2022 UNIVERSITY CAUCUS ANNUAL MEETING

April 25, 2022
Welcome
WRC Investigations Have Produced $106.3 Million in Back Pay for 470,000 Garment Workers

The failure of factories to obey minimum wage, overtime, and severance laws is a chronic problem in the garment industry. It is a priority issue in the WRC’s factory monitoring work. Over the last 12 years, the WRC has secured more than $100 million in back pay for nearly half a million workers. Most of these successful cases were at collegiate factories.

Back Pay Cases Successfully Resolved

78

By the Numbers

<table>
<thead>
<tr>
<th>Countries</th>
<th>Collegiate Cases</th>
<th>Collegiate Licensees</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>60%</td>
<td>44</td>
</tr>
</tbody>
</table>

Number of countries where the WRC has won back pay for workers  Percentage of successful back pay cases that involved collegiate apparel  Number of licensees with wage violations identified and corrected through WRC monitoring

Back Pay Secured through WRC Investigations: Selected Cases*

<table>
<thead>
<tr>
<th>Factory</th>
<th>Year</th>
<th>Total Back Pay</th>
<th>Number of Workers</th>
<th>Type of Legal Violation</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brilliant Alliance</td>
<td>2022</td>
<td>$6,300,000</td>
<td>1,388</td>
<td>Severance</td>
<td>Thailand</td>
</tr>
<tr>
<td>KGG Garment</td>
<td>2022</td>
<td>$132,000</td>
<td>1,301</td>
<td>Severance</td>
<td>Ethiopia</td>
</tr>
<tr>
<td>Din Han Enterprises</td>
<td>2021</td>
<td>$280,000</td>
<td>2,000</td>
<td>Minimum Wage</td>
<td>Cambodia</td>
</tr>
<tr>
<td>Elim S.A.</td>
<td>2021</td>
<td>$886,000</td>
<td>377</td>
<td>Severance</td>
<td>Guatemala</td>
</tr>
<tr>
<td>Industrias Florentzi</td>
<td>2021</td>
<td>$5,015,000</td>
<td>200</td>
<td>Severance</td>
<td>El Salvador</td>
</tr>
<tr>
<td>Premium Apparel</td>
<td>2020</td>
<td>$64,600</td>
<td>47</td>
<td>Wrongful Dismissal/Back Wages</td>
<td>Haiti</td>
</tr>
<tr>
<td>PT Hansol Hyun</td>
<td>2020</td>
<td>$2,885,196</td>
<td>1,301</td>
<td>Severance</td>
<td>Indonesia</td>
</tr>
<tr>
<td>PT Pungkook Indonesia One</td>
<td>2020</td>
<td>$901,000</td>
<td>2,543</td>
<td>Minimum Wage</td>
<td>Indonesia</td>
</tr>
<tr>
<td>Vega Textiles</td>
<td>2020</td>
<td>$739,200</td>
<td>520</td>
<td>Minimum Wage</td>
<td>Jordan</td>
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<tr>
<td>CSA Guatemala</td>
<td>2019</td>
<td>$1,347,005</td>
<td>669</td>
<td>Severance</td>
<td>Guatemala</td>
</tr>
<tr>
<td>Delta Apparel Honduras</td>
<td>2019</td>
<td>$334,000</td>
<td>1,200</td>
<td>Minimum Wage</td>
<td>Honduras</td>
</tr>
<tr>
<td>Direct Ship Americas</td>
<td>2019</td>
<td>$488,000</td>
<td>240</td>
<td>Severance</td>
<td>Honduras</td>
</tr>
<tr>
<td>Gildan Factores - multiple</td>
<td>2019</td>
<td>$5,000,000</td>
<td>15,000</td>
<td>Minimum Wage</td>
<td>Honduras</td>
</tr>
<tr>
<td>Kanlayani</td>
<td>2019</td>
<td>$110,000</td>
<td>29</td>
<td>Severance</td>
<td>Thailand</td>
</tr>
<tr>
<td>League Central America</td>
<td>2019</td>
<td>$98,558</td>
<td>13</td>
<td>Wrongful Dismissal/Back Wages</td>
<td>El Salvador</td>
</tr>
<tr>
<td>PT Koholndah</td>
<td>2019</td>
<td>$4,500,000</td>
<td>2,001</td>
<td>Severance</td>
<td>Indonesia</td>
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<tr>
<td>Star S.A.</td>
<td>2019</td>
<td>$1,573,595</td>
<td>1,200</td>
<td>Severance</td>
<td>Honduras</td>
</tr>
<tr>
<td>Hansae Vietnam</td>
<td>2017</td>
<td>$700,000</td>
<td>10,000</td>
<td>Minimum Wage</td>
<td>Vietnam</td>
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<tr>
<td>Rio Garment</td>
<td>2017</td>
<td>$1,345,000</td>
<td>530</td>
<td>Minimum Wage</td>
<td>Honduras</td>
</tr>
<tr>
<td>Cambo Yon Xing</td>
<td>2016</td>
<td>$90,799</td>
<td>78</td>
<td>Severance</td>
<td>Cambodia</td>
</tr>
<tr>
<td>North Star</td>
<td>2016</td>
<td>$880,000</td>
<td>300</td>
<td>Minimum Wage</td>
<td>Thailand</td>
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<tr>
<td>Han Embroidery</td>
<td>2015</td>
<td>$72,157</td>
<td>168</td>
<td>Severance</td>
<td>Bangladesh</td>
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<tr>
<td>Manufacturas del Rio</td>
<td>2014</td>
<td>$1,800,000</td>
<td>1,273</td>
<td>Severance</td>
<td>El Salvador</td>
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<tr>
<td>Kingsland</td>
<td>2013</td>
<td>$200,000</td>
<td>200</td>
<td>Severance</td>
<td>Cambodia</td>
</tr>
<tr>
<td>PT Kzone</td>
<td>2012</td>
<td>$2,892,071</td>
<td>2,664</td>
<td>Severance</td>
<td>Indonesia</td>
</tr>
<tr>
<td>Confecciones Gama</td>
<td>2011</td>
<td>$200,750</td>
<td>239</td>
<td>Severance</td>
<td>El Salvador</td>
</tr>
<tr>
<td>Hugger and Vis/on Tex</td>
<td>2010</td>
<td>$1,340,000</td>
<td>1,445</td>
<td>Severance</td>
<td>Honduras</td>
</tr>
<tr>
<td>June Textile</td>
<td>2010</td>
<td>$2,800,000</td>
<td>4,000</td>
<td>Severance</td>
<td>Cambodia</td>
</tr>
<tr>
<td>Shahi Export and other factories</td>
<td>2010</td>
<td>$6,000,000</td>
<td>110,000</td>
<td>Minimum Wage</td>
<td>India</td>
</tr>
<tr>
<td>Estofel S.A.</td>
<td>2009</td>
<td>$514,226</td>
<td>871</td>
<td>Severance</td>
<td>Guatemala</td>
</tr>
<tr>
<td>Jerzees de Honduras</td>
<td>2009</td>
<td>$2,500,000</td>
<td>1,225</td>
<td>Wrongful Dismissal/Back Wages</td>
<td>Honduras</td>
</tr>
</tbody>
</table>

