

PayUp Fashion

7 Actions to Center Workers, Citizens, and the Planet

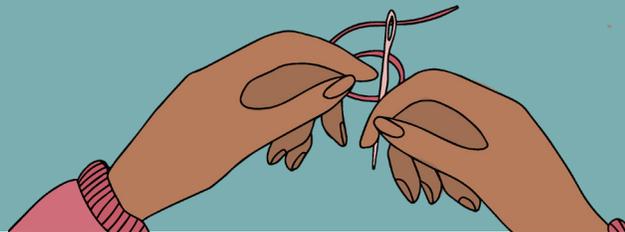
September 2020 – Without garment workers, there is no fashion – yet the fashion industry abandoned these 70 million workers during coronavirus. They died on the job from Covid-19 while making face masks. They went hungry as brands refused to pay them for billions of dollars worth of clothes already sewn and shipped. They were imprisoned for standing up for their basic human rights.

Garment workers around the globe work tirelessly for us and for the fashion labels that we love without financial or legal security. Fashion brands earn millions in profits each year, and yet year after year, garment workers keep fighting for survival. It doesn't have to be this way.

Post-pandemic, going back to business as usual is not an option. For us to feel good in our clothes, fashion's most essential workers must be paid fairly and have safety and security at work. As garment workers, organizers, and fashion-lovers, we are saying enough.

THE PAYUP FASHION MOVEMENT DEMANDS THAT RETAILERS AND BRANDS MAKE PUBLIC COMMITMENTS AND TRANSPARENTLY REPORT ON THE FOLLOWING 7 ACTIONS ANNUALLY:

ACTION 1 #PAYUP

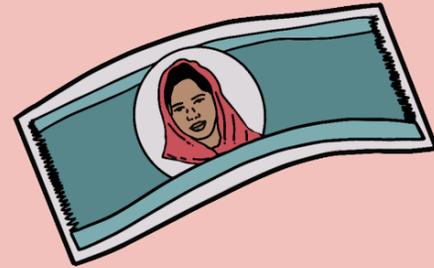


Unless fashion brands and retailers #PayUp for orders completed and in production millions of garment makers will go hungry.

OUR DEMANDS FOR WHAT BRANDS CAN DO:

- (a) Brands must publicly commit to pay suppliers for orders placed before the pandemic, including those that were cancelled or paused as a result of coronavirus, in full and without asking for discounts.
- b) To be removed from the PayUp Fashion Brand Tracker, brands and retailers must #PayUp in a timely manner without extending payment terms unless low-cost financing can be offered.
- (c) Those emerging from bankruptcy agree to pay for orders placed prior to bankruptcy.

ACTION 2 KEEP WORKERS SAFE



According to research by the Worker Rights Consortium, more than one-third of garment workers have lost work or hours since the start of the pandemic, their wages have fallen by 21% on average, and nearly one in four have not received legally-mandated pay and severance. In short, garment workers are facing this historic crisis without a safety net. Retailers and brands must commit to Keep Workers Safe during the pandemic both by contributing #tencentsmore per garment sourced into a severance fund as well to help move substantial sums of direct relief to impacted workers. With many brands returning to profitability by the end of 2020, we demand that major brands and retailers #shareyourprofits and help provide a social safety net for fashion's most essential workers, the women who make our clothes.

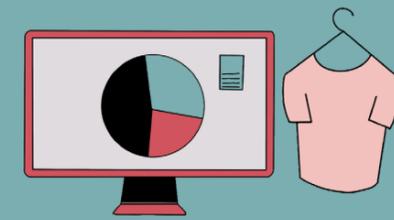
OUR DEMANDS FOR WHAT BRANDS CAN DO:

Pay #TenCentsMore to the Severance Guarantee Fund: In alignment with the Clean Clothes Campaign network, PayUp Fashion calls on brands to protect laid-off garment workers by paying into a social safety net fund, called the Severance Guarantee Fund for Textile, Garment, Shoe and Leather Workers. The Fund, which is legally binding and negotiated with unions, requires that brands pitch in #tencentsmore per unit of apparel to ensure that all garment workers who've lost their jobs during the pandemic receive legally mandated wages and, in the case of layoffs, severance. #10centsmore

Help Provide Direct Relief to Garment Workers: Brands should also provide and push for direct financial relief to garment workers for income lost during the pandemic. This can be done either through brands' own channels and foundations, through International Financial Institutions, or through international relief efforts such as the ILO Call to Action and the USAID Memorandum of Understanding. The ILO Call to Action and USAID MOU have moved less than \$200 million to just four countries (as of December 2020) thus far, while the need is estimated in the billions of dollars. Brands must contribute or work through relief efforts and foundations to release an amount equivalent to 1% of their 2020 net revenue. Meeting this part of the demand is not a replacement for contributing to the Severance Guarantee Fund.

Protect Freedom of Association: Brands' purchasing practices are often instrumental in squashing union activities and/or brands often look the other way while state violence is committed against organizers. The pandemic should not be used as a cover to roll back worker rights. Brands should intervene in their factories to support workers' rights to freedom of association and collective bargaining, in accordance with international guidelines. Any brand found limiting the freedom of association of their garment workers or failing to support collective bargaining rights in their factories will automatically be ineligible for movement on Action 2 of the PayUp Fashion Brand Tracker.

