



**2020**  
**UNIVERSITY CAUCUS**  
**ANNUAL MEETING**

MAY 6, 2020

# Welcome

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*Secretary of Board*  
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Arizona



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Georgetown  
University



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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 ▾



LILICLO 



First Order **10% OFF**

Recent Video





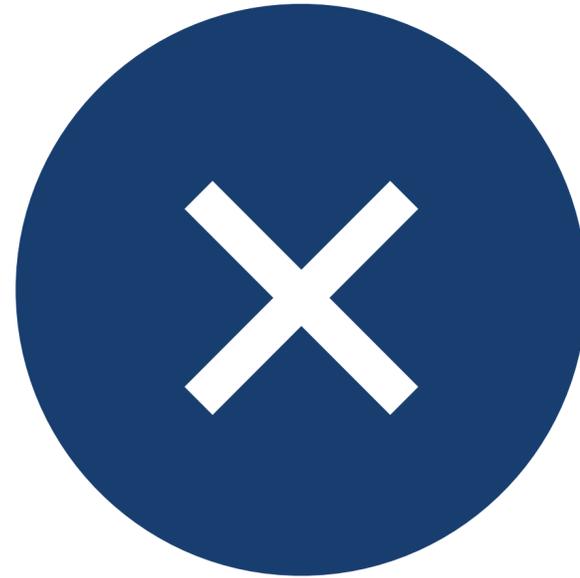
# WHY IS THE COVID-19 ECONOMIC CRISIS HITTING GARMENT WORKERS ESPECIALLY HARD?



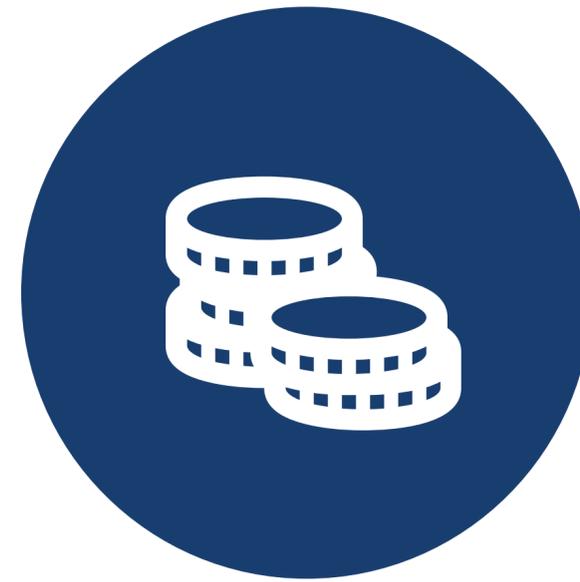
# DRIVERS OF THE CRISIS



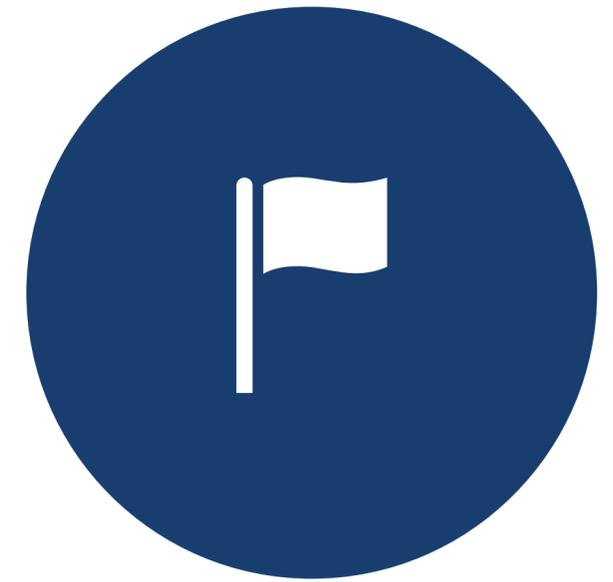
Radical decline in  
apparel demand



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



SUPPLIER  
RECEIVES ORDER  
FROM BRAND

SUPPLIER INCURS ALL  
COSTS FOR FABRIC  
AND PRODUCTION

SUPPLIER  
SHIPS GOODS  
TO BUYER

SUPPLIER  
RECEIVES PAYMENT  
FOR GOODS

# 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

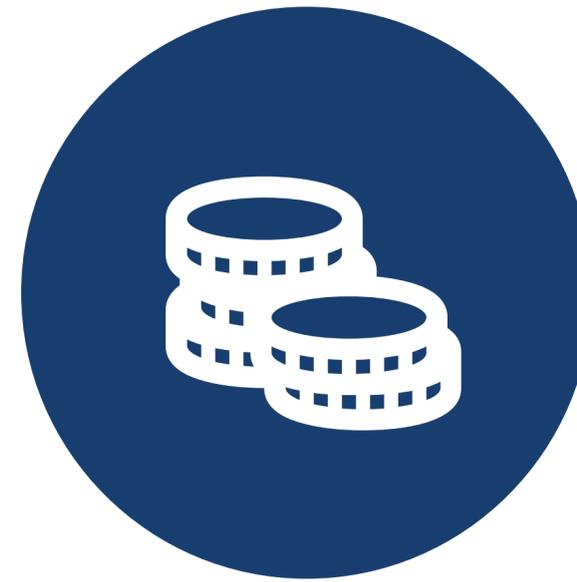
# DRIVERS OF THE CRISIS



Radical decline in  
apparel demand



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



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savings to fall back on



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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