*Blue shading indicates a factory making university apparel.
Year in Review

2021-2022
THE STAFF

10 HEADQUARTERS STAFF

13 FIELD STAFF

22 LANGUAGES SPOKEN
Investigations at Collegiate Factories 2021–2022
The WRC investigated worker complaints at these licensees’ factories.
# CASE INVESTIGATIONS—AMERICAS

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>FACTORY</th>
<th>VIOLATION(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guatemala</td>
<td>[Redacted]</td>
<td>Unlawful dismissal</td>
</tr>
<tr>
<td>Guatemala</td>
<td>K P Textil</td>
<td>Worker death from Covid outbreak</td>
</tr>
<tr>
<td>Guatemala</td>
<td>Centexsa</td>
<td>Unlawful dismissal</td>
</tr>
<tr>
<td>Guatemala</td>
<td>Winners</td>
<td>Unlawful dismissal, mob violence, death threats</td>
</tr>
<tr>
<td>Haiti</td>
<td>Palm Apparel and Sewing International</td>
<td>Worker deaths related to failure to make healthcare contributions</td>
</tr>
<tr>
<td>Haiti</td>
<td>Premium Apparel</td>
<td>Retaliatory dismissal for protesting work conditions</td>
</tr>
<tr>
<td>Honduras</td>
<td>[Redacted]</td>
<td>Request to dismiss union leader</td>
</tr>
<tr>
<td>Honduras</td>
<td>[Redacted]</td>
<td>Violations of the CBA related to paid leave and annual salary increases</td>
</tr>
<tr>
<td>Mexico</td>
<td>[Redacted]</td>
<td>Freedom of association</td>
</tr>
<tr>
<td>United States</td>
<td>Pure Cotton</td>
<td>Nonpayment of minimum wage</td>
</tr>
</tbody>
</table>
• Nine workers fired after meeting about unionization

• WRC contacted SAE-A about investigation

• SAE-A reinstated workers and committed to other remedial actions
• Serious violations of FOA at Winners in 2020

• Mob violence, death threats, and expulsion of workers from factory

• Company-supported “yellow” union
## CASE INVESTIGATIONS – SOUTHEAST ASIA

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>FACTORY</th>
<th>VIOLATION(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>B.D. (Cambodia) Sports Co.</td>
<td>Freedom of association, unlawful dismissal</td>
</tr>
<tr>
<td>Cambodia</td>
<td>Din Han Enterprises</td>
<td>Nonpayment of wages</td>
</tr>
<tr>
<td>Cambodia</td>
<td>[Redacted]</td>
<td>Freedom of association, unlawful dismissal</td>
</tr>
<tr>
<td>Indonesia</td>
<td>PT Dong A Decal</td>
<td>Nonpayment of wages</td>
</tr>
<tr>
<td>Indonesia</td>
<td>PT Hansoll Hyun</td>
<td>Unpaid severance</td>
</tr>
<tr>
<td>Indonesia</td>
<td>PT Pungkook Indonesia One</td>
<td>Nonpayment of wages</td>
</tr>
<tr>
<td>Indonesia</td>
<td>[Redacted]</td>
<td>Gender-based violence and harassment, verbal harassment, unlawful wage deductions</td>
</tr>
<tr>
<td>Thailand</td>
<td>Hong Seng Knitting Co.</td>
<td>Nonpayment of wages, retaliation</td>
</tr>
<tr>
<td>Thailand</td>
<td>Thai Garment Export</td>
<td>Unpaid severance</td>
</tr>
<tr>
<td>Vietnam</td>
<td>[Redacted]</td>
<td>Nonpayment of wages</td>
</tr>
</tbody>
</table>
Din Han Enterprise (CAMBODIA)

