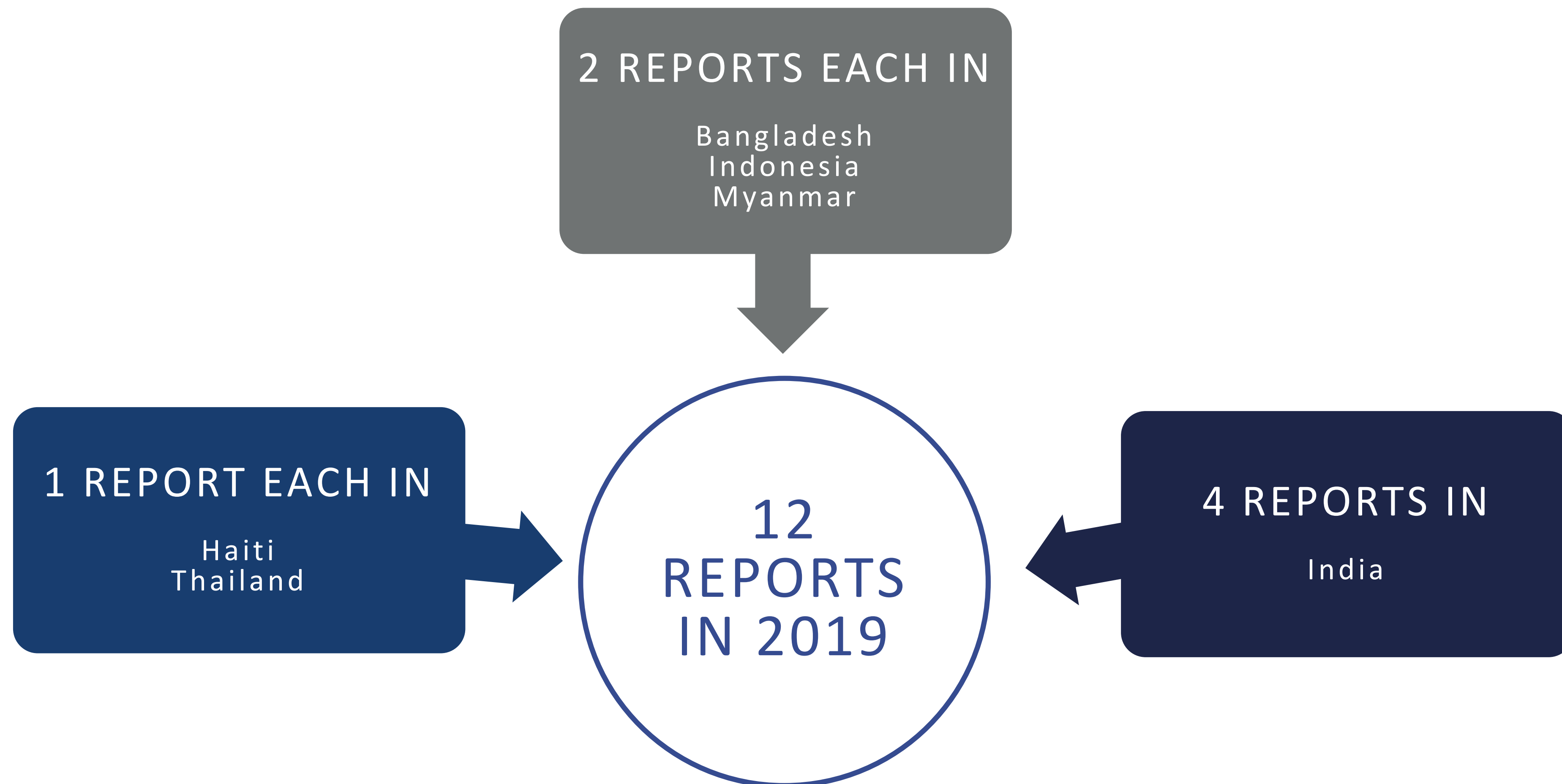
Council on Ethics

for the Norwegian Government Pension Fund Global



Council on Ethics for the Norwegian Government Pension Fund Global

WRC'S WORK WITH THE PENSION FUND





Factory Monitoring for Cities of Los Angeles & San Francisco

Q&A

Xinjiang Uyghur Autonomous Region

Inside China's Push to Turn Muslim Minorities Into an Army of Workers

The Communist Party wants to remold Xinjiang's minorities into loyal blue-collar workers to supply Chinese factories with cheap labor.