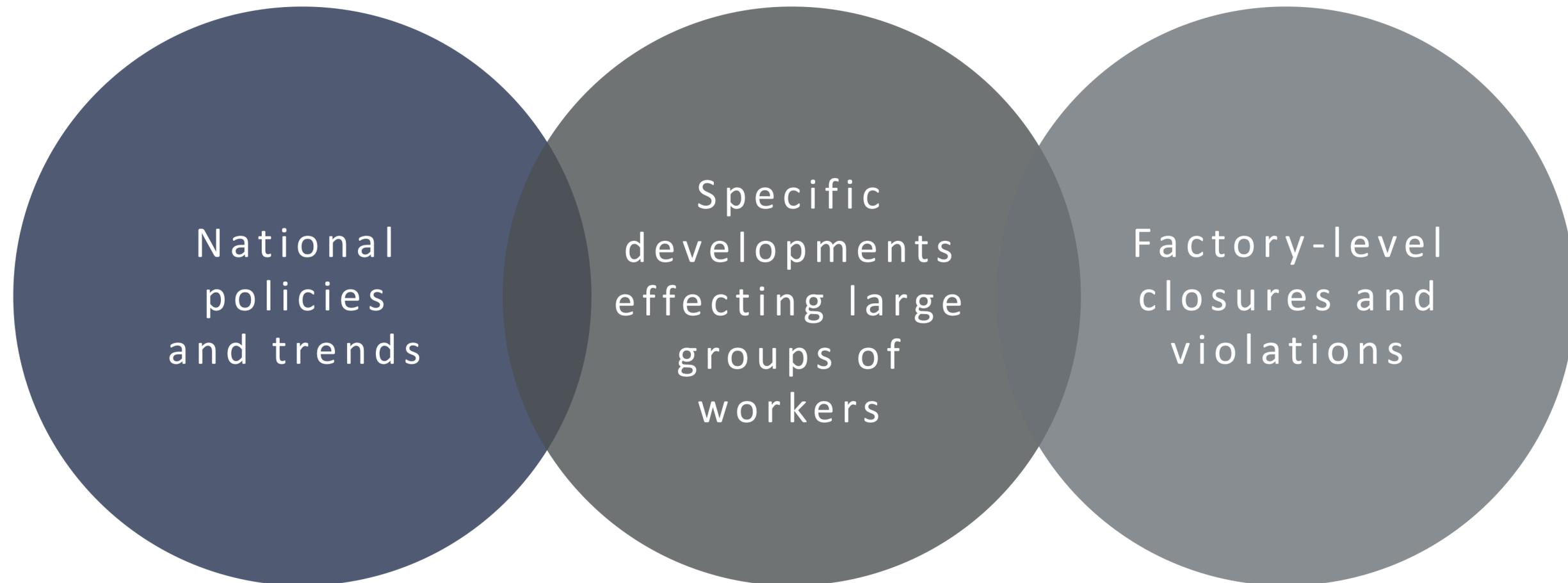
“Bangladesh garment makers say \$3B in orders lost to virus”