- **UNIVERSITY LICENSED APPAREL FOR ADIDAS**

- **APRIL 2021 OUTBREAK OF COVID-19** (affected 600 out of 2,800 workers)

- **PAYMENT OF WAGES DURING LOCKDOWN** Workers received 50% of their normal wage rates (May 2021)
# CASE INVESTIGATIONS—EAST ASIA

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>FACTORY NAME</th>
<th>VIOLATION(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>Hetian Taida</td>
<td>Forced labor</td>
</tr>
<tr>
<td>China</td>
<td>South China Headwear</td>
<td>Excessive overtime, wage deductions, statutory benefits, health and safety</td>
</tr>
</tbody>
</table>
# CASE INVESTIGATIONS—SOUTH ASIA

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>FACTORY</th>
<th>VIOLATION(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>Posmi Sweaters</td>
<td>Underpayment of wages</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>Uni Gears</td>
<td>Unpaid severance</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>[Redacted]</td>
<td>Unpaid severance</td>
</tr>
<tr>
<td>India</td>
<td>[Redacted]</td>
<td>Health and safety, informal employment, nonpayment of overtime</td>
</tr>
<tr>
<td>India</td>
<td>Shahi Exports and other factories</td>
<td>Nonpayment of minimum wage</td>
</tr>
</tbody>
</table>
KGG GARMENTS (ETHIOPIA)

- UNIVERSITY LICENSED APPAREL FOR CUTTER & BUCK
- FORCED 1,300 WORKERS TO RESIGN TO AVOID PAYING SEVERANCE
- WORKERS WERE OWED $135,000
- CUTTER & BUCK COMMITTED TO PAY WORKERS TO REMEDY THE VIOLATION
Hong Seng Knitting
• Located in Thailand
• Supplies collegiate apparel to Nike
• Workforce at time of violation: 3,360 production workers
• Employs Thai and Burmese workers
Factory coerces workers to sign acceptance of unpaid leave in May and June 2020

Almost all workers acquiesce
What happened when workers refused to sign or pursued complaints with the Thai government?

• Threats of dismissal
• Threats of long-term unpaid suspension
• Company told workers that the company would never pay
• Threats that “problems may arise” if they speak with outside parties
• Workers transferred away from their usual work
• Threats of prosecution
บริษัทเสื้อการทหาร จำกัด ขอแจ้งให้ทราบว่า การโฆษณาความเชื่อมโยงฯ ดังกล่าวใน
สื่อ Social media (Facebook, Line)
ที่ทำให้บริษัทฯ เกิดความเสียหาย เนื่องจากข้อเสียของผู้บริโภค บริษัทฯ จะแจ้งความ
ดำเนินคดีตามกฎหมายถึงที่สุด
ปัจจุบัน ทางฝ่ายกฎหมายของบริษัทฯ ได้ติดตามการโพสต์ความลงๆ ลงใน
Facebook อยู่ตลอดเวลา
จะนั้นหากติดต่อกลไก หรือโพสต์ความลงที่ทำให้บริษัทฯ เลิกหาย ขอให้ปล่อยไป
และยกเลิกการทำต่อแล้ว... See More

See Translation

คำศัพท์ทางกฎหมายว่าการกระทำที่เกี่ยวกับการโฆษณาข้อมูลที่กระทำการโดยผิด
กฎหมายนั้น ผู้กระทำการจะต้องรับโทษตามกฎหมาย ส่วนทรัพย์สินใดๆ ที่เกี่ยวกับ
ความเสียหายที่เกิดขึ้น ผู้กระทำการจะต้องรับผิดชดใช้การคืนทรัพย์สินให้แก่
ผู้เสียหาย หน่วยงานที่มีอำนาจตามกฎหมายจะมีอิสระในการกระทำตาม
กฎหมาย ผู้กระทำการที่กระทำการโดยผิดกฎหมายนั้นจะต้องมีผลตาม
กฎหมายที่เกี่ยวกับการกระทำที่ผิดกฎหมายไปทุกประการ

สำนักงานตัวรวจนายกอง
รายงานประจำวันที่วันกับปี

<table>
<thead>
<tr>
<th>วัน เล่นปี</th>
<th>เวลา</th>
</tr>
</thead>
<tbody>
<tr>
<td>บว. พ. ๒๕๖๐</td>
<td>๑๐. ๕๐ 时</td>
</tr>
</tbody>
</table>
Two workers received separate rulings that they should receive back pay