4:22

Secret Video Offers Rare Look Inside Chinese Labor Program

China is relocating Uighurs and other Muslim minorities to urban areas as part of a contentious labor program. The Times obtained rare footage taken inside one.

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WORKER RIGHTS CONSORTIUM
FACTORY ASSESSMENT
HETIAN TAIDA APPAREL CO., LTD. (CHINA)
FINDINGS, RECOMMENDATIONS, AND STATUS
JUNE 24, 2019



5 Thomas Circle NW ■ Fifth Floor ■ Washington, DC 20005
(202) 387-4884 ■ Fax: (202) 387-3292
wrc@workersrights.org ■ www.workersrights.org

US blocks goods from companies suspected of forced labor

October 2, 2019



WASHINGTON (AP) — The Trump administration on Tuesday announced it is holding imports of clothing, gold, diamonds and other items believed to have been produced with forced labor by companies based in Brazil, China and Malaysia as well as some gold mined in eastern Congo and

Organizations Receiving Funds from Badger for Assistance to Refugees from XUAR

Asia-Pacific Refugee Rights Network (Southeast Asia)

People's Empowerment Foundation (Thailand)

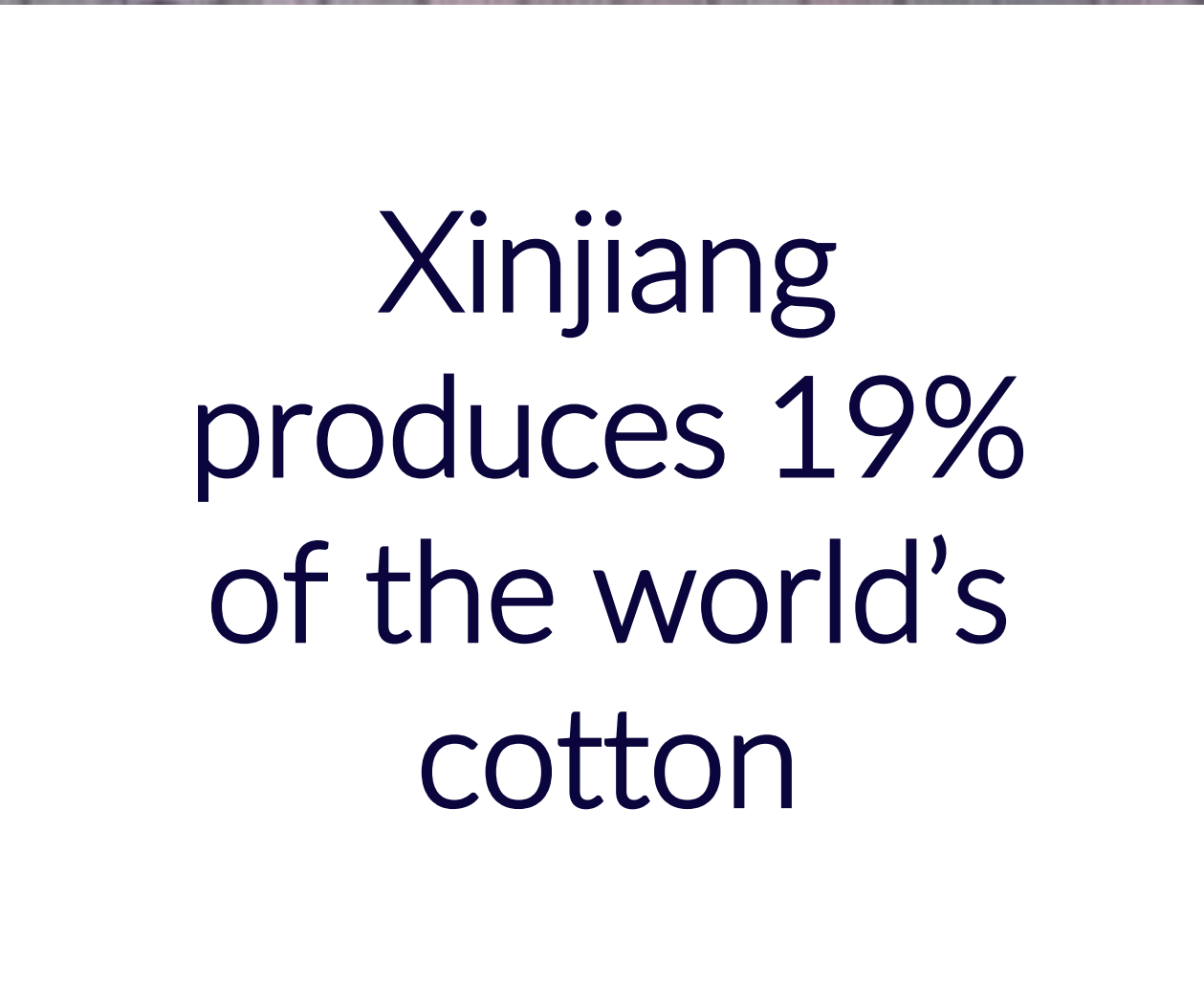
International Legal Initiative (Kazakhstan)