*AP News* – March 30, 2020



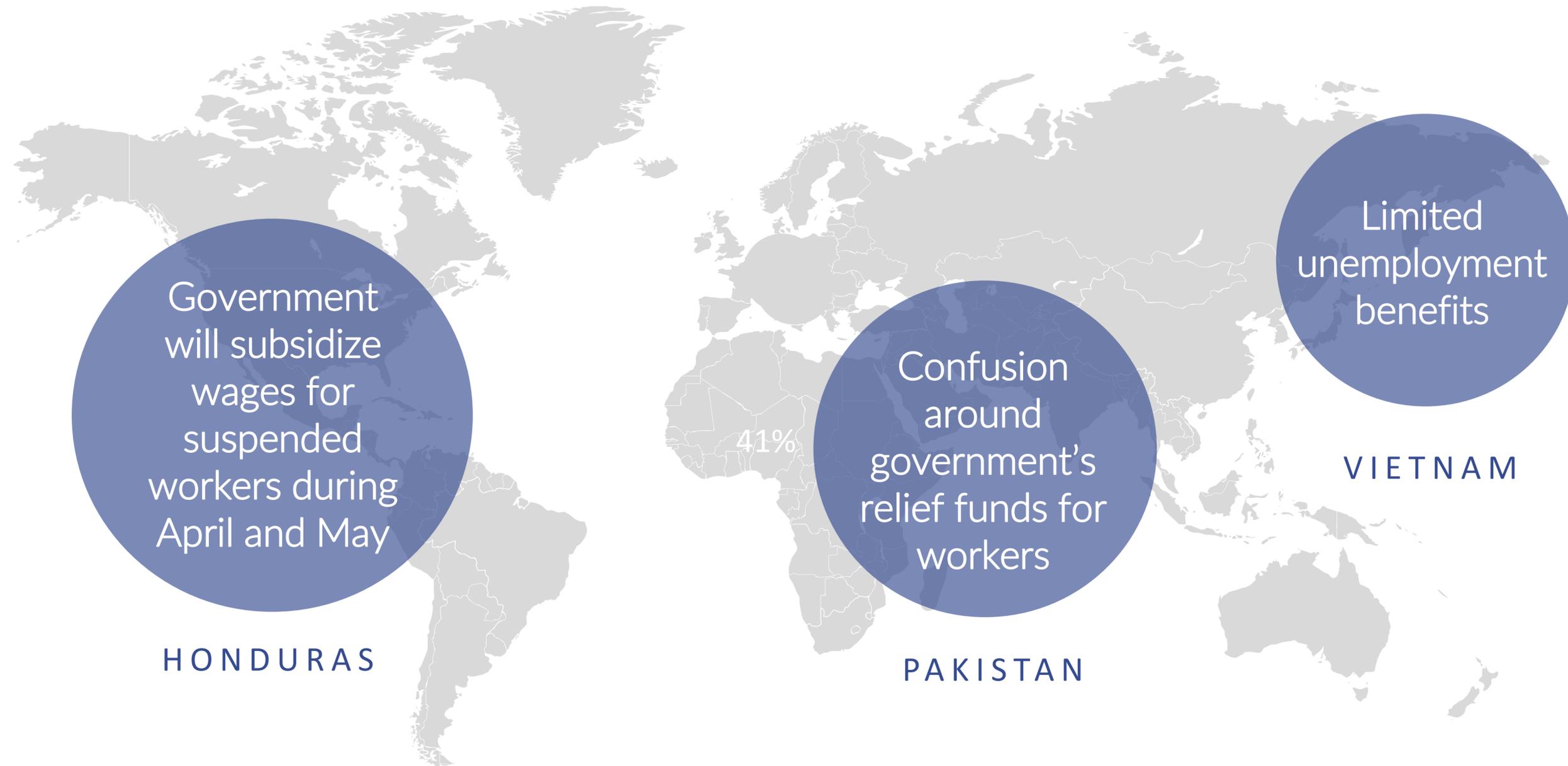
# Tracking the Crisis on Three Levels

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



# GOVERNMENT SUPPORT

EXAMPLES OF KEY COUNTRIES



Government will subsidize wages for suspended workers during April and May

HONDURAS

Confusion around government's relief funds for workers

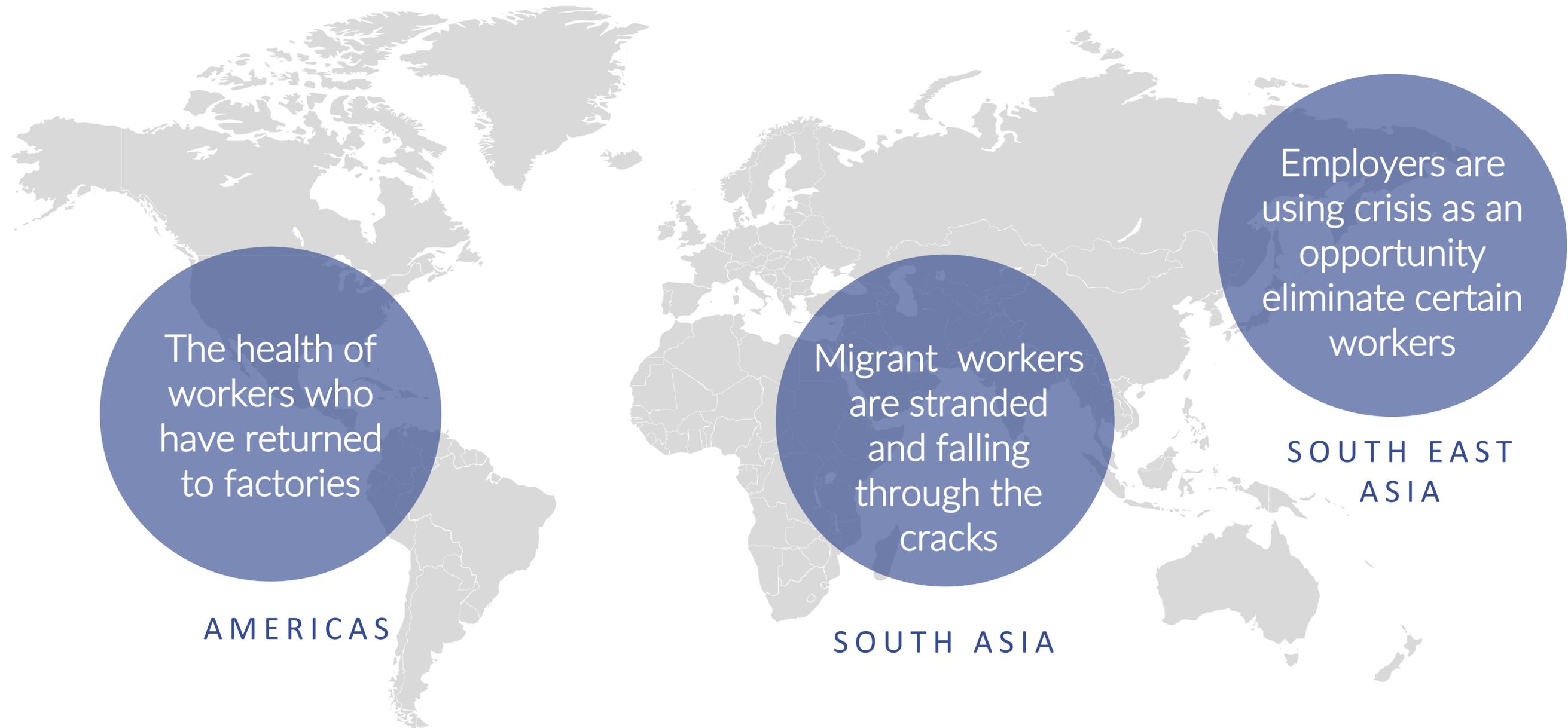
PAKISTAN

Limited unemployment benefits

VIETNAM

# SIGNIFICANT CHALLENGES TO WORKERS

SNAPSHOT OF TRENDS BY REGION



The health of workers who have returned to factories

AMERICAS

Migrant workers are stranded and falling through the cracks

SOUTH ASIA

Employers are using crisis as an opportunity eliminate certain workers

SOUTH EAST ASIA

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

# 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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# 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