The unpaid leave form “cannot be used as an agreement to take leave without pay”
WRC Recommendations

- Provide full back pay to all workers who were placed on unpaid leave (estimated $580,000 plus legally required interest)
- Provide compensation to Kyaw San Oo and his wife (travel costs, lost compensation)
- Adopt and implement a policy of respect for associational rights and nonretaliation
Partial Remedy

- Back pay provided to approximately 14 workers—less than 1% of the total
- Company has offered to rehire Kyaw San Oo, but it has not agreed to provide the recommended compensation
Nike Current Response

- Nike says workers volunteered to go unpaid
- Nike has not provided a clear explanation of why workers would make this choice
- Nike has declined to share its evidence with the WRC
Deaths Of Haitian Workers from Factories’ Failure to Pay Healthcare Contributions
Failure of Haitian Factories to Make Legally-Required Healthcare and Pension Payments

Widespread noncompliance with health and pension obligations at Haitian factories

WRC investigation and engagement with university licensees sourcing from Haiti
PALM APPAREL GROUP

PALM APPAREL

NEW AGENDA COLLEGIATE APPAREL

BY PERRIN

TOP OF THE WORLD

MV SPORT

SEWING INTERNATIONAL (SISA)
Palm Apparel and SISA failed to pay workers’ healthcare contributions. This meant that workers did not receive lifesaving medical treatment.
ENGAGEMENT WITH GILDAN AND REMEDIATION

COMPENSATION FOR FAMILIES FOR LOSS OF LIFETIME EARNINGS

REIMBURSE MEDICAL AND FUNERAL EXPENSES

HEALTHCARE AND PENSION COVERAGE FOR OTHER WORKERS
CHRONIC NONCOMPLIANCE WITH HEALTH AND PENSION PAYMENTS AT HAITIAN GARMENT Factories
WRC FOLLOW-UP INVESTIGATION

- Licensees should require suppliers to provide documentation of compliance with healthcare and pension contribution requirements

COOPERATION FROM:

- College Concepts
- Gorilla Marketing
- Knights Apparel
- MV Sport
- New Agenda
- New Era Cap
- Top of the World by Fanatics
- Uscape Apparel
<table>
<thead>
<tr>
<th>Compliance Question</th>
<th>The number of factories found non-compliant (N=27)</th>
<th>NC Rate by Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the employer collect and forward workers’ contributions to ONA?</td>
<td>24</td>
<td>89%</td>
</tr>
<tr>
<td>Does the employer collect and forward workers’ contributions to OFATMA?</td>
<td>24</td>
<td>89%</td>
</tr>
<tr>
<td>Does the employer pay 3% of workers’ basic salary to OFATMA for maternity and health insurance?</td>
<td>24</td>
<td>89%</td>
</tr>
<tr>
<td>Does the employer pay the required employer contribution to ONA?</td>
<td>24</td>
<td>89%</td>
</tr>
<tr>
<td>Does the employer pay 3% of workers’ salary to OFATMA for work-related accident insurance?</td>
<td>18</td>
<td>67%</td>
</tr>
<tr>
<td>Does the employer pay workers their annual salary supplement or bonus?</td>
<td>16</td>
<td>59%</td>
</tr>
</tbody>
</table>
Q&A
International Accord for Health and Safety in the Textile and Garment Industry
33,000 factory inspections

130,000+ safety violations addressed in Accord covered factories

93% + remediation completed
The Accord draws heavily from universities’ binding labor standards for licensees.

Key elements include:
- legal enforceability of brands’ commitments
- independent oversight of brand compliance
- obligation to cease business with any factory that refuses to operate safely
- transparency of factory remediation progress
SEPTEMBER 1, 2021 – OCTOBER 31, 2023

170+ COMPANY SIGNATORIES

COVERS 1,600+ FACTORIES

COVERS OVER 2 MILLION WORKERS
LICENSEEES THAT HAVE SIGNED THE INTERNATIONAL ACCORD

ADIDAS
COLOSSEUM
NEW WAVE GROUP (CUTTER & BUCK)
FANATICS (TOP OF THE WORLD)
HALO
HANESBRANDS (KNIGHTS APPAREL)
MITCHELL & NESS
MV SPORT / THE GAME
PERRIN (NEW AGENDA)
OUTERSTUFF (TEAM ATHLETICS)
OURAY SPORTSWEAR
USCAPE APPAREL
W REPUBLIC APPAREL
ZEPHYR (ZEPHYR GRAF X)
LICENSEES THAT HAVE NOT SIGNED THE INTERNATIONAL ACCORD

ANTIGUA GROUP

GORILLA MARKETING
KEY PRIORITIES

• effective implementation in Bangladesh
• planned expansion to at least one more country
• ensuring continuation after 2023 expiration of Accord
INTERNATIONAL EXPANSION OF THE ACCORD

• 59 licensees currently in Pakistan

• 86 factories currently producing collegiate apparel

Ali Enterprises factory fire, Karachi, Pakistan
September 11, 2012 – 262 dead
Artistic Milliners Unit 5
Karachi, Pakistan