Xinjiang
produces 15%
of all long-
staple cotton



Cloth from
China is used by
factories across
Asia



Xinjiang
produces 19%
of the world's
cotton



5% of China's
yarn is spun in
Xinjiang





Key Chinese Firms with Extensive Ties to Western Brands Producing in Xinjiang





How can any worker
speak freely to auditors?

The New York Times

THE XINJIANG PAPERS

‘Absolutely No Mercy’: Leaked Files Expose How China Organized Mass Detentions of Muslims

More than 400 pages of internal Chinese documents provide an unprecedented inside look at the crackdown on ethnic minorities in the Xinjiang region.



LETTER FROM WRC AND ADRIAN ZENZ TO AUDITORS AND CERTIFIERS

- Social Compliance Services Asia Ltd.
- OPENVIEW Services Limited
- Accordia Global Compliance
- UL Responsible Sourcing
- ELEVATE

ORGANIZATIONS THAT HAVE
COMMITTED TO CEASE AUDITING
IN THE XUAR

- Social Accountability International
- WRAP
- amfori BSCI
- Bureau Veritas
- TÜV Rheinland
- TÜV SÜD
- RINA
- ALGI
- Intertek
- Sumerra

ORGANIZATIONS THAT HAVE
YET TO RESPOND

TARIFF ACT OF 1930, SECTION 307:

“All goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part in any foreign country by...forced labor...shall not be entitled to entry at any of the ports of the United States and the importation thereof is hereby prohibited.”





DHS: “U.S. importers...may be subject to criminal prosecution, and the seizure and forfeiture of their merchandise, if found to be involved in using forced labor to produce goods being imported into the United States.”

Pillsbury Legal Analysis: “Companies charged with criminal violations...may face up to \$500,000 in fines, or even twice the economic benefit conferred from the violation. Moreover, executives and other company employees...may also be prosecuted...and, if found guilty, face up to 20 years of imprisonment if, for example, their company benefited from forced labor within the supply chain.”

What action is needed to ensure licensees are not putting university logos on forced labor goods?





Essential Steps

- Cease any remaining garment assembly in XUAR
- Require Chinese suppliers to stop using yarn and cotton from XUAR
- Require all suppliers globally to stop using yarn and cotton from the XUAR
- Cease doing business with Chinese firms implicated in forced labor
- Prohibit any use of imported XUAR labor at Chinese factories outside the XUAR



We are deeply concerned by reports on labor practices in Xinjiang province. Forced labor in any form is unacceptable – our industry does not tolerate forced labor in our supply chains. Indeed, it is a top priority of our industry to ensure that all workers in our supply chains work under safe, ethical, and humane conditions.

Therefore, in the interest of our mutually beneficial trade relationship, and to quickly address this evolving challenge, we respectfully ask the Chinese government to facilitate all due diligence measures to assure a clear understanding of the facts and that necessary actions are being taken to protect workers from forced labor.