ACTION 3 GO TRANSPARENT



Brands and retailers will immediately commit to providing annual data on where their clothes are made, how much workers are paid and how workers are treated in an easily accessible and public format. #showme

OUR DEMANDS FOR WHAT BRANDS CAN DO:

(a) **Factory list:** Brands must disclose a list of cut and sew factories in the manufacturing phase of their supply chain, in alignment with the Transparency Pledge. Ultimately, brands should disclose additional levels of subcontractors, including textile mills and the farms where their cotton, wool, leather and other natural materials come from. mediation reports publicly and make findings available to garment workers in audited factories.

ACTION 4 GIVE WORKERS CENTER STAGE



There will be no more brand-led and brand-funded conversations about worker rights. Brands and retailers, along with all major coalitions, organizations, and conferences shaping the future of fashion must ensure at least 50% representation of women worker voices. #workersfirst

Worker representation must extend to the governance structures of multi-stakeholder initiatives like Business for Social Responsibility (BSR), Better Cotton Initiative (BCI), Sustainable Apparel Coalition (SAC), the Ethical Trading Initiative (ETI), Better Work buyers forums, amfori, SEDEX, Fair Labor Association, FairWear Foundation, as well as major conferences and events that shape the ethical and sustainable fashion agenda, such as the BSR Conference, Copenhagen Fashion Summit, and WEAR.

ACTION 5 SIGN ENFORCEABLE CONTRACTS



Unenforceable agreements and codes of conduct protect retailer and brand executives and shareholder interests while pushing risk onto already vulnerable workers. We need enforceable, legally-binding contracts that put #workersfirst.

OUR DEMANDS FOR WHAT BRANDS CAN DO:

Supplier Codes of Conduct, which are non-binding and lack an effective role for worker representation, push all responsibility onto factories and are ineffective at protecting workers. Garment workers need binding agreements between brands, manufacturers, and unions, with clear and timebound results. Under such agreements, mechanisms must be in place for workers to hold retailers and brands accountable. Enforceable contracts must center workers as beneficiaries and include the following binding and enforceable provisions:

(a) Pro-worker payment terms: The fashion industry favors brands and retailers and operates on risk and debt that is borne by factories and in turn by workers. It is standard industry practice to not pay factories for 60, 90 to 120 days after order shipment, with factories bearing the raw material and labor costs. Factories have no legal recourse when brands evoke force majeure contract clauses and cancelled orders in the COVID-19 era.

Going forward we need to go back to irrevocable letters of credit, so that banks guarantee a buyer's obligations to a manufacturer. Moreover, factories should no longer fund brand and retailers cash flow. Payment terms will include a percentage paid to suppliers upon signing to purchase raw materials, and the remainder should be paid no later than 30 days after shipment.

b) Humane production planning and delivery schedules: Retailers and brands will work in partnership with factories on better forecasting, production planning and lead time to assure a humane pace of work for workers.

(c) Responsible transitions: Contracts will include responsible exit terms, including advance warning to factories and the payment of severance to workers. Brands, retailers and manufacturers will set public targets for the upskilling and promotion of female workers in the wake of automation and industry contraction.

ACTION 6 GIVE WORKERS CENTER STAGE



Garment workers make rock-bottom wages and are on the brink of starvation and homelessness, while brands shore up millions for shareholders and executives. Studies confirm that brands cause poverty wages by paying low prices to factories. Companies must publicly commit to paying prices that lift workers out of poverty. #onedollarmore

OUR DEMANDS FOR WHAT BRANDS CAN DO:

Resilience built into the fashion sourcing system will prevent workers from falling through the cracks in the first place. The future of fashion must include living wages: wages that are high enough for garment workers to meet basic needs for themselves and their families and establish savings. The #PayUp movement stands in solidarity with other labor rights groups who've been advocating and working towards a living wage for garment workers for years.

ACTION 7 HELP PASS LAWS



A quarter-century of voluntary efforts to reform the fashion industry have been ineffective. Brands and retailers must support rather than thwart the work of citizens and government to reform corporate power, labor laws, and trade deals.

OUR DEMANDS FOR WHAT BRANDS CAN DO:

Brands and retailers will support rather than thwart legal reforms to both corporate structures and supply chain due diligence. Laws in buying and supplying countries must establish the legal liability of companies for human rights violations in their supply chains and ensure that supply chain workers have access to effective remedy. These reforms include:

(a) Legal reforms in buying and supplying countries that hold brands and retailers responsible for human rights violations in their supply chains.

(b) Reforming bankruptcy protocols to protect garment workers when suppliers are forced out of business.

(c) Reforming government bailouts to shore up garment worker protections. The current system where brands shore up their own balance sheets and rely on public monies for bailouts must be corrected. Examples include: California's SB1399, the French Duty of Vigilance Law, Germany's proposed bill for supply chain due diligence, Indonesia's Unemployment Scheme, Vietnam's ratification of Collective Bargaining and proposed EU Mandatory Human Rights Due Diligence legislation.