January 4, 2022 – 4 dead after gas leak

Brands:
Bestseller, Gap, G-Star, H&M, Levi’s, Kontoor Brands, Mango, PVH, Reformation, Target

NP Cotton Mills
Balochistan, Pakistan

January 24, 2022 – 11 injured in gas explosion
THE FUTURE OF THE INTERNATIONAL ACCORD
Q&A
Factory Disclosure
### Supply Chain Transparency

**Factory Disclosure Search**
- **Start Date:** April 2022
- **End Date:** June 2022
- **Licensee:** Fanatics Apparel
- **Country:** Guatemala
- **Factory:** Acabados Y Serigrafia, S.A.
  - **Disclosure Date:** 04/01/2022
  - **School:** Boston College, Collage of the Holy Cross, Columbia University, Cornell University, George Washington University, University of Pennsylvania

**G&V CORPORACION S.A.**
- **Disclosure Date:** 04/01/2022
- **Factory:** G&V CORPORACION S.A.
- **Licensee:** Fanatics Apparel
- **Country:** Guatemala

**Hanah Trading**
- **Disclosure Date:** 04/01/2022
- **Factory:** Hanah Trading
- **Licensee:** Fanatics Apparel
- **Country:** Guatemala

**Address & Contact Info**
- **Contact:** Ivan Villatoro, Ivan Villatoro
- **Phone:** 502-2291-0700, 502-2291-0700
- **Email:** ivon.villatoro@fptstex.com, ivon.villatoro@fptstex.com
Non-university Partnerships
Council on Ethics for the Norwegian Government Pension Fund
City and County of San Francisco
City of Madison
City of Los Angeles
U.S. Department of Labor
Covered California
Q&A
Worker Rights in a Time of Dictators:
How the Growth of Despotism Means Higher Stakes and Tougher Challenges for Labor Code Enforcement
THE RISE OF AUTHORITARIANISM

- Created an enabling environment for labor violations
- Labor violations have increased in scale and severity
- Increased challenges for monitoring and remediation within shrinking civil society space
SAY NO! TO ORBAN'S DICTATORSHIP
Global democracy has a very bad year

The pandemic caused an unprecedented rollback of democratic freedoms in 2020.

Global Democracy Index 2020

GLOBAL DEMOCRACY continued its decline in 2020, according to the latest edition of the Democracy Index from our sister company, The Economist.

How democracies slide into authoritarianism

Number of countries veering towards authoritarianism on rise: report

THE WALL STREET JOURNAL

The Global Crisis of Democracy

As China and Russia attack free governments and push strongman rule, the U.S. has gone silent—and a new tide of authoritarianism is gathering.

In Focus

Democracy under threat: a case for co-ordinated action?
THE RISE OF AUTHORITARIANISM

• Silencing of dissent

• Manipulation of information

• Increased use of state violence and surveillance
IMPACTS ON OUR WORK

Increase in labor violations

Decrease in efficacy of instruments and approaches to resolve them
MYANMAR

- Coup in February 2021
- At least 1,723 protesters killed
- 10,000 currently under arrest
Number of labor disputes

![Graph showing the number of labor disputes from 2012 to 2018. The graph includes reported complaints by The Arbitration Council and reported strikes by GMAC.](chart)

Chart: Open Development Cambodia on 21 August 2019 • Source: Arbitration Council and Better Factories Cambodia, 2018. • [Get the data](chart)

**Graph:** Reported complaints by the Arbitration Council\(^{10}\) and reported strikes by GMAC\(^{11}\)
WHAT HAS THIS MEANT FOR OUR WORK?
Q&A
Presentation by Julie Su, Deputy Secretary of Labor
The Worst Wage Theft and the Biggest Back Pay:

Wrestling India’s Top Exporters over $60 Million in Unpaid Wages
Karnataka State:

- Bangalore: “Silicon Valley of India”
- Major garment hub:
  - 1,000+ factories,
  - 400,000 workers
- Shahi Exports, top garment manufacturer:
  - 43 factories, 80,000 workers
  - Collegiate apparel for Columbia
  - Non-collegiate apparel for Nike, Gap, PVH (Tommy Hilfiger), H&M, Walmart, Zara, many others
Karnataka
April–May 2020
Covid-19 Lockdown

• Factories temporarily closed
• Many workers not paid
• Order cancellations
• Layoffs, terminations
• Food insecurity
• Schools closed
• Workers go into debt to survive
Variable Dearness Allowance, (VDA)—annual minimum wage increase based on cost-of-living, due April 1, 2020

“Shocking for the workers ... [t]he VDA payable from April 1, 2020, to March 31, 2021, has been postponed ... the demand for exemption from payment of VDA had come from industries.”

– The Hindu
July 21, 2020
September 2020—State High Court Declares Postponement Illegal on its Face

- State high court rules postponement illegal, issues stay rendering it inoperative and the VDA payable
- Other industries comply and pay their workers VDA and back pay
- Garment factories defy court order, deny workers minimum wage
- Cost of living continues to rise
Workers say refusal to pay affecting ability to feed families...

