

SUMMARY: Agreement to Assure Wages, Establish a Severance Guarantee Fund, and Ensure Respect for Basic Labor Rights for Textile, Garment, Shoe and Leather Workers

PREAMBLE: As a result of the Covid-19 pandemic, the structural weaknesses and injustices of the global apparel industry have been revealed as never before. Millions of workers lost their jobs, often without any severance payment; many more millions suffered catastrophic income loss as factories suspended production or cut hours; and in many countries anti-union factory closings and mass dismissals have further exacerbated an already serious labor rights deficit. It is in everyone's interest to promote the establishment and strengthening of public social protection schemes for unemployment and/or severance benefits as soon as possible. This has been made even more clear in the current pandemic crisis. Social protection is primarily the responsibility of governments, and we call upon governments to immediately take steps to fulfill this responsibility.

Until well-funded and democratically administered public social protection schemes for unemployment and/or severance benefits are in place, brands/retailers and employers in the TGSL sector must share responsibility for ensuring payment of severance benefits when factories close or impose large scale layoffs, in order to avoid hardship and misery of the workers, reputational damage to the industry and brands, and waste of resources in long and bitter campaigns.

This crisis in the industry must not only be met with an adequate immediate response but must also lead to important changes in the structure of responsibility in the industry so that the workers who make the products, the manufacturers that manage production, and the brands that derive the greatest profit are all able to survive and prosper together. To this end we propose the negotiation and implementation of legally binding and enforceable Agreements, to be signed by trade unions with brands, individual employers or employer associations, and reflecting the basic principles which are set forth below.

JOINT OBLIGATIONS: Brands, retailers, and manufacturers have a joint responsibility to ensure, among their most basic obligations, that the workers who produce their goods are paid regular wages, receive compensation when their employment ends, and can exercise basic labor rights, namely freedom of association and the effective right to collective bargaining. Fulfilling these basic obligations requires a collaborative process involving the efforts of all parties, including brands, retailers, and manufacturers on the one hand, and workers, their trade union organizations, and their civil society allies on the other.

GENERAL TERMS: Through the Agreement, the parties will establish and manage a Global Wage Assurance Account, to ensure workers will have received their regular wages during the period of the Covid-19 pandemic, both retroactively and going forward; a Global Severance Claims Account, to ensure payment of severance compensation for workers at factories that close or undertake a mass dismissal; and a Global Administration and Enforcement Account, to support the governance, monitoring, and enforcement of the Agreement, including ensuring that basic labor rights are respected.

There will also be National Social Protection Accounts in each apparel-producing country from which signatory brands and retailers export goods, established once employers and/or employer associations from those countries join the Agreement as signatories, to support the formation and strengthening of public social protection systems in those countries, including national unemployment insurance. Proposals for use of these funds will be developed by National Account Committees in each of these countries, that will include government and international agency representatives as well as voting members from unions, employers, and brands in those countries.

COVERAGE: The Agreement will cover the manufacture of Textile, Garment, Shoe and Leather (TGSL) goods, no matter at which tier of the supply chain this manufacturing occurs. It will cover all workers engaged in the manufacture of brand products, whether directly employed permanent workers or workers on temporary contract, subcontracted workers, home-based workers, etc.

FUNDING: Brands and Employers will be responsible to contribute to the Funds. For the purpose of assuring workers' wages during the Covid-19 pandemic, brands initially will contribute a lump sum amount sufficient to cover the 'Wage Gap,' i.e., the difference between the amount workers in their supply chain received in the calendar year 2019 and the amount received in each calendar year affected by the pandemic. Brands will also contribute, on an ongoing basis, 0.5% of FOB per year and Employers will contribute [X]% of their wage bill. These funds will be sufficient to cover expected severance costs and the costs of administering and enforcing the Agreement. The amount to be contributed will be estimated based on experience and may be adjusted retroactively to maintain sufficient funds to meet costs or to account for any fund surplus.

GOVERNANCE: The Funds will be governed by a Board composed of an equal number of voting representatives of the Brands and Employers on the one hand and the Unions on the other, with a neutral chair appointed by a two-thirds vote of the Parties, and non-voting observers appointed by the NGOs. Each National Account Committee will also nominate two non-voting members to the Board, one representing Employers and Brands and one representing Unions and NGOs.

SECRETARIAT AND INSPECTORATE: The Board will establish a Secretariat to solicit and collect funds, manage and report to the Board on the various Accounts, and to establish and manage an Inspectorate, composed of an independent Chief Inspector and a team of Inspectors in each country in which Brands and Employers are producing Brand products, to monitor compliance with the terms of the Agreement, including Brands' and Employers' meeting their financial and labor rights obligations. Inspectors shall be nominated by Signatory Unions in each country, hired at the discretion of the Chief Inspector, trained in monitoring compliance, and shall enjoy access to the Signatory Employers' facilities and relevant financial and other records. The Inspectors shall report on their findings and make recommendations for corrective actions to the Chief Inspector, who shall have the authority to direct remedial actions.

The Secretariat will receive and, with the assistance of the Chief Inspector, evaluate claims for unpaid wages or severance, make decisions on and direct disbursements from the Wage

Assurance Account or Global Claims Account. The Chief Inspector will be empowered to make independent decisions on all claims; however, these will be subject to potential review, modification, and reversal by the Board. The Chief Inspector will manage the disbursement of approved claims.

