2020
UNIVERSITY CAUCUS
ANNUAL MEETING
MAY 6, 2020
Welcome
WRC UC BOARD MEMBERS

Alix Holcomb
Secretary of Board
University of Arizona

Geoff Chatas
Georgetown University

Rachel Duffy
Syracuse University
WRC UC BOARD MEMBERS

Michael Ferrari  
Northeastern University

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

1. Supplier receives order from brand

2. Supplier incurs all costs for fabric and production

June

3. Supplier ships goods to buyer

4. Supplier receives payment for goods
• 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
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
EARNINGS FOR CAMBODIAN GARMENT WORKERS

MINIMUM WAGE BEFORE CRISIS

US$ 0.85 per hour

AMOUNT WORKERS ARE EARNING AT TEMPORARILY CLOSED FACTORIES

US$ 0.14 per hour
“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

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

AP News – March 30, 2020

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

Quartz – April 1, 2020
Tracking the Crisis on Three Levels

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

- National policies and trends
- Specific developments effecting large groups of workers
- Factory-level closures and violations
GOVERNMENT SUPPORT

EXAMPLES OF KEY COUNTRIES

HONDURAS

Government will subsidize wages for suspended workers during April and May

PAKISTAN

Confusion around government’s relief funds for workers

VIETNAM

Limited unemployment benefits

Pakistani workers are among the worst hit by the coronavirus pandemic. The government has announced a 41% hike in unemployment benefits. The program is expected to cover approximately 80% of the country’s 47 million workers. This is a significant increase from the existing coverage of around 12%.
SIGNIFICANT CHALLENGES TO WORKERS

SNAPSHOT OF TRENDS BY REGION

- **AMERICAS**
  - The health of workers who have returned to factories

- **SOUTH ASIA**
  - Migrant workers are stranded and falling through the cracks
  - Employers are using crisis as an opportunity to eliminate certain workers

IMPLICATIONS FOR WORKERS
Protecting workers at collegiate factories is impossible without industry-wide solutions.
The WRC’s Strategy for Protecting Workers

- 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
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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• 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.
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
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<th>Licensee Name</th>
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<td>New Agenda</td>
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<td>New World Graphics</td>
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<td>Nike (Branded Custom Sportswear)</td>
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<td>Pandora A/S</td>
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<td>Renew Merchandise</td>
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<td>Southland Graphics Apparel</td>
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<td>Underground Printing</td>
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<td>United Souvenir &amp; Apparel</td>
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<td>Varsity Brands</td>
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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  
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

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. “

Accepted Responsibility

Imposed Economic Consequences

Sent Strong Message

Without a direct risk to workers’ employment.

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
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
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 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 factories in Lesotho — a poor, mountainous kingdom nestled by South Africa — after hearing from a number of sources that women who sew, wash and add rivets to blue jeans and other clothes were facing unsafe or unsafe working conditions.

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 are pleased that Levi Strauss, Kontoor and The Children's Place have reached an agreement to prioritize the safety and wellbeing of workers in factories in Lesotho," said Leyla Mosaffa, president of the Solidarity Center.

The accord will be closely monitored by the Worker Rights Consortium, which said it would work with the companies to ensure the program is implemented effectively and monitored properly.

"This agreement is a critical step towards ensuring that workers in the global fashion industry are treated with dignity and respect," said Mary Welsh, executive director of Women's Rights USA.
Council on Ethics for the Norwegian Government Pension Fund Global
WRC’S WORK WITH THE PENSION FUND

12 REPORTS IN 2019

2 REPORTS EACH IN
- Bangladesh
- Indonesia
- Myanmar

1 REPORT EACH IN
- Haiti
- Thailand

4 REPORTS IN
- India
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 retool Xinjiang’s minorities into loyal blue-collar workers to supply Chinese factories with cheap labor.

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.
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 Pakistan, 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.

5% of China’s yarn is spun in Xinjiang.

Cloth from China is used by factories across Asia.

Xinjiang produces 19% of the world’s cotton.
Key Chinese Firms with Extensive Ties to Western Brands Producing in Xinjiang
How can any worker speak freely to auditors?

‘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

ORGANIZATIONS THAT HAVE COMMITTED TO CEASE AUDITING IN THE XUAR

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

ORGANIZATIONS THAT HAVE YET TO RESPOND

- Social Accountability International
- WRAP
- amfori BSCI
- Bureau Veritas
- TÜV Rheinland
- TÜV SÜD
- RINA
- ALGI
- Intertek
- Sumerra
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.
Principle 6: Decent Work

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

- **19%** BCI Cotton
- **81%** Global Cotton Output
BCI Cotton Output from China

- BCI cotton from the XUAR: 10%
- BCI cotton from the rest of China: 90%

BCI Global Cotton Output

- Country 1: 20%
- Country 2: 80%
BCI-certified cotton ready to be shipped out of the XUAR
“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 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!