“Had I got the VDA in 2020, we could have at least eaten vegetables a few times in the month. Throughout the year we only ate rice with chutney.”

“We do not drink tea or coffee as we cannot afford that expense. We also never buy meat and fish and only eat vegetables and lentils, as we cannot afford the cost.”
Brands’ Non-response to ‘Worst Wage Theft’
April 2020–September 2021

• No recognition of court ruling that postponement was illegal
• No action on worker complaints to brands that factories defied court
• No scrutiny of factories’ false claim that the legal issue was undecided
WRC Engagement with Brands

September 2021–January 2022

- A&F
- adidas (non-collegiate)
- American Eagle
- ASOS
- Benetton
- C&A
- Columbia (collegiate)
- Gap
- H&M
- Levi’s
- Marks & Spencer
- Michael Kors
- Next
- Nike (non-collegiate)
- Primark
- Puma
- PUMA
- PVH (Tommy Hilfiger)
- Target
- Tesco
- Uniqlo
- VF
- Zara
January 29, 2022
WRC Engagement, PVH and Gap Intervention, Brings Commitment by Collegiate Supplier Shahi Exports to Pay:

- **February 2022:**
  - Full VDA (full minimum wage) going forward in February:
    - $446,000/month in increased wages going forward
  - Arrears for VDA from April 2021–January 2022 in February:
    - $4.5 million in back wages, annual bonus, and retirement contributions
- **May 2022:**
  - Arrears for VDA from April 2020–March 2021
    - $5.5 million in back wages, annual bonus, and retirement contributions
February 2022
17 Top Factory Owners Commit to Pay Full VDA and Back Pay

- Immediate 5% Wage Increase
- $28.6 million in back pay
- For 200,000+ Workers

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<thead>
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</thead>
<tbody>
<tr>
<td>Shahi Exports (47 factories)</td>
<td>80,000</td>
<td>Abercrombie &amp; Fitch, Benetton, C&amp;A, Camarit, Columbia Sportswear, Gap, George (Asda), H&amp;M, Inditex, Kmart Australia, Kontoor Brands, Levi's, Marks &amp; Spencer, Nike, Primark, PVH, Target, Tesco, Uniqlo, VF, Walmart</td>
<td>Yes (starting 10 Feb 2022)</td>
<td>Yes (on 10 Feb 2022)</td>
<td>Yes (on 10 May 2022)</td>
<td>Employer letter, Brand confirmation, Worker testimony</td>
</tr>
<tr>
<td>Godalas Exports (22 factories)</td>
<td>24,220</td>
<td>adidas, Columbia Sportswear, Gap, H&amp;M, Walmart</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Brand confirmation, Worker testimony</td>
</tr>
<tr>
<td>Avind (17 factories)</td>
<td>16,263</td>
<td>C&amp;A, Gep, H&amp;M, Levi's, Mango, Nordstrom, Tesco</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Brand confirmation, Worker testimony</td>
</tr>
<tr>
<td>Raymond (9 factories)</td>
<td>13,201</td>
<td>Amazon, Guess, Kontoor Brands, Levi's</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes (in 3 installments starting in May 2022)</td>
<td>Employer letter</td>
</tr>
<tr>
<td>Indian Designs (12 factories)</td>
<td>11,204</td>
<td>ASOS, Columbia Sportswear, H&amp;M</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Brand confirmation</td>
</tr>
<tr>
<td>Texport Syndicate (10 factories)</td>
<td>8,965</td>
<td>American Eagle Outfitters, Primark, PVH</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Brand confirmation</td>
</tr>
<tr>
<td>Texport Industries (10 factories)</td>
<td>8,365</td>
<td>George (Asda), Kontoor Brands, Levi's, PVH, Robert Graham, VF</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes (in installments starting in May 2022)</td>
<td>Worker testimony</td>
</tr>
<tr>
<td>Texport Overseas (7 factories)</td>
<td>7,796</td>
<td>Amazon, Ann Taylor, Ralph Lauren</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes (in May and June 2022)</td>
<td>Brand confirmation</td>
</tr>
<tr>
<td>Adiya Birla (6 factories)</td>
<td>6,968</td>
<td>Marks &amp; Spencer</td>
<td>Yes (in compliance since July 2021)</td>
<td>Yes (owed arrears for April - June 2021)</td>
<td>Yes (partial payment made in July 2021)</td>
<td>Worker testimony, Employer letter</td>
</tr>
<tr>
<td>Ciel Textile (Aquarelle, Laguna) (9 factories)</td>
<td>6,095</td>
<td>Bestseller, Carrefour, Dillard's, Levi's, Kontoor Brands, PVH, Ralph Lauren, Verser</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Brand confirmation, Employer letter</td>
</tr>
<tr>
<td>Godalas Images‡ (7 factories)</td>
<td>4,070</td>
<td>adidas, Bestseller, Columbia Sportswear, Marks &amp; Spencer</td>
<td>Yes (Active Knits; others pending confirmation)</td>
<td>Yes (Active Knits; others pending confirmation)</td>
<td>Yes (Active Knits; others pending confirmation)</td>
<td>Brand confirmation</td>
</tr>
<tr>
<td>Richa Global (3 factories)</td>
<td>3,717</td>
<td>Ann Taylor, Marks &amp; Spencer</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Brand confirmation</td>
</tr>
<tr>
<td>AKR Industries (4 factories)</td>
<td>3,420</td>
<td>Desigual, GVS, Tom Tailor</td>
<td>Yes</td>
<td>Yes</td>
<td>Committed to finish paying by September 2022</td>
<td>Brand confirmation</td>
</tr>
<tr>
<td>MAF Clothing (2 factories)</td>
<td>2,970</td>
<td>Levi's, Next, Primark, Tom Tailor</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Brand confirmation</td>
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<tr>
<td>Go Go International (1 factory)</td>
<td>1,615</td>
<td>Ann Taylor, Bestseller, George (Asda)</td>
<td>Yes (April 2022)</td>
<td>Yes (will complete in July 2022)</td>
<td>Yes (will complete in October 2022)</td>
<td>Brand confirmation</td>
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<tr>
<td>FRI Global (Jeans Knit) (2 factories)</td>
<td>1,200</td>
<td>G-Star, Kontoor Brands, VF</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Brand confirmation, Employer letter</td>
</tr>
<tr>
<td>Creative Group (1 factory)</td>
<td>1,000</td>
<td>C&amp;A, Matalan</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes (in March 2022)</td>
<td>Brand confirmation</td>
</tr>
</tbody>
</table>
Indian supplier to UK fashion brands agrees to pay £3m in unpaid wages