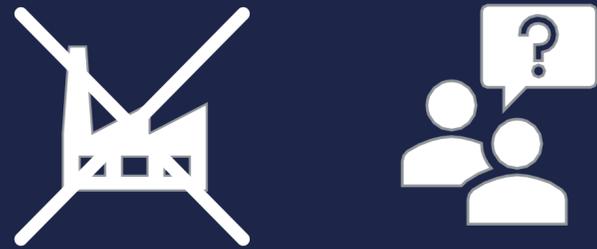
## STRONG MESSAGE

To factories owners observing the case.



# Securing Unpaid Severance for Workers

# Hurting Workers When It Hurts Worst



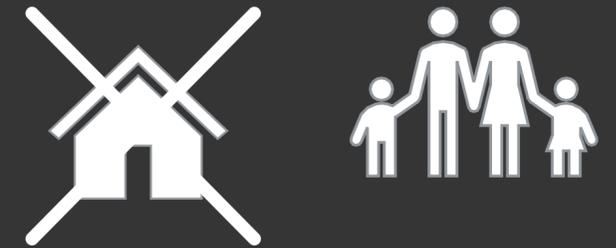
**FACTORIES CLOSE  
WORKERS JOBLESS**



**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



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



August 15, 2019

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.

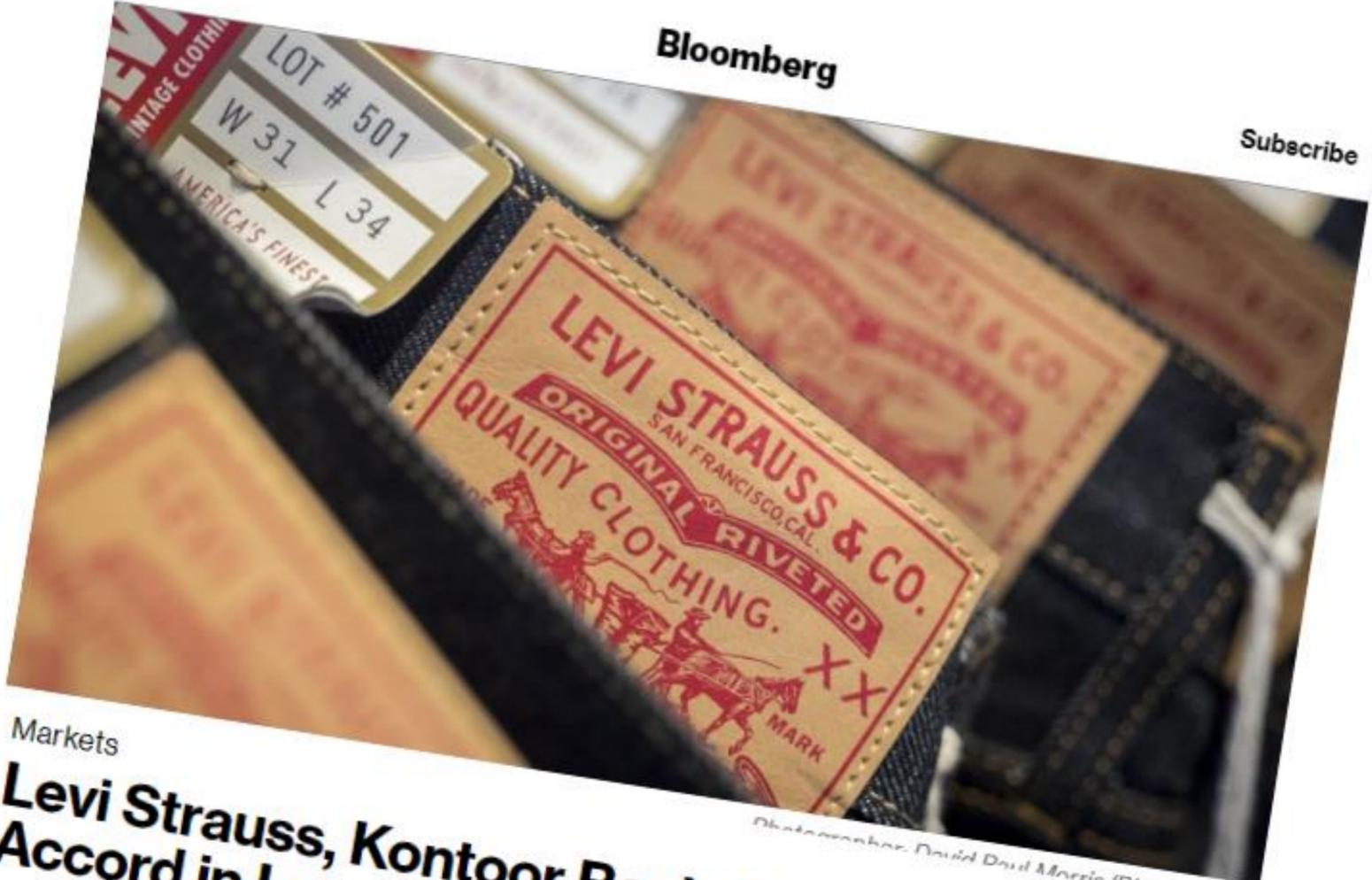
The labor rights group investigated Taiwan-based Nien Hsing Textile factories in Lesotho — a poor, mountainous kingdom encircled by South Africa — after hearing from a number of source that women who sew, sand, wash and add rivets to blue jeans and other clothes were facing gender-based violence.