BCI

Better
Cotton
Initiative

www.bettercotton.org

Principle 6: Decent Work

Forced
Labour

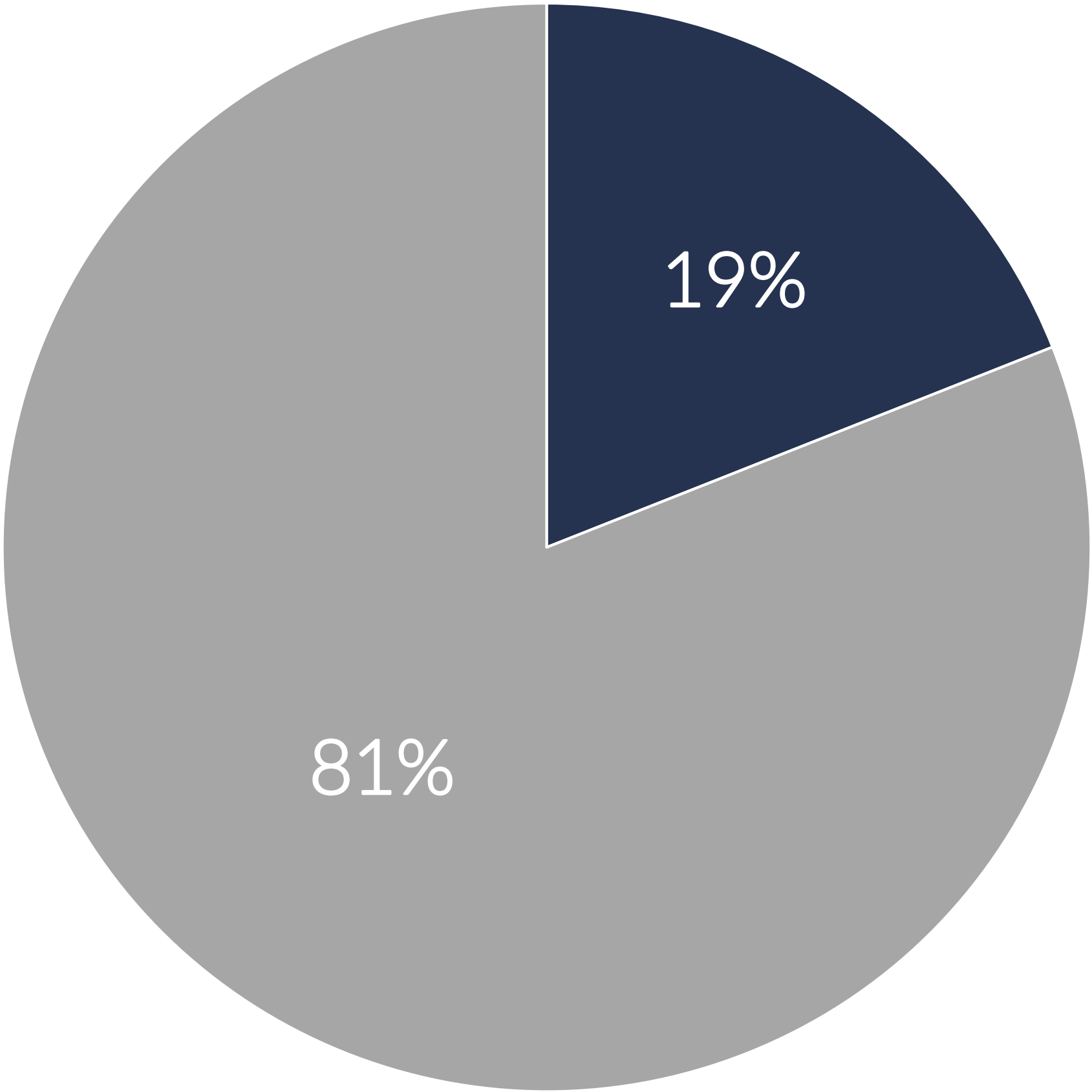


CRITERION 6.3

The Producer must ensure there is no forced or compulsory labour, including bonded or trafficked labour.