Shahi Exports, which makes clothes for the UK high street, has agreed to pay staff minimum wage and arrears.

Key Elements for Securing Compliance

- Worker complaint based on High Court Order
- Legal analysis and consultation with local experts in India
- Assisting international media to document impact on workers
- Regular email, phone updates to 20+ major licensees, brands, other stakeholders
- Intensive collaboration with key customers—PVH, Gap—to engage top supplier, Shahi
Next Steps

• Complete payment of back pay to current workers

• Outreach and distribution of back pay to former workers
Michael Bride
Senior Vice President Corporate Responsibility, Global Affairs
PVH Corporation
Q&A
The Forced Labor Crisis in Xinjiang, the Uyghur Forced Labor Prevention Act, and the Impact on University Apparel
Xinjiang Uyghur Autonomous Region

新疆维吾尔自治区
Total reserves of natural gas, coal, and other fossil resources in Uyghur Region account for more than 20% of China’s energy reserves.

This map shows the fossil energy distribution in the Uyghur Region.

Source: Resources and Economy Atlas of Xinjiang Uyghur Autonomous Region
FORCED POPULATION CONTROL

WIDESCALE EXTRAJUDICIAL DETENTION

DESTRUCTION OF THE UYGHUR CULTURE
TRANSFORMATION OF THE UYGURHUR REGION
Minarets have been taken down

Arabic scripts have been removed

Patriotic slogans in Chinese have been added
CHINESE GOVERNMENT’S SURVEILLANCE OPERATIONS

Checkpoints located every few blocks
Jailed Uyghur Economist Ilham Tohti
UYGHUR SCHOLARS & INTELLECTUALS ARRESTED. DISAPPEARED. KILLED.
What makes you end up in a camp?

- How many times do you pray?
- Do you have overseas contacts?
- Do you have a family member overseas?
- Which countries have you visited?
- Do you hold a passport?
Dec. 8, 2021

House OKs a bill barring imports of goods produced by forced labor of Uyghurs in China

The House of Representatives has approved legislation imposing economic sanctions on China for goods sold to Americans from the forced labor of Muslim Uyghurs. The Wednesday vote was overwhelming, 428-1.
As of 2020...

Making Cotton Garments = Using Uyghur Region Cotton

- 84% of Chinese Cotton
- 20% of Cotton Worldwide
- Higher % of Extra Long Staple
Badger Sport | Hetian Taida

University Logo Goods Made in an Internment Camp

WRC Findings and Remedies
WRC’s Guidance to All Licensees, July 2020, on Ensuring Compliance with University Codes

- Cease all use of Uyghur Region Cotton (as well as yarn, fabric, and finished goods)
- Bar suppliers from using transferred Uyghur labor
- Cease business with companies implicated in forced labor
Biden signs bill banning goods from China's Xinjiang over forced labor
December 23, 2021

House Votes to Impose Forced Labor Ban on Goods Made in Xinjiang
December 8, 2021

Senate Passes Bill Banning Imports From Chinese Region Over Treatment of Uyghurs
December 16, 2021

The New York Times

The Wall Street Journal

Reuters
Uyghur Forced Labor Prevention Act (UFLPA)

Representative Jim McGovern
Senator Marco Rubio

Passed by House and Senate in December

Signed by President Biden on December 23

Full Effect: June 22, 2022
Key Provisions of UFLPA

Importers must:

- Cease all use of Uyghur Region inputs, including cotton
- Ensure suppliers are not using transferred Uyghur labor
- Cease business with companies implicated in forced labor