Click to copy

### RELATED TOPICS

- AP Top News
- International News
- General News
- Africa



## 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..."

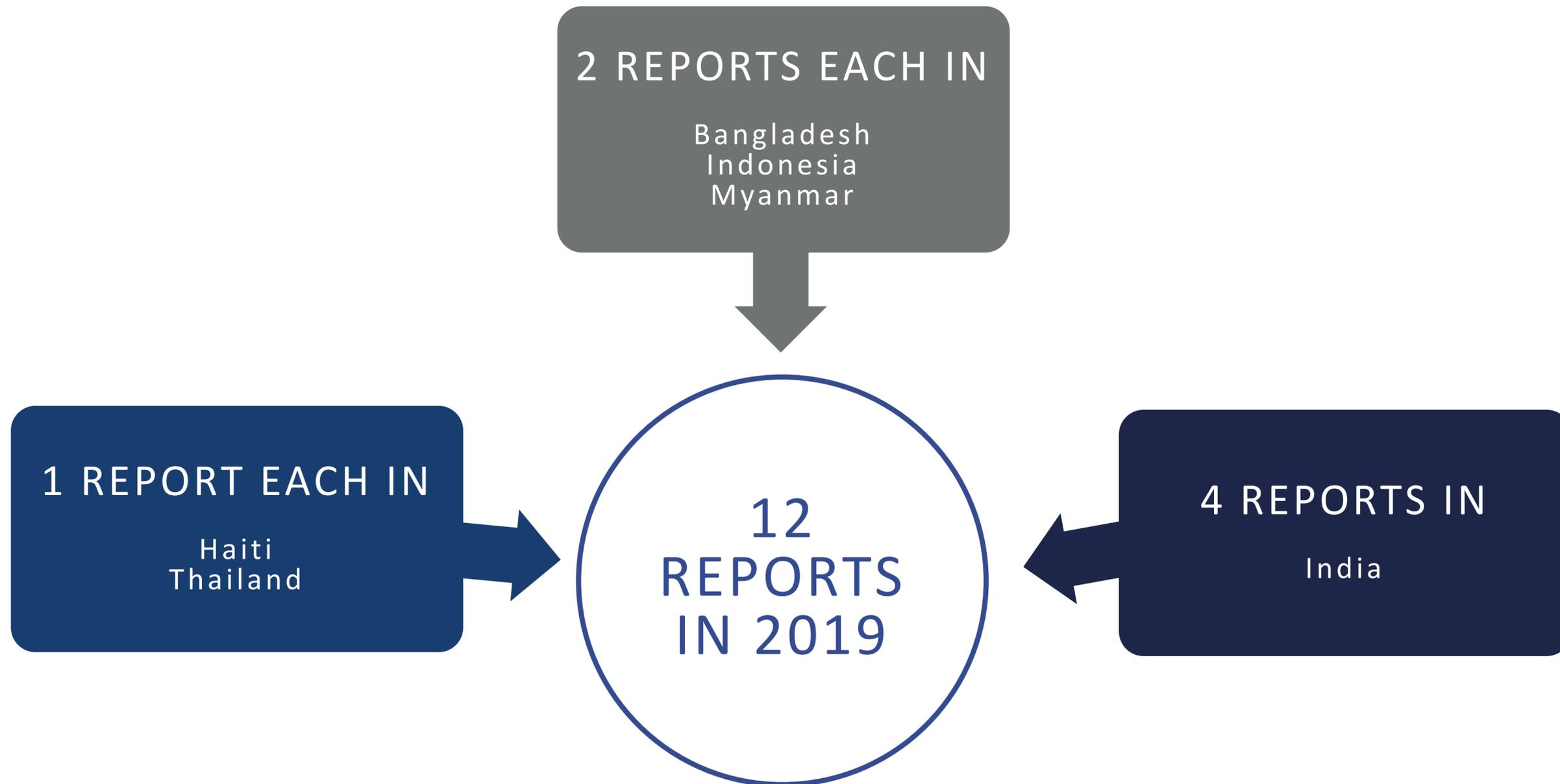
# Council on Ethics

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.