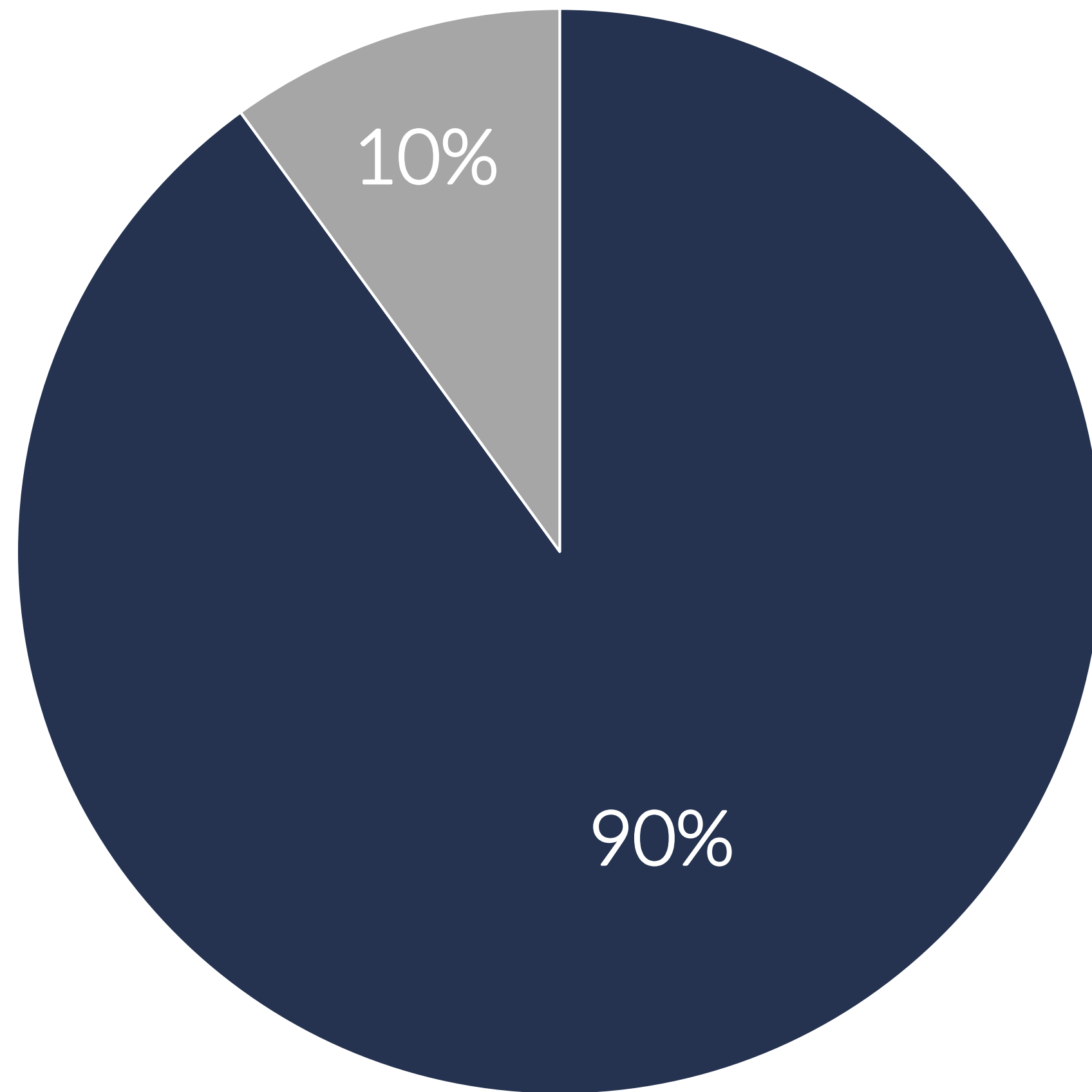
[From BCI Principles and Criteria]