Scope: All products, from all countries
The US government is now enforcing licensee compliance with university codes.
UFLPA: How It Will Work in Practice

• Puts burden of proof on importer: goods with Uyghur Region content are presumed to be tainted, unless proven otherwise

• Sets high evidentiary standard and requires public disclosure of exceptions

• Directs USG to:
  o Develop/implement comprehensive enforcement strategy
  o Create and update lists of Chinese companies implicated in forced labor
UFLPA Enforcement

Key Government Bodies:
CBP and FLETF

Resources:
CBP Plans to Add 300 Staff Positions, to Start

Likely methods of enforcement:
Extensive supply chain mapping
Examination of commercial records
Use of new tracing technologies
Government Will Presume Forced Labor Is Involved

Starting on June 21, 2022, US Customs and Border Protection (CBP) will apply a presumption that any goods produced in whole or in part in XUAR are produced with forced labor and prohibited from importation. This broad prohibition includes products that were made with raw materials produced in XUAR, but was finished in third countries or in other regions of China. The law does not provide for any *de minimis* exception. The exception to this presumption will only apply if the importer can demonstrate by "clear and convincing evidence" that forced labor was not used and that:

- It has sufficiently performed due diligence, effective supply chain tracing, and supply chain management measures to ensure that goods are not manufactured wholly or in part with forced labor from XUAR;
- The type, nature, and extent of evidence demonstrate that goods originating in the PRC (including goods detained or seized) were not manufactured wholly or in part in the XUAR.

Any exception to the presumption must be submitted to Congress and made publicly available, likely resulting in few exceptions.
Impact on Apparel Industry

Assuming Effective Enforcement...

- Brands must find alternate cotton sources
- Brands must sever ties with important suppliers
- Brands must improve supply chain policing/control
- Brands must provide more disclosure
Other Sectors:

Solar
Automotive
Food
Others
The Biggest Questions...

• How will CBP identify inputs from the Uyghur Region in finished goods?

• How will the USG determine which suppliers will be banned?

• What evidence will be considered when brands seek exceptions?
Q&A
Paid in Full:
How the WRC’s Work Has Transformed the Apparel Industry’s Response to Severance Theft
Severance Theft Has a Devastating Impact on Workers and Families

• Hard-earned and legally owed
• Stolen when workers need it most
• Equivalent to life savings or pension
• No other safety net for families
Unpaid Severance: A Wage Theft Pandemic for Garment Workers

Half a Billion in Severance: Laid-Off Garment Workers Still Waiting on Wages

Forbes

Garment Workers Were ‘Robbed’ Of Millions In Benefits. Which Brands Are Stepping In?
… [A]n “emergency fund” [has been created] for the former employees of the Hermosa factory in El Salvador, with money contributed primarily by Hermosa’s former customers, including adidas and Nike. As you know, Hermosa closed in May of 2005 without paying back wages and severance to 260 employees.

The purpose of the emergency fund is to pay the workers part of the $825,000 they are owed. The value of the fund is $36,000. Reports from El Salvador indicate that $33,000 of this amount was distributed on December 29, to 57 of the workers.

… I wish that we could report to you that the disbursement of these funds constitutes adequate remediation of the code violations at Hermosa, but unfortunately it does not. The funds paid represent 4% of the total owed to the 260 former Hermosa workers.
Adidas settles with Indonesian workers over PT Kizone
Updated: Apr. 24, 2013, 3:31 p.m. |

By Allan Brettman | Adidas announced an agreement Wednesday that may put to rest an ongoing dispute with a group of Indonesian factory workers who lost pay when the factory owner closed the plant and fled the country.

Adidas said it will contribute additional aid to workers in Indonesia displaced by an unethical apparel factory closure.

Workers’ rights groups had been pressuring Adidas to pay what they called $1.8 million in unpaid severance.
Today, Ensuring Full Payment of Severance Is a Recognized Standard of Good Practice

Brands that have contributed to or required remediation of unpaid severance since 2010:

- adidas, Cutter & Buck, Dallas Cowboys, Disney, Fanatics, FOTL, Gap, Gildan, Hanes, Levi’s, Marc Jacobs, New Era, Nike, PVH, Tailgate (American Eagle), Under Armour, Victoria’s Secret, Walmart

Countries where WRC has secured unpaid severance since 2010:

- Bangladesh, Dominican Republic, Cambodia, El Salvador, Ethiopia, Guatemala, Haiti, Honduras, Indonesia, Thailand
Adidas calls for summit meeting on paying displaced factory workers

Updated: September 28, 2012, 11:58 p.m.
By Allan Brettman | The Oregonian/OregonLive

Adidas on Friday said it would host a meeting of manufacturers, financing institutions, insurance experts and others to discuss how to compensate workers when a contract factory closes unexpectedly.

Adidas is proposing that participants consider creating a private insurance fund to pay contract workers who are owed money when a factory closes.

The meeting hosted by the German company, which has its North American headquarters in Portland, will take place in late October in Switzerland.
Global Severance Guarantee Fund
260+ Endorsing Organizations, 40+ Countries
Q&A
Open Discussion
Thank You!