W R C

WORKER RIGHTS  
CONSORTIUM

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

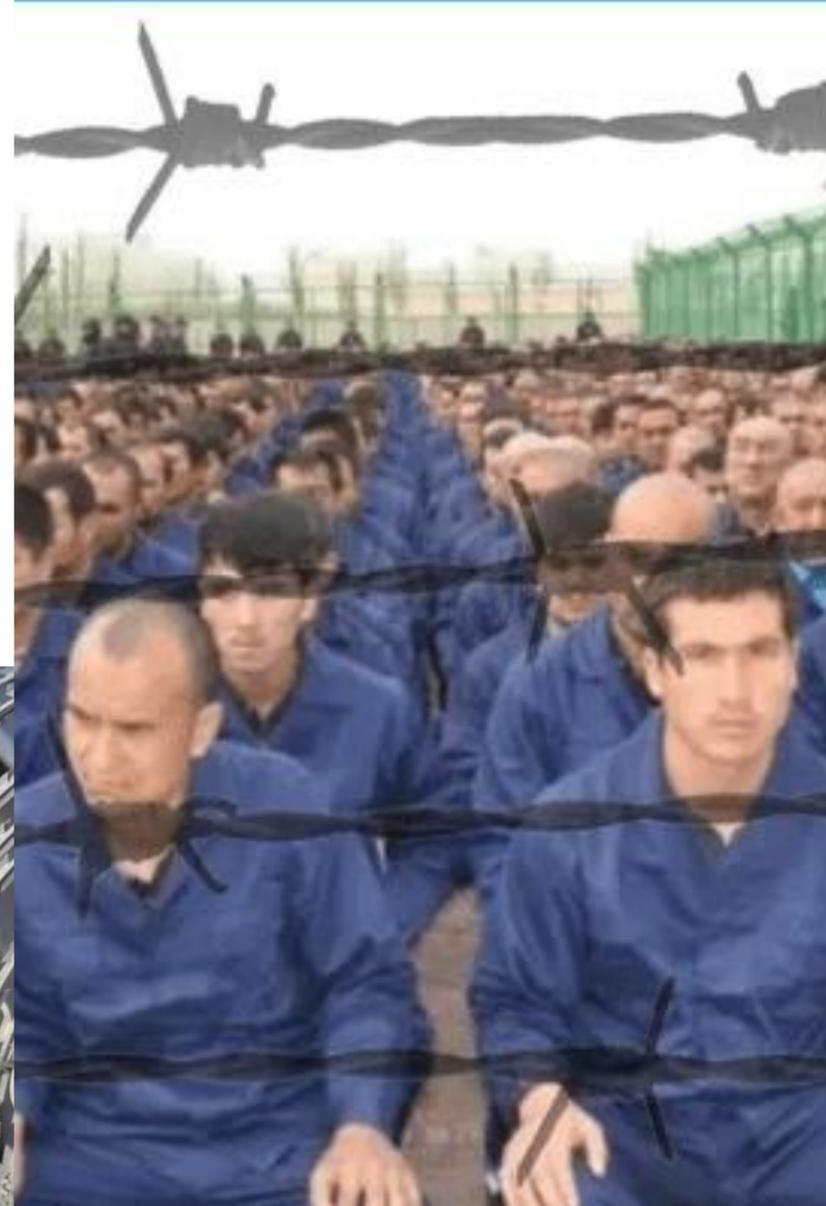
Asia-Pacific Refugee Rights Network (Southeast Asia)

People's Empowerment Foundation (Thailand)

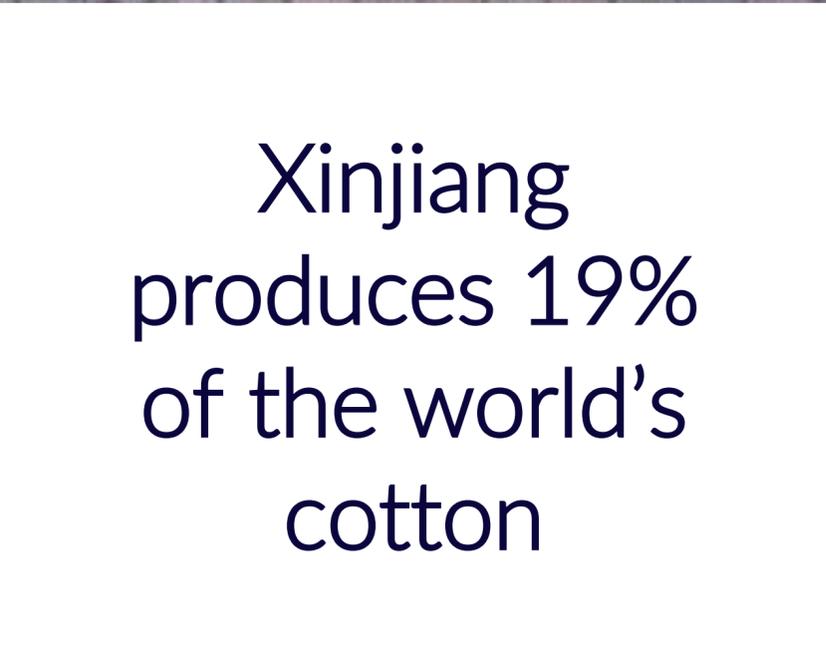
International Legal Initiative (Kazakhstan)



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

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THE XINJIANG PAPERS

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## ‘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

AMERICAN  
**APPAREL &  
FOOTWEAR**  
ASSOCIATION

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](http://www.bettercotton.org)