OUTREACH: Signatory Unions and NGOs will work to inform Workers of the importance of social protection funds and of the work of the National Account Committees in each country. The Unions and NGOs will also inform workers of the process for making claims to ensure their regular wages are maintained during the pandemic, including during lockdowns, and severance, of the obligation of the Employers to respect Basic Labor Rights, and the process for contacting an Inspector or the Chief Inspector in cases where those rights are not respected.

Brands will require Employers manufacturing their products to post notices and otherwise inform the Workers of their rights to payment of regular wages and to severance, and the processes for making claims in case of nonpayment or underpayment. In addition, Employers will be required to post notices and otherwise inform Workers of their Basic Labor Rights, including the right to form, join or assist a union of their choice, to bargain collectively over wages, hours and working conditions, and of the process for submitting complaints to the Inspectorate if they feel those rights have been violated.

OTHER EMPLOYER OBLIGATIONS: Employers will be required to pay regular wages on time, to pay full severance in case of factory closing or mass dismissals, to cooperate with the Inspectorate in the disbursement of funds in satisfaction of Workers' claims, to provide access by Inspectors to their facilities and to records necessary to ensure compliance with all terms of this Agreement, including financial terms and terms regarding respect for Basic Labor Rights.

Employers will be required to promptly and faithfully adopt and implement all remedial measures directed by the Chief Inspector to redress violations of Basic Labor Rights. Remedial measures may include (for example) reinstatement with back pay to their previous position any worker dismissed for union activities, and to recognize and bargain in good faith with a union that has established its representative character as determined by the Chief Inspector.

REMEDY FOR FAILURE TO PAY SEVERANCE AND RESPECT BASIC LABOR RIGHTS AND/OR COMPLY WITH OTHER TERMS OF THIS AGREEMENT: Signatory Brands will place no new business and will terminate all existing business within thirty (30) days, with Signatory Employers that fail to comply with the terms of this agreement, including financial terms and terms concerning respect for Basic Labor Rights or with Non-Signatory Employers that fail to pay severance or violate basic labor rights.

INFORMATION: Signatory Brands will publish and provide to the Secretariat a full and complete list of all current Employers that produce its Brand Products with enough identifying information to allow the Inspectorate to investigate compliance with the terms of this Agreement.

ENFORCEABILITY AND DISPUTE RESOLUTION: Disputes arising under the Agreement may be submitted by either Party to an Impartial Arbitrator selected from a list to be agreed upon

by the Parties. The Arbitrator may award liquidated damages and other remedies, and Arbitrator Awards may be enforced in any competent court of law.

CONCLUSION: It is long past time for apparel industry actors to sit down and have a serious discussion of industry issues, including the structural problems that have long existed but which have been revealed with great clarity by the Coronavirus pandemic. The unions and civil society organizations that are supporting this initiative are committed to making this discussion a reality.

Annex 1: Unions and Union Federations that have Endorsed the Agreement Summary

ABVV Algemene Centrale – FGTB Centrale Générale, Belgium

ACV Metea, Belgium

ACV Puls, Belgium

Action Labor Rights, Myanmar

Bangladesh Garment and Industrial Workers Federation (BGIWF), Bangladesh

Bangladesh Independent Garment Workers Union Federation (BIGUF), Bangladesh

Bangladesh Revolutionary Garments Workers Federation (BRGWF), Bangladesh

Cambodian Alliance of Trade Unions (CATU), Cambodia

Centrale Nationale des Employés (CNE - CSC), Belgium

Coalition of Cambodian Apparel Workers Democratic Union (C.CAWDU), Cambodia

Collective Union of Movement of Workers (CUMW), Cambodia

Coordinadora Regional de Sindicatos de la Maquila Textil de Centroamérica (CRSMT), Central America

Federasi Serikat Buruh Persatuan Indonesia (F-SBPI), Indonesia

FNV, the Netherlands

Free Trade Union of Workers of the Kingdom of Cambodia (FTUWKC), Cambodia

Free Trade Zones and General Services Employees Union (FTZ & GSEU), Sri Lanka

Garment and Allied Workers Union (GAWU), India

Garment Labour Union (GLU), India

Garteks, Indonesia

GSBI, Indonesia

Home Based Women Workers Federation (HBWWF), Pakistan

Independent Democratic Union of Lesotho (IDUL), Lesotho

KASBI, Indonesia

Kilusang Mayo Uno (KMU), Philippines

Mill Mazdoor Panchayat (MMP), India

National Garment Workers Federation (NGWF), Bangladesh

National Garment Workers Union, Nepal

National Trade Union Federation (NTUF), Pakistan

National Independent Federation of Textile Unions of Cambodia (NIFTUC), Cambodia

Novi Sindikat, Croatia

Öz iplik İş, Turkey

Progress Union, Sri Lanka

Retail, Commerce and Clothing Industries General Union (RCCIGU), Hong Kong

Second Branch of Foreigners, Gifu General Labour Union, Japan

Sloga, Serbia

Solidarity Trade Union of Myanmar (STUM), Myanmar

SPN, Indonesia

Textile Knitting Clothing and Leather Workers' Union of Turkey (TEKSIF), Turkey

Uganda Textiles, Garment Leather & Allied Workers Union (UTGLAWU), Uganda

Workers United, USA

Yaung Chi Oo Workers Association, Myanmar

The full list of all organizations that have endorsed the campaign is available [here](#).