BCI Global Cotton Output



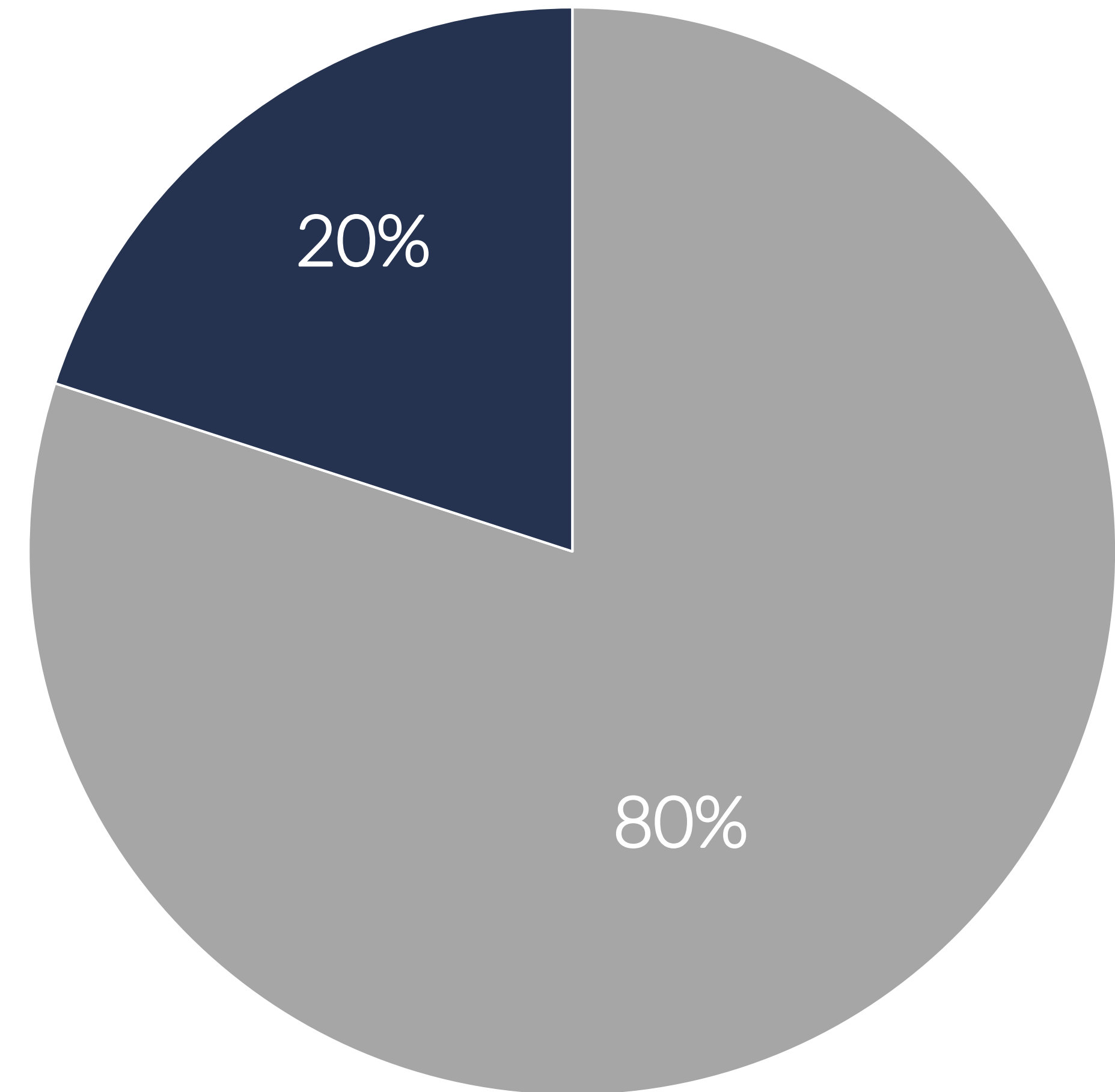
■ BCI Cotton ■ Global Cotton Output

BCI Cotton Output from China



- BCI cotton from the XUAR
- BCI cotton from the rest of China

BCI Global Cotton Output



■ 1 ■ 2



新疆生产建设兵团
XINJIANG PRODUCTION AND CONSTRUCTION CORPS

BCI-certified cotton ready to be
shipped out of the XUAR



INITIAL BCI RESPONSE TO FORCED LABOR CONCERNS

“Since respective reports were brought to BCI’s attention and after careful consideration, the BCI Council has determined that a continued presence and engagement in the region promoting the Better Cotton Standard System, and its principles of social, environmental and economic sustainability, would continue to benefit local farmers. **Thus, BCI’s activities in the region should be pursued.**”

[Excerpt from BCI October 2019 announcement]

BCI SUSPENDS LICENSING IN THE XUAR

“BCI is suspending its assurance activities in the Xinjiang region of China for the upcoming cotton season (2020-21) based on the recognition that the operating environment prevents credible assurance and licensing from being executed.”

[Excerpt from BCI March 2020 announcement]



Pending WRC Guidance to Licensees

No production of collegiate apparel
in XUAR

No collegiate production at any
factory that uses cotton or yarn
from the XUAR

No collegiate production at any
factory that uses imported XUAR
labor

Provide full supply chain disclosure

Recommendation to sever ties with
implicated Chinese companies



Next Steps

Determine time-frames

Finalize guidance

Engage with licensees
on implementation

Q&A

Short Break then Open Forum

Thank You!