# Principle 6: Decent Work

Forced  
Labour

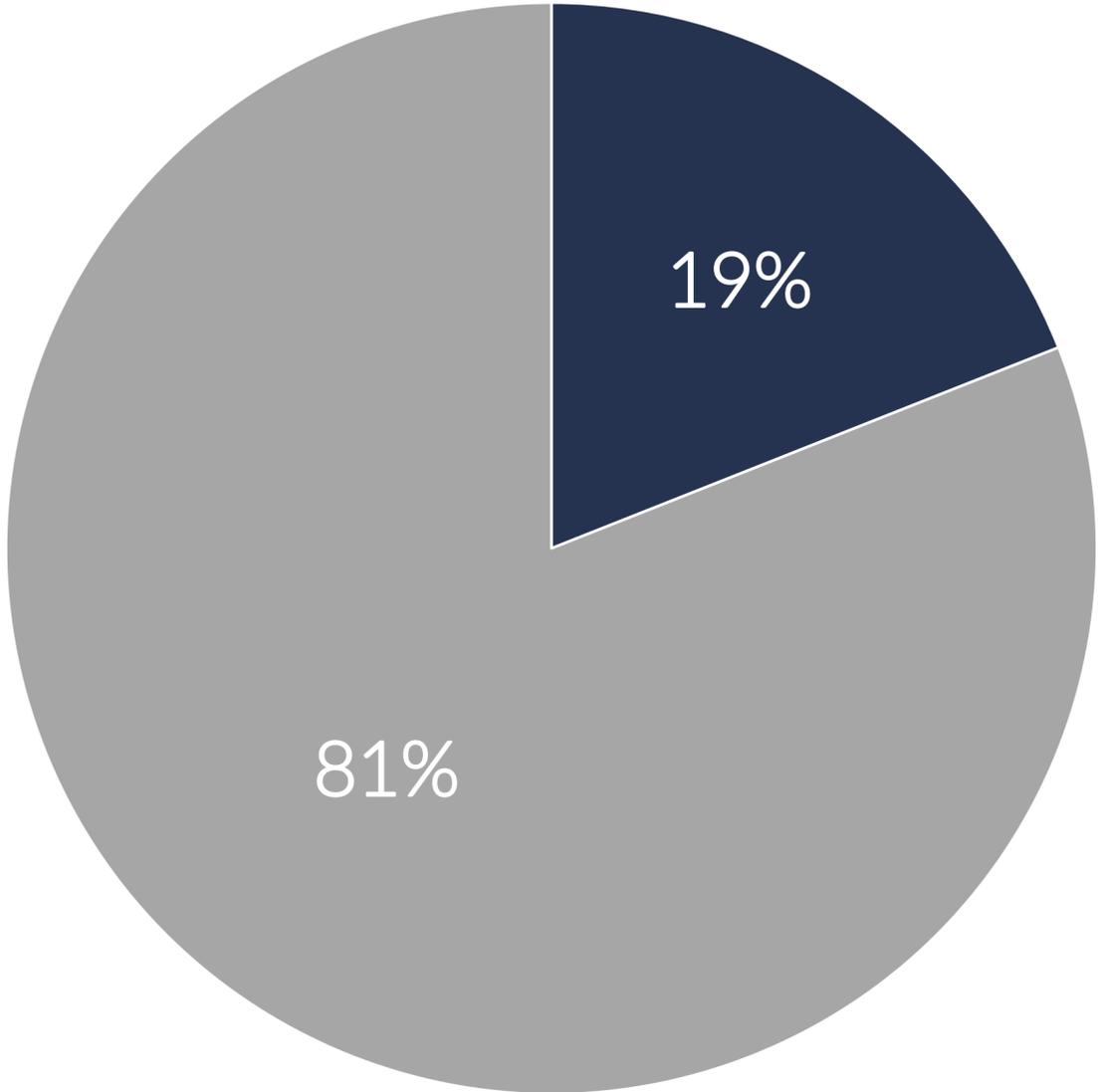


## CRITERION 6.3

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

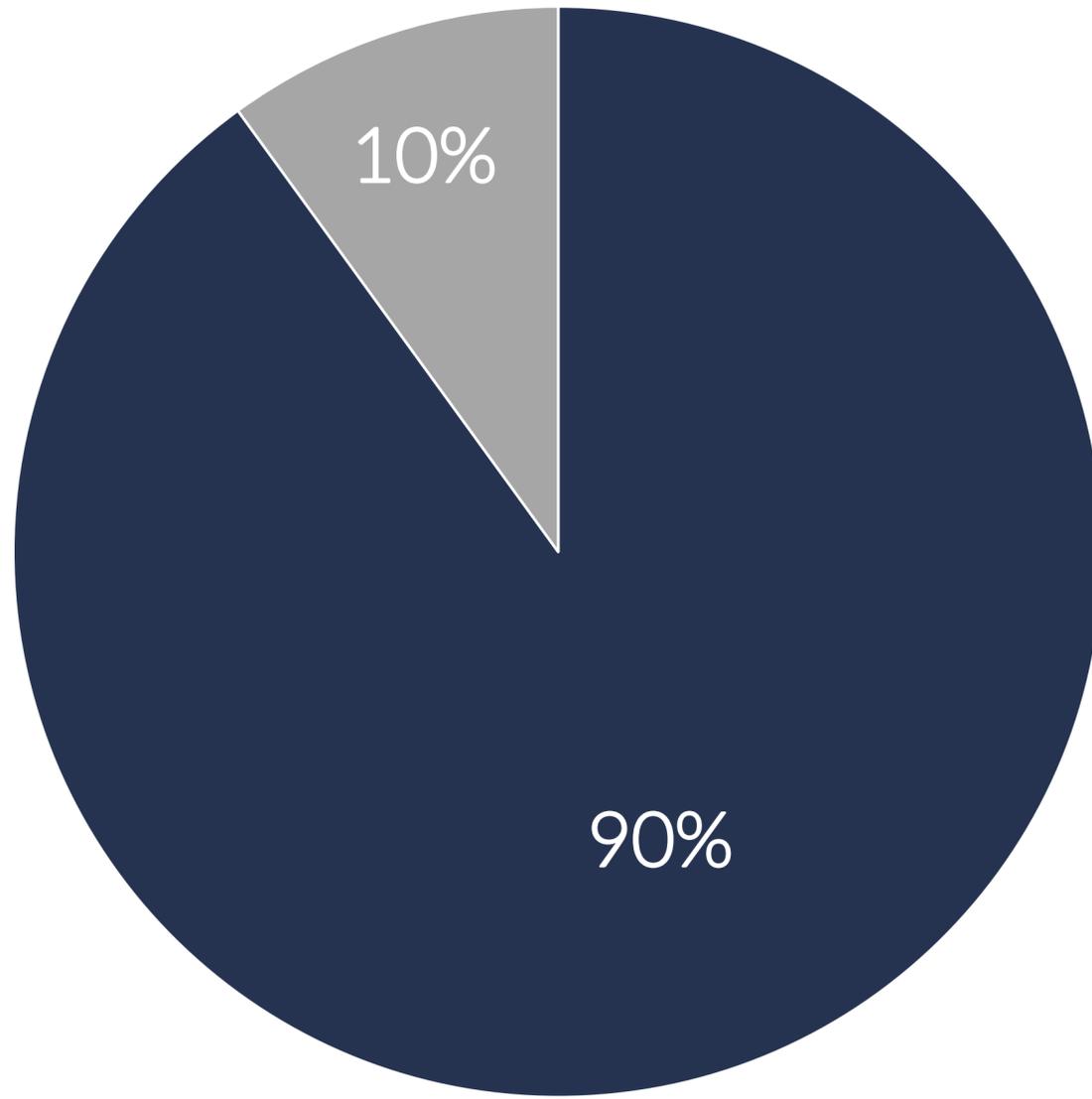
[From BCI Principles and Criteria]

# BCI Global Cotton Output



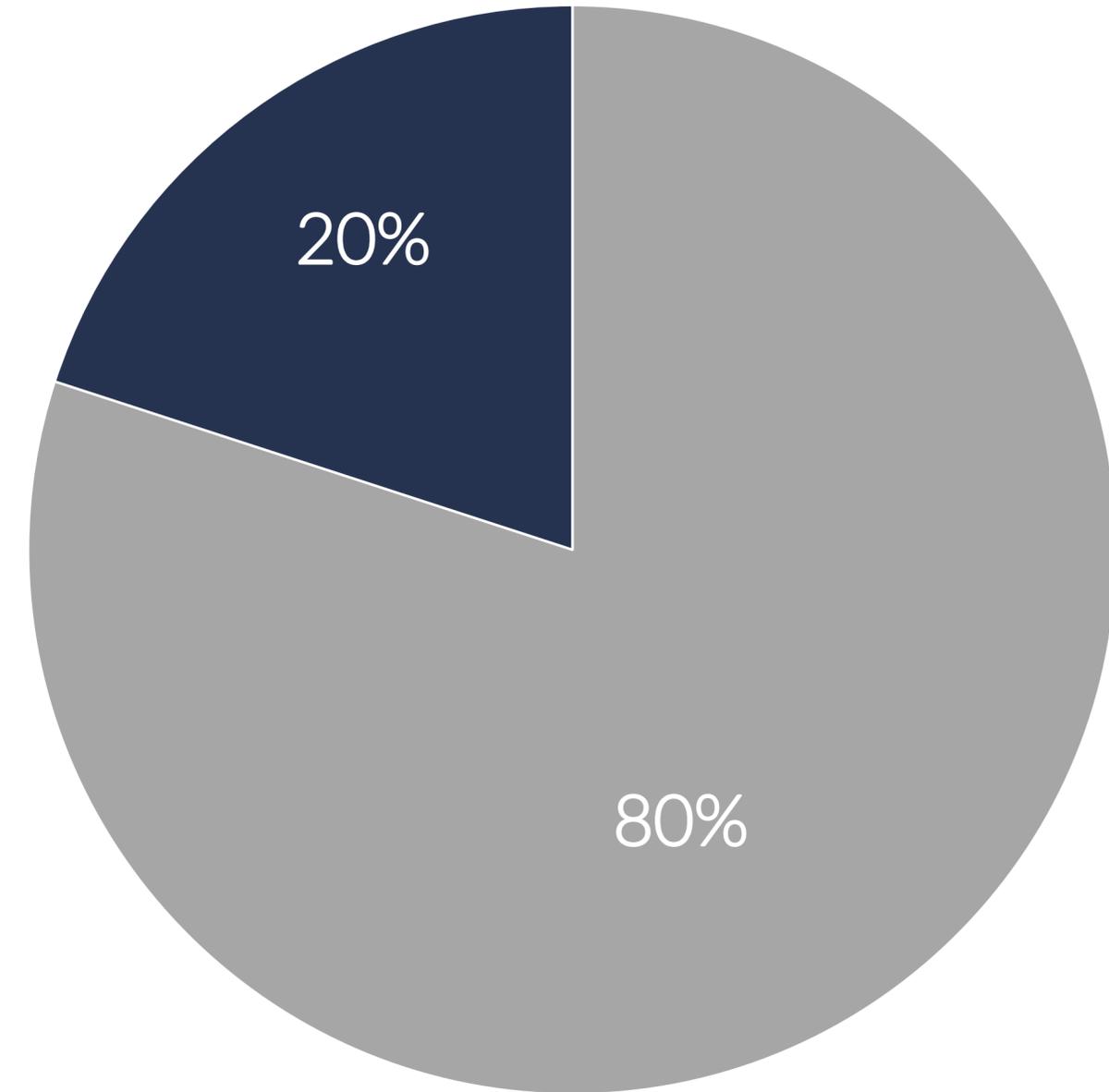
■ BCI Cotton    ■ Global Cotton Output

# 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!**